

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



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Fund Summary (IFPS)  
Prepared on April 2021

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

### FUND FACTS

Manager of ILP Sub-Fund	AIA Investment Management Private Limited
Underlying Fund	AIA Investment Funds – AIA India Equity Fund
Country of Domicile of Underlying Fund	Luxemburg
Manager of Underlying Fund	AIA Investment Management Private Limited
Inception Date	10 August 2005
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 January 2021)

Annualized Returns	1 year	3 years	5 years	10 years	Since Inception
AIA India Equity Fund	10.94%	2.26%	7.01%	7.69%	9.43%
Benchmark: MSCI India Index	10.61%	3.32%	9.04%	4.97%	6.93%

#### 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 future performance.

### INVESTMENT OBJECTIVE OF ILP SUB-FUND

This fund seeks to achieve long-term capital growth principally from a portfolio of equity and equity-related securities of companies listed on stock exchanges in India or closely related to the economic development and growth of India.

### INVESTMENT APPROACH OF ILP SUB-FUND

The ILP Sub-Fund follows the investment approach of the underlying fund of AIA Investment Funds – AIA India Fund as the ILP Sub-Fund feeds 100% into the underlying fund

### INVESTMENT APPROACH OF UNDERLYING FUND

The fund seeks to achieve its investment objective, providing investors with superior and consistent risk-adjusted returns, through a fundamentally focused bottom-up stock selection strategy that is supported by the Manager's in-depth understanding of the return drivers in the Indian equity market, identifying companies which demonstrate potential for quality growth in the long term.

AIA Singapore Private Limited (Reg No.201106386R)

1 Robinson Road, AIA Tower, Singapore 048542 Monday - Friday: 8.45am - 5.30pm AIA Customer Care Hotline: 1800 248 8000 aia.com.sg

The Manager believes investing into well-managed companies with sustainable competitive advantages and disciplined capital allocation that are mispriced relative to their intrinsic value can lead to superior risk-adjusted return over the long term. Their portfolio construction is designed to reduce sector and size biases relative to the Benchmark so that stock-specific factors are the main drivers of risk and return.

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

The Manager of AIA India Equity 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 2020, AIA Group had USD 251.39 billion of total investments including financial investments, investment property, property held for own use, and cash and cash equivalents. 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

Please refer to the Information on the Manager of the 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.

##### 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.

##### Emerging markets risk

You should be aware that investment in emerging markets may involve, due to the economic and political development process that some of these countries are undergoing, a higher degree of risk, which could adversely affect the value of the investments and special consideration not typically associated with investment in more developed markets may be required. Among other things, investment in emerging markets involves risks such as restrictions on foreign investment, currency risk, political and economic uncertainties, legal and taxation risks, settlement risk, custody risk, foreign exchange controls, regulatory risk, counterparty risk, higher market volatility, less public information about companies and the illiquidity of the companies’ assets depending on the market conditions in certain emerging markets.

##### 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 2020 to 31 December 2020 is 1.70%.

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 for the quarter ending 31 December 2020 is 64.10%.

## SOFT DOLLAR ARRANGEMENT

In the management of the Fund, the Manager may enter into commission sharing agreement with brokers who execute transactions on behalf of the Fund in accordance with applicable regulations. At AIA, Commission Sharing Agreement ("CSA") mean arrangements where a part of broker's commission is used to pay for "CSA-funded" services in addition to execution. "CSA" commission relates to services to facilitate portfolio management including but not limited to research and advisory services; portfolio analyses, including valuation and performance; market analyses; data and quotation services; computer hardware and software or any other information facilities to the extent that they are used to support investment decision making process, the giving of advice, or the conduct of research or analysis. The Manager may engage in CSA subject to the requirements below and any relevant regulations that may apply. The Manager must be able to demonstrate that the CSA assist in the provision of investment services to its clients and that the transactions are executed on the best available terms, taking into account the market at the time for transactions of the kind and size concerned. The Manager does not enter into unnecessary trades on behalf of their clients to achieve a sufficient volume of transactions to qualify for CSA.

### Requirements

a) For the avoidance of doubt, the Manager shall not use any broker's commission to pay for any of the following items:

- travel;
- accommodation;
- entertainment;
- general administrative services or goods;
- general office equipment or premises;
- membership fees; and
- employee salaries.

b) The Manager shall not receive any direct or indirect monetary payments from any broker.

c) The Manager may enter into CSA subject to the following conditions:

- Notification is provided to the client; and
- Written records are kept regarding use of CSA-funded services.

The Manager manages investment portfolios of its clients and if it uses a part of broker's commission to pay for "CSA-funded" services, AIAIM shall, in addition to the requirements set out above and any local relevant regulations that may apply, ensure that:

- such CSA-funded services are of demonstrable benefit to its clients;
- it has received consent from its clients in writing concerning the receipt of such CSA-funded services;
- the brokerage rates to be paid by it for CSA-funded services are not in excess of customary full-service brokerage rates.
- the payment of CSA-funded services is reported to clients at least on an annual basis.
- total amounts of execution and research spend should be reported to clients at least annually.

d) Formal Broker Review

The Manager shall adopt a formal broker evaluation process which rates and ranks the quality of sell-side research and broker services on a regular basis, based on the following evaluation metrics:

- Quality of research and alpha-generating stock recommendations;
- Quality and timeliness of research services (including analyst meetings, calls, bespoke requests);
- Access to corporates and conferences;

- Service quality of sales team;
- Placement capability for deals and blocks;
- Other relevant services;

Where commission unbundling has not taken place, the execution capability of the execution brokers should be included as part of the evaluation metrics in the Formal Broker Review by the Head of Trading. In such cases, factors including price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of an order, have to be taken into account.

Where commission unbundling has taken place, (i.e. separation of execution services from research services), the execution capability of execution brokers should be reviewed by the Head of Trading. When assessing execution capability, the following factors have to be taken into account: price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of an order.

#### e) Rebates and Other Fees

Rebates to AIAIM on commissions are prohibited unless they are disclosed and passed on to AIAIM's clients.

The receipt of other fees by AIAIM is prohibited unless the practices of receiving other fees has been disclosed to AIAIM's client and the client has not objected.

### **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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