

# AIA S\$ MONEY MARKET FUND

(the “ILP Sub-Fund”)



HEALTHIER, LONGER,  
BETTER LIVES

Fund Summary (IFPS)  
Prepared on March 2019

## AIA S\$ MONEY MARKET FUND (the “ILP Sub-Fund”)

### FUND FACTS

Manager of ILP Sub-Fund	AIA Investment Management Private Limited
Inception Date	15 June 1999
Annual Management Fee <sup>1</sup> (p.a.)	0.30% (max 2.50%) of its Net Asset Value
Source of Fund	Cash, SRS
Fund Risk Classification	Lower Risk

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

The AIA S\$ Money Market Fund will no longer be able to accept CPF monies with effect from 30 April 2013.

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 S\$ Money Market Fund	1.30%	1.00%	0.75%	0.41%	0.70%
Benchmark <sup>^</sup> : SGD 1 Month Deposit Rate (with effect from 1 September 2015)	1.48%	1.06%	0.77%	0.43%	0.94%

<sup>^</sup>Previous Benchmark:

Inception to 31 August 2015 - 1-week S\$ SIBOR (bid rate)

### Notes:

- Performance of the ILP Sub-Fund 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 is managed to preserve principal value and maintain a high degree of liquidity while providing current income by investing in short-term, high quality S\$ denominated instruments, or equivalent short-term, high quality instruments, denominated in foreign currencies hedged back to S\$ (i.e. without exchange rate risk).

### INVESTMENT IN MONEY MARKET ILP SUB-FUND

The purchase of a unit in the AIA S\$ Money Market Fund is not the same as placing funds on deposit with a bank or deposit-taking financial institution. Although the Manager may seek to maintain or preserve the value of the principal of the AIA S\$ Money Market Fund, there can be no assurance that the sub-fund shall be able to meet the objective. The AIA S\$ Money Market Fund is not a guaranteed fund, in that there is no guarantee as to the amount of capital invested or return received.

The AIA S\$ Money Market Fund may use financial derivative instruments for hedging purposes. Where financial derivative instruments are held, there is no cap on the amount of financial derivative instruments used for hedging purposes, to the extent of its foreign currency exposure. This is in accordance to the Code on Collective Investment Schemes which states that a Money Market Fund may invest in financial derivatives for the purpose of hedging only.

#### INVESTMENT APPROACH OF ILP SUB-FUND

The Manager aims to preserve principal value and maintain a high degree of liquidity while providing current income through the investment in SGD-denominated instruments and bank deposits or equivalent short-term high quality instruments denominated in foreign currencies hedged back to Singapore dollars.

The Fund will invest based on eligible securities stipulated in the CPF Investment Guidelines and the Code on Collective Investment Schemes ("Code"). The investment process for money market fund places liquidity and capital preservation as top priorities when assessing short-term, high quality issues.

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

The Manager of AIA S\$ Money Market 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.

#### RISKS

##### General Risk

The value of the ILP Sub-Fund's assets may be affected by uncertainties and risks associated with investments. The Net Asset Value of the ILP Sub-Fund 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 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, therefore will depend in part on the ability of the Manager of the ILP Sub-Fund 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, 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, therefore will depend in part on the ability of the Manager of the ILP Sub-Fund 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'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 invests in securities in various markets, e.g. global, Asia ex-Japan, etc, the Net Asset Value of the ILP Sub-Fund 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 invests 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 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 funds 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 is 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.

#### 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 ILP Sub-Fund's 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.

<b>EXPENSE RATIO</b>
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The expense ratio for the period 1 January 2018 to 31 December 2018 is 0.31%.

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.

<b>TURNOVER RATIO</b>
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The unaudited turnover ratio for the one year period ending 31 December 2018 is 355.86%.

<b>SOFT DOLLAR ARRANGEMENT</b>
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In the management of the Fund, the Manager may enter into soft dollar arrangements with brokers who execute transactions on behalf of the Fund in accordance with applicable regulations. Soft dollars may be received if it can reasonably be expected to assist the Manager in its provision of portfolio management services generally including but not limited to:

- Research and advisory services;
- Portfolio analyses, including valuation and performance;
- Market analyses;
- Data and quotation services; and
- 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.

The Manager does not enter into unnecessary trades to achieve a sufficient volume of transactions to qualify for soft dollars and 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 receive the following goods and services under soft dollar arrangements:

- Travel
- Accommodation
- Entertainment
- General administrative Goods and Services
- General office equipment or premises
- Membership fees
- Employee salaries or direct money payment

### **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 S\$ Money Market 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.