AIA Global Bond Fund

May 2019

Investment Objective

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 market such as the GIO countries and Australia and New Zealand.

Key Fund Facts

Launch Date: 18 March 2000
Launch Price: S$ 1.000
Sales Charge (For Cash and SRS): Up to 5%
Sales Charge (For CPF OA or SA): 1.5%
Pricing Frequency: Daily
Manager of ILP Fund: Western Asset Management Company Pte Ltd
Name of Underlying Fund: Legg Mason Western Asset Global Bond Trust
Managers of Underlying Fund: Western Asset Management Company Pte.Ltd

Subscription: Cash, SRS, CPF-OA, CPF-SA
Management Fees: 0.95% p.a. of Net Asset Value

Bid:	**S$** 1.228	As of 31 March 2019
Offer:	**S$** 1.293	As of 31 March 2019
Fund Size:	**S$** 32,316,116	As of 31 March 2019

Manager's Commentary*

As of 31 March 2019

Source: Western Asset Management Company Pte Ltd

Market Review

Developed market (DM) government bonds rallied sharply following dovish announcements from many global central banks, notably the Federal Reserve (Fed) and European Central Bank (ECB). Global growth concerns have intensified since year-end. Ongoing trade disputes and a slowdown in China have conspired to markedly slow down global trade activity and materially impact global manufacturing activity, most notably in the eurozone. Despite these headwinds, we expect global growth to remain on a positive trajectory with US growth remaining resilient and Europe and China regaining their footing as risks over a "hard Brexit" and trade uncertainties recede.

Fund Review

An underweight exposure in European and UK duration detracted while an overweight Mexican government bonds contributed positive performance. Overweight British pound detracted from performance. Overweight EUR inflation-linked bonds contributed to performance.

The manager reduced overweight exposure to US duration and reduced long Japanese yen exposures.

Outlook

In the US, we expect growth in the 2.0%-2.25% range in 2019 and inflation similar to that of 2018. The factors propelling faster growth in 2017-18—business investment and exports—have moderated a bit, and homebuilding is declining mildly, rather than growing as it did in 2017-2018. These factors will reduce growth to our forecast range. However, at this time, we see nothing in the way of more serious declines in these aggregates or others that would threaten the continuation of the expansion. The Fed's pronouncements last year of four rate hikes in 2019 were predicated on continued strong economic growth. As reality has instead come into line with our slower-growth outlook, the Fed has understandably pulled back on the aggressiveness of its hiking regime. We expect the Fed to hold back from any additional rate hikes and maintain its "wait-and-see" strategy at least through the rest of this year. At present, we retain a long US duration bias which we also believe remains an effective hedge against risk exposures in global portfolios.

With respect to Europe, a confluence of domestic and global factors has led us to materially revise lower our growth forecasts and we now estimate 2019 eurozone growth to come in around 1%. Our forecast factors in a weaker outlook for Germany and Italy and to a lesser degree for France and Spain. It also reflects the continued drag on the region's external sector from weaker global manufacturing and trade, ongoing Brexit uncertainty and renewed global growth concerns. Consequently, we have also revised lower our expectations for eurozone core inflation, although we still believe this will gradually rise during the course of the year. Responding to the softer economic outlook, the ECB has extended its forward guidance and signaled that policy will remain accommodative for as long as necessary. Under this scenario we expect higher German bund yields toward the end of 2019. We think firmer ECB forward guidance is supportive for short-dated carry trades, which supports our decision to retain a modest overweight to Italian bonds.

A dovish Fed and stable to strengthening EM currencies have taken pressure off EM central banks to tighten policy, which should result in a compression of the EM versus DM real yield differential. The diminishing impact of US fiscal stimulus, and the re-introduction of stimulus in China also augur well for the resynchronization of global growth. In our view, these combined factors are supportive for all segments of the EM asset class.

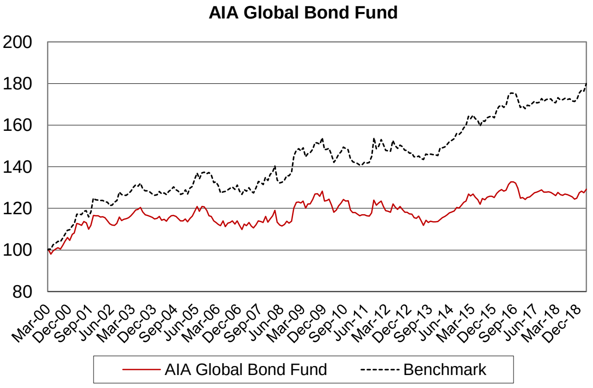
Performance

As of 31 March 2019 — Source: AIA Singapore

Period	1 Month	3 Months	6 Months	1 Year	3 Year^	5 Year^	10 Year^	Since Inception^
Fund (bid-to-bid)	1.32%	1.40%	2.93%	1.24%	0.05%	2.15%	0.45%	1.36%
Benchmark	2.03%	2.60%	4.82%	3.92%	2.00%	3.77%	1.90%	3.14%

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.
^ Annualised returns
Current benchmark: (w.e.f 10 February 2014) FTSE World Govt Bond Index ex Japan (Hedged to S$)

Previous benchmark:FTSE World Govt Bond (Unhedged)



Top 5 Holdings*

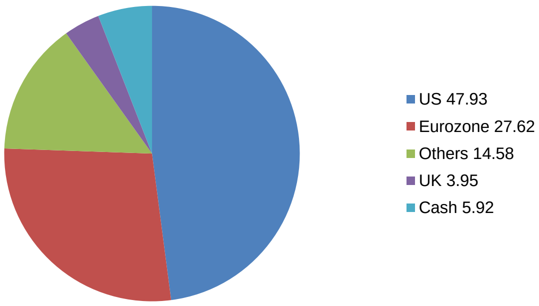
As of 31 March 2019

	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

Country Allocation*

As of 31 March 2019

	Holdings (%)
US	47.93
Eurozone	27.62
Others	14.58
UK	3.95
Cash	5.92
Total	100.00



*Information extracted from the underlying Legg Mason Western Asset Global Bond Trust.
Source: Western Asset Management Company Pte. Ltd.