



AIA Global Resources Fund

May 2019

Investment Objective

This fund seeks to achieve long term capital growth by investing all or substantial portions of its assets in fundamentally strong equities in the natural resources and energy sectors worldwide.

Key Fund Facts

Launch Date: 26 January 2007

Launch Price: S\$ 1.000

Manager of ILP Fund: JPMorgan Asset Management (Singapore) Limited

Name of Underlying Fund: JPMorgan Funds - Global Natural Resources Fund

Manager of Underlying Fund: JPMorgan Asset Management (UK) Limited

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

Pricing Frequency: Daily

Management Fees: 1.5% p.a. of Net Asset Value

Subscription: Cash & SRS

Bid: S\$ 0.640 As of 31 March 2019

Offer: S\$ 0.674 As of 31 March 2019

Fund Size: S\$ 167,841,914 As of 31 March 2019

Manager's Commentary*

For 1st Quarter 2019

Source: JPMorgan Asset Management

Market Review

Broader equity markets recovered in the first quarter as investors grew more optimistic on discussions between the US and China centred around trade with the effects being felt across the demand side for both mining and energy sectors. Surging bank loans and credit expansion in China has been another supportive factor to commodity prices as the government resumed large scale investment into infrastructure projects.

The rise in the iron ore price (+18.2%) drove the outperformance of the mining sector as Chinese demand remained robust over the period combined with the significant reduced tonnage outlook from Brazil due to the fatal accident at the tailings dam at Vale's operations. Base metals were the key beneficiary of better global trade dialogue in particular copper (+8.7%) where lower stocks and stronger than expected demand drove prices to a three month high.

The oil price also recovered (+27.1%) after production cuts by OPEC (plus Russia) boosted expectations of tightening supply following production cuts led by Saudi Arabia.

Gold also performed well as the US Federal Reserve issued a statement that it would be moderating the overall pace of interest rate hikes going forward.

Portfolio Review

Fund performance was positive in absolute terms for the quarter but the fund underperformed its benchmark. The underperformance was driven by stock selection in the diversified mining and gold and precious metals sectors. Norsk Hydro, the Norwegian aluminium company was the leading detractor as the stock fell due to disappointing fourth quarter results owing to continued production curtailment at their Alunorte operation and increased material costs.

An underweight position in Fortescue Metals, a lower grade iron ore producer also detracted from performance as the stock has rallied due to the production curtailments in Brazil.

Positive contribution came from stock selection in the oil & gas exploration and production (E&P) sector. Lundin Petroleum was the leading contributor as the company issued a positive outlook driven by production numbers from its asset in the North Sea, Johan Sverdrup and raised their dividends. Other oil and gas E&P names which performed well included Parex Resources and GeoPark developing the world class LLA-34 field in Colombia.

EroCopper, a Canadian listed copper mining company also contributed to returns with management issuing a positive exploration outlook and good production results from its Mineração Caraíba asset in Brazil.

Outlook

2018 was a difficult year for the natural resources sector. Concerns around global trade and the strengthening of the US dollar have weighed particularly on the mining sector. The energy sector spent much of 2018 benefitting from a tightening of the oil market until concerns over potential oversupply mounted in the final months of the year as the impact of sanctions in Iran proved to be much weaker than expected.

In response to a slowdown in economic growth and an escalation of trade tensions, the Chinese government is proactively boosting infrastructure demand and easing credit conditions to support growth. In response to the correction in the oil price, OPEC cut production in the fourth quarter of 2018 which should serve to put upward pressure on prices going into 2019.

Despite the recent macro volatility, natural resource companies are highly cash generative, focusing on deleveraging and dividends. Very little money is being directed towards large scale capex which is keeping supply constrained.

Valuations remain close to the lower end of their historical range (EV/ EBITDA and free cash flow yield) for both the mining and energy sectors.

The fund retains a focus on the highest quality upstream companies across the mining and energy sectors with selective exposures at the exploration and development phase to companies advancing the tier 1 assets of the future. By investing across mining and energy sectors the fund remains a play on anticipated supply shortfalls in a rising rate environment.

All the above commentary is in EUR terms unless otherwise stated.

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)	1.75%	13.07%	-5.19%	-1.54%	7.93%	-3.38%	0.16%	-3.20%
Benchmark	2.49%	14.13%	0.23%	3.28%	16.71%	1.37%	3.29%	1.31%

Notes: 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.

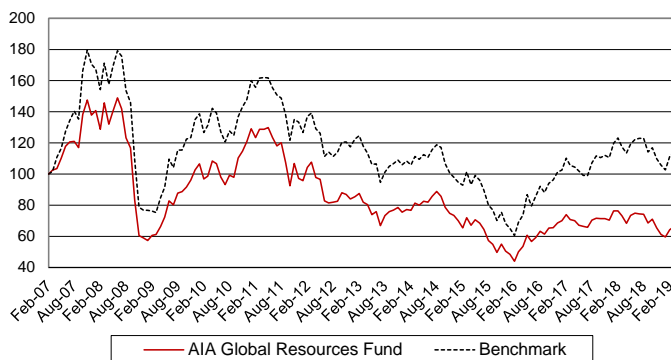
[^] Annualised returns.

Current benchmark (w.e.f. 18 September 2018): EMIX Global Mining & Energy Index (Total Return Net)

Previous benchmark: 75% HSBC Global Mining Accumulation Index* and 25% MSCI All Country World Energy Index. This is to better reflect the investment scope which has always had exposure to the energy sector.

*With effect from 1 Oct 13, HSBC Global Mining Accumulation index was renamed to Euromoney Global Mining Index.

AIA Global Resources Fund



Top 10 Holdings*

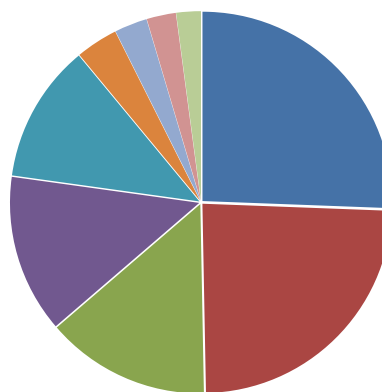
As of 28 February 2019

	Holdings (%)
BHP	9.7
Rio Tinto	7.2
Exxon Mobil	6.5
Glencore	5.2
Royal Dutch Shell	4.2
Total SA	3.7
BP	3.2
Chevron	2.8
Lundin Petroleum	2.8
Vale	2.6
Total	47.9

Sector Allocation*

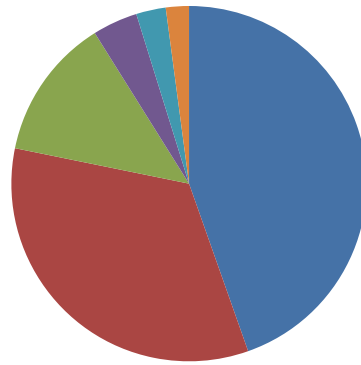
As of 28 February 2019

	Holdings (%)
Diversified Mining	25.6
Integrated Oil & Gas	24.1
Gold & Precious Metals	14.0
Oil & Gas Exploration & Production	13.5
Base Metals	11.8
Oil & Gas Refining & Marketing	3.6
Oil & Gas Storage & Transportation	2.8
Others	2.5
Net Liquidity	2.1
Total	100.0



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■ Gold & Precious Metals 14.0	■ Oil & Gas Exploration & Production 13.5
■ Base Metals 11.8	■ Oil & Gas Refining & Marketing 3.6
■ Oil & Gas Storage & Transportation 2.8	■ Others 2.5
■ Net Liquidity 2.1	

Countries	Holdings (%)
North America	44.6
United Kingdom	33.6
Europe & Middle East Ex Uk	12.9
Emerging Markets	4.1
Pacific Ex Japan	2.7
Net Liquidity	2.1
Total	100.0



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■ Emerging Markets 4.1
■ Pacific Ex Japan 2.7
■ Net Liquidity 2.1

*Information from the underlying JPMorgan Funds - Global Natural Resources Fund
 Source: JPMorgan Asset Management (Singapore) Limited

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