

# AIA European Equity Fund (the “ILP Sub-Fund”)



**HEALTHIER, LONGER,  
BETTER LIVES**

Fund Summary (IFPS)  
Prepared on March 2019

## AIA EUROPEAN EQUITY FUND (the “ILP Sub-Fund”)

### FUND FACTS

Manager of ILP Sub-Fund	Capital International, Inc.
Underlying Fund	Capital Group European Growth and Income Fund (Lux)
Country of Domicile of Underlying Fund	Luxembourg
Manager of Underlying Fund	Capital International Management Company Sàrl
Inception Date	11 December 2000
Annual Management Fee <sup>1</sup> (p.a.)	1.50% (max 3.00%) of its Net Asset Value
Source of Fund	Cash and SRS
Fund Risk Classification	Higher Risk

<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 Investment Products.

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

Annualized Returns	1 year	3 years	5 years	10 years	Since Inception
AIA European Equity Fund	-15.57%	-2.68%	-1.18%	3.69%	-0.71%
Benchmark: MSCI Europe Daily Total Return Net Index	-13.17%	0.79%	0.93%	5.60%	2.17%

### 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.

### INVESTMENT OBJECTIVE OF ILP SUB-FUND

This fund seeks to achieve long-term capital appreciation through investment in equity and equity related securities of European issuers as represented by countries included in the MSCI Europe Index and opportunistically in other European markets, such as Poland, Hungary, Czech Republic, Greece, Turkey and Israel.

### INVESTMENT APPROACH OF ILP SUB-FUND

The ILP Sub-Fund follows the investment approach of the underlying fund of Capital Group European Growth and Income Fund (Lux) as the ILP Sub-Fund feeds 100% into the underlying fund.

### INVESTMENT APPROACH OF UNDERLYING FUND

Since 1931, Capital Group has been singularly focused on delivering superior, consistent results for long-term investors. Capital Group achieves this through high-conviction portfolios, rigorous global research effort and insistence on individual accountability. Capital Group’s investment philosophy is to make Capital Group more knowledgeable investors through intensive global research.

Capital Group uses a fundamental bottom-up approach based on thorough, detailed research supported by direct management contact.

In Capital Group's experience, investing successfully means taking a long-term view. Capital Group, therefore, emphasises long-term investments in companies and go to great lengths to determine the difference between the fundamental value of a company and its price in the marketplace. The investment professionals seek to identify securities that can do well over several years, by using fundamental analysis and paying close attention to valuations. While this approach may often involve taking a non-consensus view, the expectation is that new information will come to light that validates Capital Group's opinions and steers the consensus view in Capital Group's favour.

Capital Group believes in the value of diverse styles and perspectives. Their investment process, The Capital System, is designed to enable individual investment professionals to act on their highest convictions, while limiting the risk associated with isolated decision-making. Each portfolio is divided into portions that are managed independently by investment professionals with diverse backgrounds, experience and investment approaches. A disciplined, multi-layered governance structure oversees the system's operation.

#### **INFORMATION ON THE MANAGER OF ILP SUB-FUND**

The Capital Group Companies, Inc. ("Capital Group") was founded in 1931 on the belief that fundamental research is essential to achieving superior long-term investment results. Capital Group is one of the largest privately held investment management organizations in the world with more than 80 years of investment experience.

Investment management is, and always has been, Capital Group's only business. Capital Group remains committed to a research-driven, consistent approach of achieving strong, long-term investment results for clients. As at end September 2018, Capital Group had over 7,880 employees worldwide and managed US\$1.872 trillion in assets under management on behalf of its investors. Over time the organization has become truly global, opening offices worldwide and setting up investment subsidiaries to research more effectively the investments Capital Group makes. In 1989, Capital Group established in Singapore a Capital International, Inc. branch office, licensed with the Monetary Authority of Singapore. Capital Group has been providing investment services to insurance investors since 1984 globally and for Singapore-based insurance investors since 1997.

In the event that the Manager becomes insolvent, securities held by the Custodian or the Trustee are segregated from the other assets of the Manager and ring-fenced against the insolvency of the Manager.

#### **INFORMATION ON THE MANAGER OF UNDERLYING FUND**

Capital International Management Company Sàrl is the investment management company of the Capital Group European Growth and Income Fund (LUX) and is a wholly-owned subsidiary of Capital Group International, Inc., which in turn is owned by The Capital Group Companies, Inc.

The Capital Group Companies, Inc. ("Capital Group") was founded in 1931 on the belief that fundamental research is essential to achieving superior long-term investment results. Capital Group is one of the largest privately held investment management organizations in the world with more than 80 years of investment experience.

Investment management is, and always has been, Capital Group's only business. Capital Group remains committed to a research-driven, consistent approach of achieving strong, long-term investment results for clients. As at end September 2018, Capital Group had over 7,200 employees worldwide and managed US\$1.872 trillion in assets under management on behalf of its investors.

Over time the organization has become truly global, opening offices worldwide and setting up investment subsidiaries to research more effectively the investments Capital Group makes. In 1989, Capital Group established in Singapore a Capital International, Inc. branch office, licensed with the Monetary Authority of Singapore. Capital Group has been providing investment services to insurance investors since 1984 globally and for Singapore-based insurance investors since 1997.

In the event that the Manager becomes insolvent, securities held by the Custodian or the Trustee are segregated from the other assets of the Manager and ring-fenced against the insolvency of the Manager.

#### **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.

##### **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 charges 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 1.77%.

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 Fund as the ILP Sub-Fund invests all or substantially all of its assets into its Underlying Fund.

The unaudited turnover ratio of the Underlying Fund for the one year period ending 31 December 2018 is 32.10%.

## SOFT DOLLAR ARRANGEMENT

None of the Management Company, the Investment Advisers or any of their Connected Persons may retain cash or other rebates from a broker or dealer in consideration of directing transactions in a Fund's assets to such broker or dealer. None of the Management Company, the Investment Advisers or any of their Connected Persons retains soft dollars. Where a Fund invests in another collective investment scheme, none of the Management Company nor the Investment Advisers may obtain a rebate on any fees or charges levied by the underlying collective investment scheme (or its management company).

### **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.

---

The AIA European Equity 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.