

AIA Emerging Markets Balanced Fund

July 2021

Investment Objective

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.

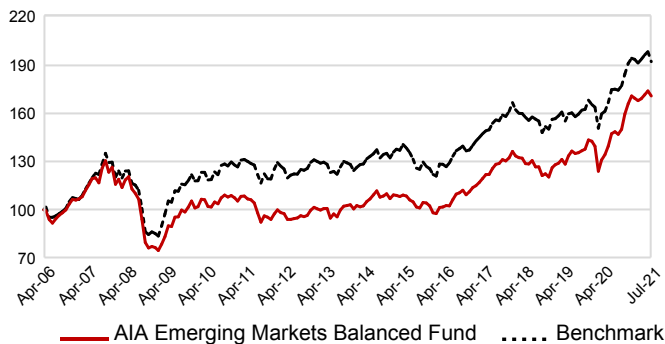
Key Fund Facts

			(As of 31 July 2021)
Launch Date	11 April 2006	Subscription	Cash, CPF(OA & SA) and SRS
Launch Price	SGD 1.000	Sales Charge (For Cash and SRS)	Up to 5%*
Manager of ILP Sub-Fund	AIA Investment Management Private Limited	Sales Charge (for CPF OA or SA)	0% (wef 1 Oct 2020)
Name of Underlying Fund(s)	Equities: Schroder International Selection Fund Global Emerging Market Opportunities Fixed Income: AIA Investment Funds – AIA Singapore Bond Fund	Pricing Frequency	Daily
Manager(s) of Underlying Fund(s)	Schroder Investment Management Limited and AIA Investment Management Private Limited	Management Fees	1.50% p.a. of Net Asset Value
Risk Classification	Medium to High Risk	Bid Offer	SGD 1.621 SGD 1.707
		Fund Size	SGD 197.9M

Performance

Performance Period	1 Month	3 Months	6 Months	1 Year	3 Year [^]	5 Year [^]	10 Year [^]	Since Inception [^]
Fund (bid-to-bid)	-1.76%	1.00%	0.00%	15.95%	9.34%	9.92%	5.05%	3.55%
Benchmark	-3.11%	-0.73%	-1.06%	10.00%	6.79%	7.58%	4.16%	4.35%

AIA Emerging Markets Balanced Fund



Source: AIA Singapore

Notes (1) Performance of the fund is in SGD on a bid to bid basis with net dividends reinvested, without taking into consideration the fees and charges payable through deduction of premium or cancellation of units (2) [^] denotes annualised returns (3) Current Manager: AIA Investment Management Private Limited (w.e.f. 1 November 2017, Current Underlying Manager (Equities): Schroder Investment Management Singapore Limited (w.e.f. 27 June 2011), Current Underlying Manager (Fixed Income): AIA Investment Management Private Limited (w.e.f. 13 July 2021) (4) Current benchmark: 60% MSCI Emerging Markets DTR Net & 40% Markit iBoxx SGD Overall Index TR (w.e.f. 13 July 2021) (5) Previous benchmark: 60% MSCI Emerging Markets DTR Net & 40% JP Morgan Sing Govt Bond Index All

The combined benchmark is reflective of the fund's investment focus

Past Performance is not necessarily indicative of future performance.

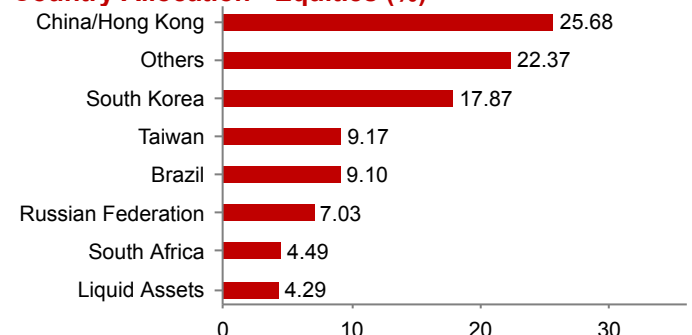
Sector Allocation - Equities

(As of 31 July 2021)

Top 5 Sectors	Holdings (%)
Financials	30.81
Information Technology	21.32
Consumer Discretionary	16.23
Communication Services	7.86
Materials	7.58
TOTAL	83.80

Country Allocation - Equities (%)

(As of 31 July 2021)



(As of 31 July 2021)

Top Holdings

Top 5 (Equities)	Holdings (%)	Top 5 (Fixed Income)	Holdings (%)
Taiwan Semiconductor Manufacturing Co Ltd	7.65	Singapore(Govt) 3% 01/09/2024	5.02
Samsung Electronics Co Ltd	6.44	Singapore Government 2.875% 01/09/2030	4.85
Alibaba Group Holding Ltd	6.42	Singapore (Govt of) 3.375% 01/09/2033	4.49
Tencent Holdings Ltd	6.04	Singapore (Govt) 3.5% 01/03/2027	4.20
JD.com Inc	3.07	Singapore (Government Of) 2.875% 01/07/2029	4.19
TOTAL	29.62	TOTAL	22.75

Source for Equities: Schroder Investment Management (Singapore) Ltd, Information from the underlying Schroder ISF Global Emerging Market Opportunities

Source for Fixed Income: AIA Investment Management Private Limited, Information from the underlying AIA Investment Funds – AIA Singapore Bond Fund

Manager's Commentary - Equities

(As of 31 July 2021)

Emerging markets (EM) equities, as measured by the MSCI Emerging Markets Index, recorded a negative return in July, led lower by China. A new regulatory framework for the education sector, which went further than markets anticipated and followed changes in rules for technology companies, was the main catalyst for the sell off. There are concerns these regulatory adjustments may just be the beginning.

Egypt recorded a positive return, underpinned by the strong performance of Commercial International Bank, and was the best-performing index market. India posted a modest gain as daily new cases of Covid-19 eased, improving the economic outlook.

The fund recorded a negative return, but outperformed its benchmark, the MSCI Emerging Markets Index in July. EM are facing several challenges, with aggregate valuations looking reasonably full. Geopolitical concerns and regulatory intervention in China, most recently in the education sector, are acting as headwinds. Global policy support is also beginning to moderate.

It is too early to turn negative on EM, but the Goldilocks period is over and markets are now more reliant on earnings delivery. The Federal Reserve is likely to remain reactive to economic conditions. EM are also better placed than they were in the past to withstand tapering. The supply and distribution of vaccines in EM should improve as we move through the year. This will help normalisation more generally, but especially in areas where the economic recovery has been delayed.

Manager's Commentary - Fixed Income

(As of 31 July 2021)

General sentiment deteriorated in July as the Delta variant of coronavirus led to a surge in cases in most parts of the world, even in countries where more than 60% of the population is fully vaccinated. Global manufacturing PMIs edged down slightly in July while services were more adversely impacted by the resurgence in Covid cases. Overall activity was also dampened by lingering global supply chain disruptions, which are particularly visible in container shipping freight. Despite heightened cost-push inflation, consumer prices in most parts of the world are still well anchored and lower than their pre-Covid averages.

Economic reopening in the US led to strong economic momentum in July, although mounting concerns about the Delta coronavirus and persistently high inflation started to weigh on sentiment. Q2 GDP growth surprised to the downside but remained above potential. The labor market continued to improve in July with the rate of unemployment falling to 5.4%. At its July policy meeting, the Fed acknowledged progress in reducing unemployment and hinted at tapering its asset purchase program before year end. Meanwhile, discussions around a USD3.5 trillion public investment package continued.

Activity indicators in China continued to slow down in July. Personal consumption disappointed while private investment was soft amid regulatory crackdown and relatively restrictive credit conditions, as well as supply-chain bottlenecks. Preventing property market imbalances and, more generally, excessive financial leverage, still seems to be the priority of Chinese authorities. Against this backdrop, consumer inflation remained particularly low, compared to high production costs.

Strong momentum in services continued to bolster European economies, despite rapid increases in Covid cases in the region. Q2 GDP came out stronger than expected in the Eurozone while leading indicators (PMI) for July were consistent with above potential GDP growth. However, the European Central bank ("ECB") retained its ultra-accommodative stance in July to anchor inflation expectations, as actual consumer inflation remained below central bank target.

US and European equity markets were boosted by supportive corporate earnings while Asian equity markets underperformed amid China technology sector regulatory concerns and spread of the Covid Delta variant. With the ECB's dovish strategy review and global growth concerns, global rates rallied in July. While the spread of Covid Delta variant remains a concern, a relatively shorter duration position is still preferred in view of faster global inoculation rate, global economic recovery, and higher inflation expectations.

Source: Schroder Investment Management (Singapore) Ltd, for equities and AIA Investment Management Private Limited, for fixed income

*Please refer to the Product Summary applicable to the investment-linked policy which you have purchased or intend to purchase for these applicable fees and charges.

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