



# AIA Global Balanced Fund

May 2019

## Investment Objective

This fund seeks to achieve long-term capital appreciation through investment in quoted equities, bonds and other fixed income securities in global markets. For its bonds and fixed income portion, the current policy is to invest primarily into OECD (developed) markets although a small portion of the fund may be invested into emerging market debt securities. The fund adopts a relatively balanced approach towards equities and bonds exposure with the aim of achieving capital growth with lower short term volatility than is normally associated with a pure equity fund. Approximately 60% of the fund is invested in equities and 40% in fixed income securities, although this asset mix may vary, depending on market conditions.

## Key Fund Facts

**Launch Date:** 11 December 2000

**Launch Price:** S\$ 1.000

**Manager of ILP Fund:** AIA Investment Management Private Limited

**Name of Underlying Funds:**

- PineBridge US Large Cap Research Enhanced Fund
- Nikko AM Shenton Japan Fund
- PineBridge International Funds - Singapore Bond Fund
- Capital Group European Growth and Income Fund (Lux)
- Legg Mason Western Asset Global Bond Trust
- Aberdeen Standard Pacific Equity Fund

**Sales Charge (For Cash and SRS):** Up to 5%

**Sales Charge (For CPF OA or SA):** 1.5%

**Pricing Frequency:** Daily

**Subscription:** Cash, CPF (OA & SA) and SRS

**Management Fees:** 1.50% p.a. of Net Asset Value

**Bid:** S\$ 1.405 As of 31 March 2019

**Offer:** S\$ 1.479 As of 31 March 2019

**Fund Size:** S\$ 181,969,185 As of 31 March 2019

## Manager's Commentary

As of 31 March 2019

Source: AIA Investment Management Private Limited

The degree of economic uncertainty increases somewhat. Global economic momentum shows no concrete sign of recovery yet. In April, the JPM Global Composite PMI dropped to 52.1, the lowest level in 3 months. The composite PMIs of the US, the Eurozone and China were all lower than a month ago. However, policy makers started to play down the possibility of further policy loosening. In the US, the latest policy statement from the Federal Reserve is generally considered as "less dovish". The US Fed Chair, Jerome Powell, downplayed some of the weak economic data and did not see a strong case for policy rates to move either way. In China, after a few rounds of policy loosening in 2019, senior officials of the central bank recently stated that monetary stance would be neutral rather than expansionary. In addition to less dovish tone from policy makers, the escalation of US-China trade tensions further clouded the global economic outlook.

The recent set of US economic data painted a mixed picture. Although Q1 GDP growth and non-farm payrolls for April beat expectations, both the ISM manufacturing and non-manufacturing PMIs for the same month were weaker-than-expected. In the near term, US economic momentum is unlikely to recover strongly as the disinflationary impact of the four rate hikes last year gradually creeps in. Against the mixed economic backdrop, the Fed is likely to adopt a wait-and-see approach and keep the policy rates unchanged.

China's economic and policy visibility is blurred by a few contrasting events. In the second half of 2018, the Chinese government gradually rolled out various policy stimulus to stabilise the economy which was then dragged down by deleveraging and US-China trade tensions. While the economy stabilised after the Chinese New Year season and trade talks with the US made progress on numerous key issues, local financial markets showed signs of overheating. To pre-empt excessive exuberance in asset markets, senior officials of the central bank fine-tune the monetary stance by re-emphasising "deleveraging" and "keeping money supply under control". This "less dovish" message triggered corrections in local equity prices. However, with US-China trade tensions worsening after Trump's latest tariff threat, China's central bank cut the targeted reserve requirement for small banks.

Policy twists and turns are likely to continue as the economy steers through the uncertainty of US-China trade talks. Furthermore, striking a fine balance between deleveraging and preventing asset prices from overheating requires ongoing policy adaptation and fine-tuning.

The Eurozone's economic situation stops worsening. In Q1 this year, the combined GDP of the Eurozone's 19 members increased by 1.2% year-on-year, same as the yearly growth rate a quarter ago. However, the monetary union is still vulnerable to a combination of economic headwinds, including ongoing Brexit talks, potential tariff on US automobile imports and uncertainty over the successor of ECB's president Mario Draghi. Against these backdrops, the European Union slashed its 2019 GDP forecasts to 1.2% from an earlier estimate of 1.3%. Hence, business confidence in the Eurozone will remain fragile.

Comparing to the US and China, Japan has less policy options to support its economy. On the monetary front, the country is in liquidity trap which renders the Bank of Japan's monetary policy ineffective. On the fiscal front, aging population coupled with high public indebtedness imply the government has less budgetary flexibility. Overall, economic momentum remains subdued with April's composite PMI stayed at 50.8, marginally better than March's 50.4.

Singapore's manufacturing PMI moved higher to 50.8 but electronic PMI remained under 50 at 49.8 in March. However, industrial output contracted by 4.8% yoy (vs. 2.6% in Feb) while non-oil domestic exports fell sharply by 11.7% yoy (+4.8% in Feb) in March. Retail sales fell much lesser by 1% in March from 9.9% yoy contraction in February. Loan growth broke below 3% range to 2.2% yoy in March. Headline inflation rose slightly to 0.6% yoy while core CPI eased further to 1.4% yoy in March. Singapore government bond ("SGS") yields moved in tandem with UST with the 10-year and 30-year SGS yields lower at 2.07% (-18.5bps) and 2.54% (-12.9bps) respectively in March.

Period	1 Month	3 Months	6 Months	1 Year	3 Year <sup>^</sup>	5 Year <sup>^</sup>	10 Year <sup>^</sup>	Since Inception <sup>^</sup>
Fund (bid-to-bid)	0.79%	6.44%	-2.43%	2.63%	5.93%	5.17%	7.00%	2.16%
Benchmark	1.38%	7.10%	-1.37%	4.14%	5.81%	4.76%	5.88%	2.50%

Note: 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.

<sup>^</sup> Annualised returns

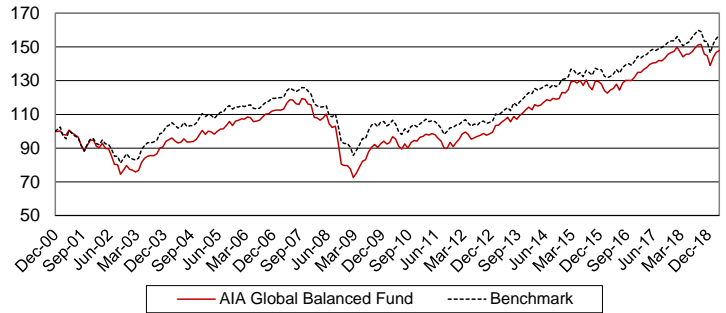
Current benchmark: 60% MSCI World Index & 40% FTSE World Govt

Bond Index (The combined benchmark is reflective of the fund's investment focus)

Disclaimer with regard to the above Benchmark:

The blended returns are calculated by AIA Investment Management Private Limited using end of day index level values licensed from MSCI ("MSCI Data"). For the avoidance of doubt, MSCI is not the benchmark "administrator" for, or a "contributor", "submitter" or "supervised contributor" to, the blended returns, and the MSCI Data is not considered a "contribution" or "submission" in relation to the blended returns, as those terms may be defined in any rules, laws, regulations, legislation or international standards. MSCI Data is provided "AS IS" without warranty or liability and no copying or distribution is permitted. MSCI does not make any representation regarding the advisability of any investment or strategy and does not sponsor, promote, issue, sell or otherwise recommend or endorse any investment or strategy, including any financial products or strategies based on, tracking or otherwise utilizing any MSCI Data, models, analytics or other materials or information.

AIA Global Balanced Fund



## The Underlying Investments

As of 31 March 2019

### PineBridge US Large Cap Research Enhanced Fund

Investment Manager: PineBridge Investments Ireland Limited

Top Five Holdings\*

	Holdings (%)
Apple Inc.	4.6
Microsoft Corporation	2.8
Alphabet Inc.	2.8
Visa Inc.	2.1
Amazon.com, Inc.	2.1
Total	14.4

### Nikko AM Shenton Japan Fund

Investment Manager: Nikko Asset Management Asia Limited

(Formerly known as DBS Asset Management Ltd)

Top Five Holdings\*

	Holdings (%)
Sony Corporation	3.5
Hitachi, Ltd.	2.9
Toyota Motor Corp.	2.6
Mitsubishi Heavy Industries, Ltd.	2.2
Mitsubishi UFJ Financial Group	2.1
Total	13.3

### PineBridge International Funds – Singapore Bond Fund

Investment Manager: PineBridge Investments Singapore Limited

Top Five Holdings\*

	Holdings (%)
SINGAPORE GOV'T 2.75% SIGB 04/01/42	4.6
SINGAPORE GOV'T SIGB 2 1/4 08/01/36	4.4
SINGAPORE GOV'T SIGB 3 3/8 09/01/33	3.8
SINGAPORE GOV'T SIGB 2 7/8 07/01/29	3.6
TREASURY BILL B 05/21/19	3.0
Total	19.4

### Aberdeen Standard Pacific Equity Fund

Investment Manager: Aberdeen Standard Investments (Asia) Limited

Top Five Holdings\*

	Holdings (%)
Aberdeen Standard SICAV I - Indian Equity Fund <sup>^^</sup>	7.7
Aberdeen Standard Singapore Equity Fund	6.5
Tencent Holdings	5.2
Aberdeen Standard China Opportunities Fund	5.1
Samsung Electronics (Pref)	5.0
Total	29.5

### Capital Group European Growth and Income Fund (Lux)

Investment Manager: Capital International Management Company Sàrl

Top Five Holdings\*

	Holdings (%)
British American Tobacco	4.45
Novartis	4.26
Prudential	3.96
Barclays	3.84
Total	3.70
Total	20.21

### Legg Mason Western Asset Global Bond Trust

Investment Manager: Western Asset Management Company Pte Ltd

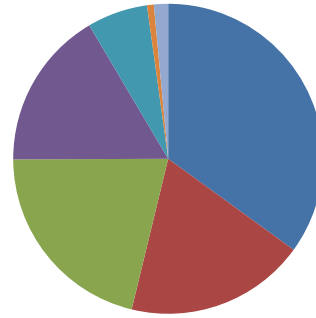
Top Five Holdings\*

	Holdings (%)
USTreasury Note 2.875% 15 May 2043	8.47
USTreasury Note 1.750% 31 March 2022	7.52
USTreasury Note 2.875% 30 Apr 2025	6.93
USTreasury Note 1.625% 15 Nov 2022	6.37
Bundesrepub Deutschland (br) 1.75% 15 Feb 2024	5.30
Total	34.59

\* Sources: PineBridge Investments Ireland Limited, Nikko Asset Management Asia Limited, PineBridge Investments Singapore Limited, Aberdeen Standard Investments (Asia) Limited, Capital International Management Company Sàrl & Western Asset Management Singapore Pte Limited

<sup>^^</sup> The underlying fund is not authorised for public sale in Singapore. The name of the underlying fund was changed from Aberdeen Global - Indian Opportunities Fund to Aberdeen Global - Indian Equity Fund with effect from 1 October 2008

Countries	Holdings
US Equities	34.99%
European Equities	18.80%
Singapore Bonds	21.15%
Global Bonds	16.56%
Japan Equities	6.31%
Asian Equities	0.71%
Cash	1.48%
<b>Total</b>	<b>100.00%</b>



■ US Equities 34.99%    ■ European Equities 18.80%  
 ■ Singapore Bonds 21.15%    ■ Global Bonds 16.56%  
 ■ Japan Equities 6.31%    ■ Asian Equities 0.71%  
 ■ Cash 1.48%

The AIA Global Balanced 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 fact sheet 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 relating to the ILP fund is available and may be obtained from your AIA Financial Services Consultant. A potential investor should read the product summary 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.

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