

# AIA Emerging Markets Balanced Fund (the “ILP Sub-Fund”)



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BETTER LIVES**

Fund Summary (IFPS)  
Prepared on March 2019

## AIA EMERGING MARKETS BALANCED FUND (the “ILP Sub-Fund”)

### FUND FACTS

Manager of ILP Sub-Fund	AIA Investment Management Private Limited	
Underlying Funds	Schroder International Selection Fund Global Emerging Market Opportunities	PineBridge International Funds – Singapore Bond Fund
Country of Domicile of Underlying Funds	Luxembourg	Singapore
Manager of Underlying Funds	Schroder Investment Management Limited	PineBridge Investments Singapore Limited
Inception Date	11 April 2006	
Annual Management Fee <sup>1</sup> (p.a.)	1.50% (max 3.00%) of its Net Asset Value	
Source of Fund	Cash, SRS, CPFIS OA & CPFIS SA	
CPFIS Risk Classification	Medium to High Risk – Narrowly Focused – Regional – Others	

<sup>1</sup> The Annual Management Fee is payable through deduction from asset value of the ILP Sub-Fund.

The ILP Sub-Fund is a single fund. The units in the ILP Sub-Fund are not classified as Excluded Investments Products.

### PAST PERFORMANCE (as at 31 December 2018)

Annualized Returns	1 year	3 years	5 years	10 years	Since Inception
AIA Emerging Markets Balanced Fund	-9.00%	5.51%	3.15%	4.54%	1.46%
Benchmark*: 60% MSCI Emerging Markets DTR Net & 40% JP Morgan Sing Govt Bond Index All	-6.85%	6.11%	3.19%	5.68%	3.24%

\*The combined benchmark is reflective of the investment focus of the ILP Sub-Fund.

### Notes:

- Performance of the ILP Sub-Funds are calculated in SGD on a bid to bid basis with any income or dividends reinvested, but excluding such fees and/or charges which may be payable through deduction of premium or cancellation of units.
- Past performance of an ILP Sub-Fund is not necessarily indicative of its future performance.
- Disclaimer with regard to the above Benchmark:

The blended returns are calculated by AIA Investment Management Private Limited using end of day index level values licensed from MSCI (“MSCI Data”). For the avoidance of doubt, MSCI is not the benchmark “administrator” for, or a “contributor”, “submitter” or “supervised contributor” to, the blended returns, and the MSCI Data is not considered a “contribution” or “submission” in relation to the blended returns, as those terms may be defined in any rules, laws, regulations, legislation or international standards. MSCI Data is provided “AS IS” without warranty or liability and no copying or distribution is permitted. MSCI does not make any representation regarding the advisability of any investment or strategy and does not sponsor, promote, issue, sell or otherwise recommend or endorse any investment or strategy, including any financial products or strategies based on, tracking or otherwise utilizing any MSCI Data, models, analytics or other materials or information.

AIA Singapore Private Limited (Reg No.201106386R)

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## INVESTMENT OBJECTIVE OF ILP SUB-FUND

This fund seeks to achieve long-term capital appreciation through investment primarily in equities and equity-related securities in global emerging markets, as well as stable income with capital preservation through investments in primarily fixed income securities of high credit quality issuers, denominated primarily in SGD, in such proportion as the manager deems fit.

## INVESTMENT APPROACH OF ILP SUB-FUND

The allocation to equities and bonds are based on a top-down analysis of major investment trends and macro variables. Our analysis focuses on how equity and bond prices react to economic fundamentals, relative value of equities versus bonds and other market factors, such as central bank decisions and geopolitical events. In addition, our established and dominant presence in Singapore and the region gives an in-depth knowledge and understanding of the domestic macro-economics, allowing us to make more informed asset allocation decisions.

The asset mix of the Sub-Fund is generally 60% into Schroder International Selection Fund Global Emerging Market Opportunities and 40% into PineBridge International Funds – Singapore Bond Fund. However, the asset mix may vary depending on market conditions.

## INVESTMENT APPROACH OF UNDERLYING FUNDS

### Schroder International Selection Fund Global Emerging Market Opportunities

The Fund aims to provide capital growth and income by investing in equity and equity related securities of companies in emerging market countries worldwide.

The Fund invests at least two-thirds of its assets in equity and equity related securities of companies in emerging market countries worldwide.

The Fund may invest up to 40% of its assets in cash and global bonds in order to protect returns when the Investment Manager believes stock markets are expected to be particularly weak. The Fund typically holds 40-60 positions.

The Fund is managed with reference to material environmental, social and governance factors. This means issues such as climate change, environmental performance, labour standards or board composition that could impact a company's value may be considered in the assessment of companies.

### PineBridge International Funds – Singapore Bond Fund

The fixed income investment process uses both top-down and bottom-up approaches. A top-down approach is adopted in the structuring of portfolio duration through regular monitoring and assessment of economic fundamentals, technical indicators and market valuation.

In terms of security selection, eligible securities that the Fund will invest in will be based on the CPF Investment Guidelines and the Code. Credit assessment of rated securities is based primarily on the credit ratings by international rating agencies. Economic fundamentals, regulatory and political developments are monitored to provide early signals of possible shifts in ratings. Where PineBridge relies on ratings issued by credit rating agencies, PineBridge has established a set of internal credit assessment standards and have put in place a credit assessment process to ensure that the Singapore Bond Fund's investments are in line with these standards. For non-rated issues, credit analysis is based on a combination of qualitative assessment of the issuer's management, track record, the industry in which it operates, and quantitative analysis of the issuer's financial strength.

The Fund may use financial derivative instruments ("FDIs") for hedging.

## INFORMATION ON THE MANAGER OF ILP SUB-FUND

The Manager of AIA Emerging Markets Balanced Fund is AIA Investment Management Private Limited ("AIAIM"), a Singapore-incorporated company that is part of the AIA Group. It was incorporated in 2016 to undertake investment management activities, specialising in the Asian region, for AIA Group's insurance business.

In doing so it has assumed the investment management activities previously carried out by AIA Singapore Private Limited ("AIA Singapore"), which has been operating in Singapore since 1931. AIAIM has built on AIA Singapore's expertise, bringing across its' investment professionals and further strengthening the investment team to reflect its role as a centre for excellence in Asian regional fund management. AIAIM is licensed by the Monetary Authority of Singapore.

AIA Group is a market leader in the Asia Pacific region (ex Japan) based on life insurance premiums and holds leading positions across the majority of its 18 markets in this region. As of 30 June 2018, AIA Group had USD 187.7 billion of asset under management, invested in a broad range of asset classes across equities, fixed income, real estate and alternative investments. AIA Group and AIA Singapore have been managing insurance assets for more than 50 years.

In the event that the Manager were to become insolvent, the assets of the ILP Sub-Fund would not be affected as they continue to be held by the Custodian in an account separate from the Manager's other accounts.

## INFORMATION ON THE MANAGER OF UNDERLYING FUND

Schroder Investment Management Limited - Schroder International Selection Fund Global Emerging Market Opportunities

Schroder Investment Management Limited is domiciled in the United Kingdom and has been managing collective investment schemes and discretionary funds since 1985. Schroder Investment Management Limited is ultimately wholly-owned subsidiaries of Schroders plc. Schroders Plc, has been listed on the London Stock Exchange since 1959.

Securities held by the Custodian or the Trustee will be segregated from the other assets of the Fund Managers or the Investment Managers (as the case may be) and ring-fenced against the insolvency of the Manager and/or the Investment Manager.

PineBridge Investments Singapore Limited - PineBridge International Funds – Singapore Bond Fund

PineBridge Investments Singapore Limited (“PineBridge Singapore”) was incorporated in 1996 to undertake investment activities in the region, covering developed and emerging market equities and bonds. As at 31 December 2017, it had responsibility for the investment of assets in excess of SGD2.22 billion. PineBridge Singapore is licensed and regulated by the Monetary Authority of Singapore to carry out fund management activities, and has managed collective investment schemes and/or discretionary funds in Singapore since 1998.

The Fund may be terminated by the Trustee if the Manager goes into liquidation (except voluntary liquidation for reconstruction or amalgamation upon terms previously approved in writing by the Trustee provided that such approval shall not be unreasonably withheld) or if a receiver is appointed over any of their assets or a judicial manager is appointed in respect of the Manager or the Manager ceases to carry on business.

## RISKS

### General Risk

The value of the ILP Sub-Fund and the Underlying Fund(s)' assets may be affected by uncertainties and risks associated with investments. The Net Asset Value of the ILP Sub-Fund and the Underlying Fund(s) will be influenced by the prices of these investments. This will in turn have an impact on the value of Units of the ILP Sub-Fund. Past performance is not necessarily a guide to future performance and investment in the ILP Sub-Fund should be regarded as a medium to long-term investment.

### Interest Rate

Bonds and other fixed income securities are interest rate sensitive, which means that their values and consequently, the Net Asset Value of the ILP Sub-Fund which invest in such securities directly or through Underlying Fund(s), will fluctuate as interest rates fluctuate. An increase in interest rates will generally reduce the value of the fixed income securities. The performance of the ILP Sub-Fund which invests in bonds and other fixed income securities directly or through Underlying Fund(s), therefore will depend in part on the ability of the Manager of the ILP Sub-Fund or the Underlying Fund(s) to anticipate and respond to such fluctuations in market interest rates and to utilise appropriate strategies to maximise returns to you while attempting to minimise the associated risks to its investment capital.

### Credit Risk

Bonds and other fixed income securities and bank deposits are subject to credit risks, such as deterioration in the credit quality of the issuers, default by issuers and banks and general widening of credit spreads. This means that their values and consequently, the Net Asset Value of the ILP Sub-Fund which invest in such securities directly or through Underlying Fund(s), will fluctuate depending on the credit risk of the securities. A deterioration in the credit quality of the issuers, default by issuers or increase in credit risk premiums will generally reduce the value of the fixed income securities. The performance of the ILP Sub-Fund which invests in bonds and other fixed income securities and bank deposits directly or through Underlying Fund(s), therefore will depend in part on the ability of the Manager of the ILP Sub-Fund or the Underlying Fund(s) to anticipate and respond to such changes in credit risk and to utilise appropriate strategies to maximise returns to you while attempting to minimise the associated risks to its investment capital.

### Equity Risk

The value of the equity securities which the ILP Sub-Fund invests directly in or through Underlying Fund(s), will fluctuate depending upon the general trends of stock markets, prevailing interest rates as well as the financial and operating performance of the issuers of those equity securities. The economic environment of the countries and the performance of the industries which the ILP Sub-Fund invests in directly or through Underlying Fund(s) will have an impact on the value of the equity securities acquired. The value of the ILP Sub-Fund and the Underlying Fund(s) are affected by such changes in the market conditions and interest rates.

### Market Risk

The value of the ILP Sub-Fund and the Underlying Fund(s)' assets may be affected by uncertainties such as international political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investments may be made. Furthermore, it should be noted that the legal infrastructure and accounting, auditing and reporting standards in certain countries in which investments may be made do not provide the same degree of investor protection or information to you as would generally apply in major securities markets. As the ILP Sub-Fund and Underlying Fund(s) invest in securities in various markets, e.g. global, Asia ex-Japan, etc, the Net Asset Value of the ILP Sub-Fund and Underlying Fund(s) will be influenced by the prices of these investments. This will in turn have an impact on the value of Units of the ILP Sub-Fund.

#### Counterparty Risk

There is a risk of counterparty defaulting in some markets as there may be no secure method of delivery against payment. It may be necessary to make payment on a purchase or delivery on a sale before receipt of the securities or, as the sale may be, sale proceeds.

#### Regulatory Risk

You should be aware that some of the industries which the ILP Sub-Fund and the Underlying Fund(s) invest in may be subject to greater government regulations than many other industries in certain countries. Changes in government policies and the need for regulatory approval may have a material adverse effect on these industries. The companies which the ILP Sub-Fund invests in directly or through Underlying Fund(s) may also be subject to risks of developing technology and communications, competitive pressures and other factors and are dependent upon consumer and business acceptance as new technologies evolve. Trading in such securities may be subject to more abrupt price movements.

#### Political Risk

Investments in countries with less stable political and economic environments may be more volatile than those in the developed countries. The prices of investments in these markets may be influenced by economic and political conditions and interest rates.

#### Investment Risk

There can be no guarantee against loss, nor any assurance that the ILP Sub-Fund's investment objective will be attained. The value of investments and the income from them and therefore the value of, and income from, the Units of each ILP Sub-Fund can fall as well as rise and you may not realize the same amount that you invested. Investment in the ILP Sub-Fund may only be suitable for you if you can accept the associated volatility and risks and are prepared to take a medium to longer term view of your investment.

#### Specialized Investment Risk

You should be aware while specialized investments, i.e. investments in a single country, specific industries, sectoral or regional fund may present greater opportunities and potential for capital appreciation, they may also be subjected to higher risks as they may be less diversified than a global portfolio. The legal infrastructure and accounting, auditing and reporting standards in certain countries in which investments may be made do not provide the same degree of investor protection or information to you as would generally apply in major securities markets.

#### Derivative Risk

The ILP Sub-Fund and the Underlying Fund(s) are authorised to use derivative instruments from time to time. Derivative instruments are financial contracts whose values are "derived" from the value of the underlying assets. While the professional use of derivatives may be beneficial to the overall investment portfolio, derivatives in themselves involve different risks which may be greater than those of more traditional investments.

As the volatility of prices of derivative instruments may be higher than that of their underlying stocks, commodities or other benchmarks, these derivative instruments are riskier.

#### Currency / Exchange Rate Risk

The Net Asset Value per unit of the ILP Sub-Fund are computed in Singapore Dollars, whereas certain Underlying Fund(s) and the securities which the ILP Sub-Fund invests in are denominated in foreign currencies. Changes in the exchange rate of the Singapore Dollar against the currencies of denomination of the Underlying Fund(s) and the securities which the ILP Sub-Fund invests in will have an impact on the value of the units.

The investments of the ILP Sub-Fund and the Underlying Fund(s) may each be denominated in a number of different currencies and hence be subjected to fluctuations in currency exchange rates and in certain cases, exchange control regulations. Further, the underlying investments of the Underlying Fund(s) may be acquired in a wide range of currencies, some of which may not be freely convertible currencies. It may not be possible or practicable to hedge against the consequent currency risk exposure and in certain instances the Manager may not consider it desirable to hedge against such risk. The Manager will enter into hedging transactions at its sole discretion.

If you are a non-Singaporean, there may be state regulations governing the outward remittance of your share of net profits and dividends and the repatriation of your investments in a foreign currency.

#### Liquidity Risk

There is no secondary market for the ILP Sub-Fund. All redemption requests should be made to AIA Customer Service Centre or through your AIA Financial Services Consultant or Insurance Representative. If you are a non-Singaporean, there may be state regulations governing the outward remittance of your share of net profits and dividends and the repatriation of your investments in a foreign currency.

You should note that there may be a limit on the number of units that can be redeemed on any Dealing Day and an investor may not be able to redeem on a Dealing Day if the redemption limit is imposed.

Some investments made in smaller markets may be less liquid and the limited liquidity of these markets may therefore affect the respective underlying funds' ability to acquire or dispose of securities at the price and time it desires.

## Taxation

You should note that the proceeds from the sale of securities in some markets or the receipt of any dividends or some other income may be or may become subject to tax, levies, duties or other fees or changes imposed by the authorities in that market, including taxation levied by withholding at source.

## EXPENSE RATIO

The expense ratio for the period 1 January 2018 to 31 December 2018 is 1.55%.

The expense ratio is calculated in accordance with the Investment Management Association of Singapore's guidelines on the disclosure of expense ratios and based on the figures in the ILP Sub-Fund's latest audited account.

The following expenses are excluded from the calculation of the expense ratio:

- (a) charges for insurance coverage;
- (b) brokerage and other transaction costs;
- (c) performance fees;
- (d) foreign exchange gains and losses;
- (e) front or back-end loads arising from the purchase or sale of other funds; and
- (f) tax deducted at source or arising from income received.

## TURNOVER RATIO

The turnover ratio of the ILP Sub-Fund follows that of the Underlying Funds as the ILP Sub-Fund invests all or substantially all of its assets into its Underlying Funds.

The unaudited turnover ratio of Schroder International Selection Fund Global Emerging Market Opportunities for the one year period ending 30 June 2018 is 34.19%.

The unaudited turnover ratio of PineBridge International Funds – Singapore Bond Fund for the one year period ending 31 December 2018 is 89.02%.

## SOFT DOLLAR ARRANGEMENT

### **Schroder International Selection Fund Global Emerging Market Opportunities**

In addition to standard banking and brokerage charges paid by the Company, Schroders' companies providing services to the Company may receive payment for these services. Investment Managers may enter into soft commission arrangements only where there is a direct and identifiable benefit to the clients of the Investment Manager, including the Company, and where the Investment Manager is satisfied that the transactions generating the soft commissions are made in good faith, in strict compliance with applicable regulatory requirements and in the best interests of the Company. Any such arrangements must be made by the Investment Manager on terms commensurate with best market practice.

### **PineBridge International Funds – Singapore Bond Fund**

PineBridge Investments Singapore Limited ("PB Singapore") shall be entitled to receive or enter into soft-dollar commissions/arrangements in respect of the sub-funds of PineBridge International Funds. PB Singapore will comply with applicable regulatory and industry standards on soft-dollars.

The soft-dollar commissions which PB Singapore may receive include specific advice as to the advisability of dealing in, or the value of any investments, research and advisory services, economic and political analyses, portfolio analyses including valuation and performance measurements, market analyses, data and quotation services, computer hardware and software or any other information facilities to the extent that they are used to support the investment decision making process, the giving of advice, or the conduct of research or analysis, and custodial service in relation to the investments managed for clients.

PB Singapore will not accept or enter into soft dollar commissions/arrangements unless soft-dollar commissions/arrangements would, in the opinion of PB Singapore, reasonably assist them in their management of the sub-funds of PineBridge International Funds, provided that (a) they shall ensure at all times that best execution is carried out for the transactions; and (b) no unnecessary trades are entered into in order to qualify for such soft-dollar commissions/arrangements.

PineBridge Investments Singapore Limited does not enter into soft-dollar commissions/arrangements for this fund.

### **Risk Disclosure Statement for Funds**

#### US Tax Withholding and Reporting under the Foreign Account Tax Compliance Act ("FATCA")

Under the FATCA provisions of the U.S. Hiring Incentives to Restore Employment ("HIRE") Act, where a Fund invests directly or indirectly in U.S. assets, payments to the Fund of U.S.-sourced income after 30 June 2014, gross proceeds of sales of US property by the Fund after 31 December 2016 and certain other payments received by the Fund after 31 December 2016 will be subject to 30% U.S. withholding tax unless the Fund complies with FATCA.

FATCA compliance can be achieved by entering into an agreement with the U.S. Secretary of the Treasury under which the Fund agrees to certain U.S. tax reporting and withholding requirements as regards holdings of and payments to certain investors in the Fund. Certain governments may enter into agreements directly with the U.S. government concerning U.S.-sourced income and the regulations and rules which are issued following these agreements will determine how the Fund can achieve FATCA compliance.

If the Fund is unable to satisfy the obligations imposed to avoid the imposition of the withholding tax, certain U.S.-sourced payments to the Fund may be subject to 30% withholding tax, which could reduce the cash available for investors. Any amounts of U.S. tax withheld may not be refundable by the Inland Revenue Service.

You are advised to consult your professional advisors on the impact of FATCA on any Fund that you have selected for allocation of any part of your Policy premium(s) and AIA Singapore makes no representation or warranty that a Fund is FATCA-compliant.

In the context of the above, a "Fund" means a collective investment scheme within the meaning of the Securities and Futures Act (Cap. 289), Singapore and the Notice No. MAS 307 applicable to Investment-Linked Policies issued by the Monetary Authority of Singapore.

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The AIA Emerging Markets Balanced Fund is an investment-linked policy (ILP) fund offered by AIA Singapore Private Limited ("AIA Singapore") and is only available under AIA Investment-Linked Policies. AIA Singapore is the product provider. This fund summary (IFPS) is prepared by AIA Singapore and the information presented is for informational use only. Investments are subject to investment risks including the possible loss of the principal amount invested. Past performance, as well as the prediction, projection or forecast on the economy, securities markets or the economic trends of the markets are not necessarily indicative of the future or likely performance of the ILP fund. The performance of the ILP fund is not guaranteed and the value of the units in the ILP fund and the income accruing to the units, if any, may fall or rise. A product summary and product highlights sheet relating to the ILP fund are available and may be obtained from your AIA Financial Services Consultant. A potential investor should read the product summary and product highlights sheet before deciding whether to subscribe for units in the ILP fund. AIA Singapore does not warrant or make any representations regarding the use or the results of the use of the figures generated in terms of their correctness, accuracy, reliability, or otherwise.