

AIA Global Bond Fund (the “ILP Sub-Fund”)



HEALTHIER, LONGER,
BETTER LIVES

Fund Summary (IFPS)
Prepared on March 2019

AIA GLOBAL BOND FUND (the “ILP Sub-Fund”)

FUND FACTS

Manager of ILP Sub-Fund	Legg Mason Asset Management Singapore Pte. Limited
Underlying Fund	Legg Mason Western Asset Global Bond Trust
Country of Domicile of Underlying Fund	Singapore
Manager of Underlying Fund	Legg Mason Asset Management Singapore Pte. Limited
Inception Date	18 March 2000
Annual Management Fee ¹ (p.a.)	0.95% (max 3.00%) of its Net Asset Value
Source of Fund	Cash, SRS, CPFIS OA & CPFIS SA
CPFIS Risk Classification	Low to Medium Risk – Broadly Diversified

¹ 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 Global Bond Fund	-0.16%	0.61%	2.32%	0.37%	1.30%
Benchmark [^] : FTSE [#] World Govt Bond Index ex Japan (hedged to S\$) (With effect from 10 February 2014)	1.65%	2.35%	3.82%	1.73%	3.04%

[^]Previous Benchmarks:

Inception to 30 June 2006 - JP Morgan Global Govt Bond Index (Hedged)

From 1 July 2006 – 9 February 2014 - Citigroup World Govt Bond (Unhedged)

[#] With effect from 31 July 2018, the name of the index has changed from “Citi [Name of Index]” to “FTSE [Name of Index].” The index naming conventions will remain unchanged, only references to Citi will change to FTSE.

Notes:

1. 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.
2. 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 maximise total returns in Singapore Dollar terms over the longer term by investing in a portfolio of high quality debt securities of Singapore and major global bond markets such as the G10 countries and Australia and New Zealand.

INVESTMENT APPROACH OF ILP SUB-FUND

The ILP sub-fund follows the investment approach of the underlying fund of Legg Mason Western Asset Global Bond Trust as the ILP Sub-Fund feeds 100% into the underlying fund.

INVESTMENT APPROACH OF UNDERLYING FUND

The Fund's investment policy will be to pursue an active but prudent approach which employs fundamental economic and market analysis to take maximum advantage of short and medium to long term investment opportunities in interest rate and currency trends of the global bond markets.

It is intended that the Fund achieves its investment objective by investing primarily in the following types of debt securities :Fixed and floating rate government and corporate bonds plus convertible bonds, commercial papers, bankers acceptances, bills of exchange, certificates of deposits, promissory notes, bank bills and treasury bills issued by governments, government linked companies and corporations in (a) Singapore; (b) countries as defined by the FTSE World Government Bond Index ex Japan (currently these countries include USA, Germany, France, UK, Canada, Italy, the Netherlands, Denmark, Finland, Spain, Switzerland, Ireland, Austria, Australia, Sweden, Norway, Belgium, Mexico, Poland, Singapore, Malaysia and South Africa) or (c) in countries that are rated with a minimum of investment grade credit rating of Aa2 by Moody's, AA by Standard & Poor's ("S&P"), AA by Fitch Inc. or its equivalent investment grading by any other internationally reputable credit rating agency. Since 3 January 2005, the Fund's investments in Japanese debt securities have been limited to 10% of its Deposited Property. Such investments in Japanese debt securities have been restricted to a minimum investment grade credit rating of A2 by Moody's, A by S&P, A by Fitch Inc. or its equivalent investment grading by any other internationally reputable credit rating agency. Otherwise, the Fund will place its monies on short term fixed deposits with banks that are rated with a minimum short term rating of A2 and P2 as defined by S&P and Moody's respectively and long term rating of A and A3 as defined by S&P and Moody's respectively.

To ensure that the Fund owns a portfolio of debt securities with high credit quality, it will only invest in debt securities issued by governments of benchmark countries or debt securities of issuers with a minimum credit rating of Aa2 by Moody's, AA by S&P, AA by Fitch Inc. or its equivalent investment grading by any other internationally reputable credit rating agency (and for issuers of Japanese debt securities, a minimum credit rating of A2 by Moody's, A by S&P, A by Fitch Inc. or its equivalent investment grading by any other internationally reputable credit rating agency).

To protect the Singapore Dollar value of the Fund's investments, the Manager and (as the case may be) the Sub-Managers may employ an active currency hedging programme to manage their non Singapore Dollar currency exposure. For prudent management of the underlying foreign currency exposures of the bond investments in the Fund, the hedging back into the Singapore Dollar - the base currency of the Fund - may range from 0% to 100% of the Fund's net asset value at all times, i.e., the Fund may range between being fully unhedged to fully hedged, but would never be leveraged in foreign currency exposure.

To assist diversification of credit risks, other than sovereign or sovereign related credit risks, exposure to any one corporate issuer is restricted to no more than 10% of the total value of the Deposited Property of the Fund.

In order to ensure a greater degree of liquidity or marketability of the investments, the Fund will not invest in more than 5% of the aggregate issued and outstanding securities of any single issue.

The Manager and (as the case may be) the Sub-Managers currently do not intend to engage in securities lending and/or carry out repurchase transactions. However, should the Managers and (as the case may be) the Sub-Managers decide to engage in securities lending or repurchase transactions for the Fund, they shall comply with all applicable laws and regulations relating to securities lending and repurchase transactions.

INFORMATION ON THE MANAGER OF ILP SUB-FUND

The Manager of Legg Mason Western Asset Global Bond Trust is Legg Mason Asset Management Singapore Pte. Limited, whose registered office is at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623. The Manager is regulated by the Authority.

The Manager is an ultimately wholly-owned subsidiary of Legg Mason, Inc. ("**Legg Mason**"), a US financial services holding company that provides asset management services through its subsidiaries including the Manager. Legg Mason was founded in 1899 and is listed on the New York Stock Exchange, Inc. under the symbol "LM". As of 31 May 2018, Legg Mason was responsible for approximately US\$747 billion of assets under management invested in a broad range of financial instruments including global equities, fixed interest securities, and currencies. Legg Mason is committed to helping clients reach their financial goals through long-term, actively managed investment strategies.

The Manager has been managing collective investment schemes in Singapore since 2003. As at 30 June 2018, the Manager has approximately S\$4.1 billion of assets under its management.

In the event the Manager becomes insolvent, the Trustee of the Fund may subject to the terms in the Trust Deed of the Fund and the relevant provisions of the Securities and Futures Act, remove the Manager or terminate the Fund.

Western Asset Management Company Pte. Ltd. ("**WAMC Pte Ltd**"), Western Asset Management Company, LLC (formerly known as Western Asset Management Company) ("**WAMC**") and Western Asset Management Company Limited ("**WAMCL**") (collectively referred to as the "**Sub-Managers**") have been appointed as the sub-managers of Legg Mason Western Asset Global Bond Trust.

The Sub-Managers are, like the Manager, subsidiaries of Legg Mason.

The Sub-Managers' strategic goal is to provide above average returns over the long term by managing diversified, risk controlled, value-oriented portfolios across a range of investment products in major and emerging markets and utilising multiple investment strategies to achieve above market returns while approximating market risk.

Each of the Sub-Managers advises and manages an extensive range of investments on behalf of institutions and individuals. Through unit trusts and separate account management, the Sub-Managers provide their investors with access to fixed interest and currency investment opportunities that seek to add value and control risk.

WAMCL oversees the management of the overall portfolio of the underlying fund. WAMC manages the North America, South America and Central America portfolio of debt securities of the underlying fund and WAMCL Pte Ltd manages the Asia ex-Japan portfolio of debt securities of the underlying fund.

WAMC Pte Ltd is incorporated in Singapore and is regulated by the Authority.

WAMC Pte Ltd has been managing collective investment schemes in Singapore since 2003. As at 31 May 2018, WAMC Pte Ltd managed approximately S\$7.96 billion (approximately US\$5.95 billion) of assets on behalf of institutional and retail clients.

WAMC is organised as a corporation under the laws of California, U.S.A. and is registered in the US with the US Securities and Exchange Commission as an investment adviser pursuant to the US Investment Advisers Act 1940 and also as a commodity-trading adviser and a commodity pool operator under the Commodity Exchange Act. WAMC is regulated by the US Securities and Exchange Commission. WAMC has extensive experience in the mutual funds industry, having been managing mutual funds and other types of collective investment schemes for over 29 years.

WAMCL is organised as a corporation in the United Kingdom and is regulated and supervised in respect of its investment management activities by the UK Financial Conduct Authority. WAMCL is regulated by the UK Financial Conduct Authority. WAMCL has extensive experience in the mutual funds industry, having been managing mutual funds and other types of collective investment schemes for over 19 years.

INFORMATION ON THE MANAGER OF UNDERLYING FUND

Please refer to Information on the Manager of ILP Sub-Fund.

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.

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 0.95%.

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 28.30%.

SOFT DOLLAR ARRANGEMENT

The Manager and Sub-Managers of the Legg Mason Western Asset Global Bond Trust currently do not but shall be entitled to receive and enter into soft-dollar commissions/arrangements in respect of the Trust. The Manager and Sub-Managers will comply with applicable regulatory and industry standards on soft-dollars. The soft-dollar commissions which the Manager and Sub-Managers 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.

Soft-dollar commissions received shall not include travel, accommodation, entertainment, general administrative goods and services, general office equipment or premises, membership fees, employees' salaries or direct money payment.

The Manager and the Sub-Managers will not accept or enter into soft dollar commissions/arrangements unless such soft-dollar commissions/arrangements would, in the opinion of the Managers of the relevant Sub-Manager (as the case may be), assist them in its management of the Legg Mason Western Asset Global Bond Trust, provided that it shall ensure at all times that best execution is carried out for the transactions, and that no unnecessary trades are entered into in order to qualify for such soft-dollar commissions/arrangements.

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 Global Bond 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.