

AIA International Health Care Fund

March 2023

Investment Objective

This fund seeks to achieve long-term capital appreciation through investments on a worldwide basis in equity securities of companies that are engaged in the health care and health science industries. A substantial portion of its portfolio will typically be invested in U.S. companies. Through a bottom-up selection process, the team attempts to determine market leaders with superior research, financial controls and marketing capabilities.

Key Fund Facts

(As of 31 March 2023)

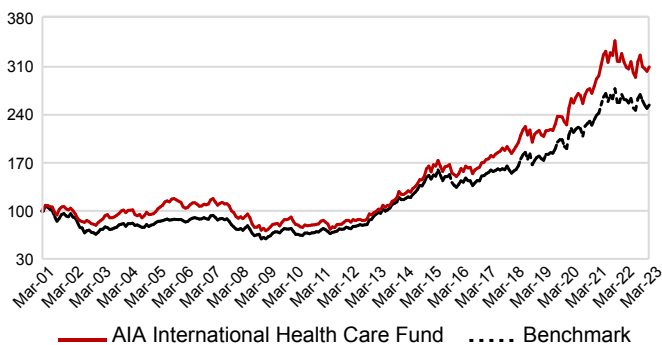
Launch Date	12 March 2001	Subscription	Cash and SRS
Launch Price	SGD 1.000	Pricing Frequency	Daily
Manager of ILP Sub-Fund	AllianceBernstein (Singapore) Ltd.	Management Fees	1.75% p.a. of Net Asset Value
Name of Underlying Fund(s)	AB SICAV I – International Health Care Portfolio (Luxembourg IHCP)	Bid Offer	SGD 2.934
Manager(s) of Underlying Fund(s)	AllianceBernstein L.P.	Fund Size	SGD 3.089
Risk Classification	Higher Risk		SGD 136.9M

Performance

(As of 31 March 2023)

Period	1 Month	3 Months	6 Months	1 Year	3 Year [^]	5 Year [^]	10 Year [^]	Since Inception [^]
Fund (bid-to-bid)	2.12%	-0.10%	5.16%	-5.87%	11.14%	10.98%	12.20%	5.25%
Benchmark	1.98%	-2.46%	3.10%	-5.64%	10.02%	10.36%	10.60%	4.31%

AIA International Health Care Fund



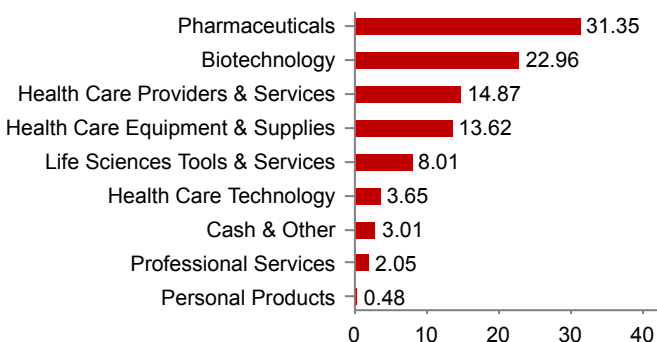
Source: AIA Singapore

Notes (1) Performance of the fund is in SGD on a bid to bid basis with net dividends reinvested, without taking into consideration the fees and charges payable through deduction of premium or cancellation of units (2) [^] denotes annualised returns (3) Current benchmark: MSCI World Health Care Index

Past Performance is not necessarily indicative of future performance.

Sector Allocation (%)

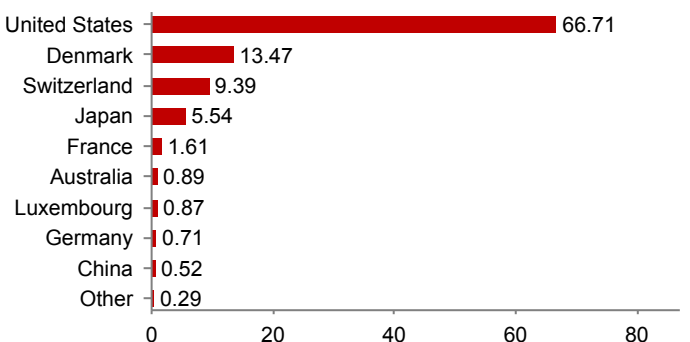
(As of 31 March 2023)



Source: AllianceBernstein L.P., Information from the underlying AB SICAV I – International Health Care Portfolio

Country Allocation (%)

(As of 31 March 2023)



Top Holdings

(As of 31 March 2023)

	Holdings (%)
Novo Nordisk A/S	8.54
UnitedHealth Group, Inc.	7.81
Roche Holding AG	6.33
Amgen, Inc.	5.30
Elevance Health, Inc.	4.98
Gilead Sciences, Inc.	4.89
Regeneron Pharmaceuticals	4.87
Vertex Pharmaceuticals	4.68
GSK PLC	4.38
Eli Lilly & Co.	4.35
TOTAL	56.13

Source: AllianceBernstein L.P., Information from the underlying AB SICAV I – International Health Care Portfolio

Manager's Commentary

(As of 31 March 2023)

MARKET REVIEW

Early in the quarter, equity markets rallied as recent economic data and easing inflationary pressures supported expectations that the US Federal Reserve would downshift to a 0.25% rate hike and be able to negotiate a soft landing. Investor sentiment turned pessimistic after the Fed's preferred inflation gauge, the Personal Consumption Expenditures Price Index, accelerated unexpectedly. Consumer spending surged 1.8% in January—the largest increase in nearly two years—vastly exceeding consensus estimates.

Strong hiring and wage growth, including upward inflation adjustments to Social Security, underpinned rising personal income, which drove spending on goods and services. Initial jobless claims remained low despite recent layoffs, as the demand for workers continued to outstrip supply, keeping upward pressure on wages.

PORTFOLIO PERFORMANCE

For the quarter, security selection within the healthcare equipment & supplies subsector contributed the most, followed by biotechnology. Selection within life sciences tools & services, as well as an underweight to pharmaceuticals, detracted from these gains.

OUTLOOK

The broader markets continue to wrestle with the prospect of higher rates for a longer period of time versus the potential resilience of companies' profit margins and their ability to continue to pass on higher input costs. In our opinion, we are starting to see evidence of the consumer pushing back against higher costs, as some consumer-staples companies have reported double-digit price leading to mid-single digit volume declines. We believe that, within this backdrop, the healthcare sector affords investors a relatively unique proposition: pricing power driven by the inelasticity of demand combined with innovation designed to deliver secular growth.

While many economically sensitive healthcare companies have been more cautiously optimistic about the prospect of improving volumes into year end, most have reported that volumes are stabilizing to gradually improving. In addition, wage pressure and staffing shortages appear to be declining, though still at a higher baseline than pre-COVID. We believe that high wages and staffing shortages will create opportunities for companies that can deliver tangible efficiencies for the healthcare system. We have been more active in managing position sizes to start the year by exhibiting discipline around position sizes where discount rates appear relatively unfavorable. We expect the year will continue to be volatile until clarity around the long-term interest rate and the knock-on effects on the global economy are clearer.

Ultimately, we remain confident in our long-held philosophy and process—with the goal of delivering a consistent exposure to profitability and growth, which has proved successful for investors in the past. While the market will continue to debate the ultimate level of interest rates and the impact on the broader economy, we maintain our belief that much of the normalization of rates has already occurred. Longer term, we continue to believe that healthcare remains well positioned given the continued innovation present in the sector, combined with strong levels of profitability and less dependence on economic strength. Furthermore, we continue to view the political climate for disruptive healthcare legislation as benign given the current composition of Congress.

Source: AllianceBernstein (Singapore) Ltd.

Please refer to the Product Summary applicable to the investment-linked policy which you have purchased or intend to purchase for these applicable fees and charges.

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