

AIA Global Resources Fund

July 2021

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

(As of 31 July 2021)

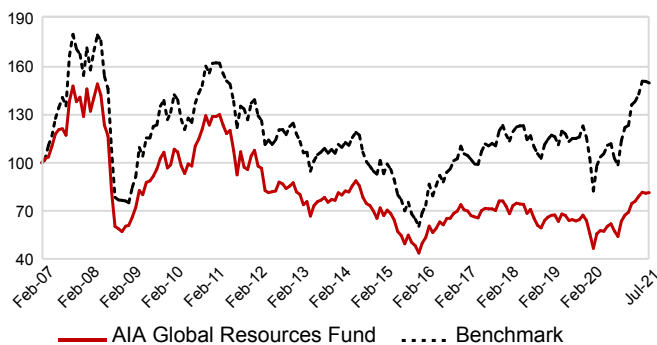
Launch Date	26 January 2007	Subscription	Cash and SRS
Launch Price	SGD 1.000	Sales Charge (For Cash and SRS)	Up to 5%*
Manager of ILP Sub-Fund	JPMorgan Asset Management (Singapore) Limited	Pricing Frequency	Daily
Name of Underlying Fund(s)	JPMorgan Funds - Global Natural Resources Fund	Management Fees	1.50% p.a. of Net Asset Value
Manager(s) of Underlying Fund(s)	JPMorgan Asset Management (UK) Limited	Bid Offer	SGD 0.774 SGD 0.815
Risk Classification	Higher Risk	Fund Size	SGD 152.8M

Performance

(As of 31 July 2021)

Period	1 Month	3 Months	6 Months	1 Year	3 Year [^]	5 Year [^]	10 Year [^]	Since Inception [^]
Fund (bid-to-bid)	0.52%	2.93%	17.63%	34.38%	3.16%	5.19%	-3.81%	-1.40%
Benchmark	-0.67%	4.87%	21.34%	34.99%	6.75%	10.16%	0.05%	2.82%

AIA Global Resources Fund



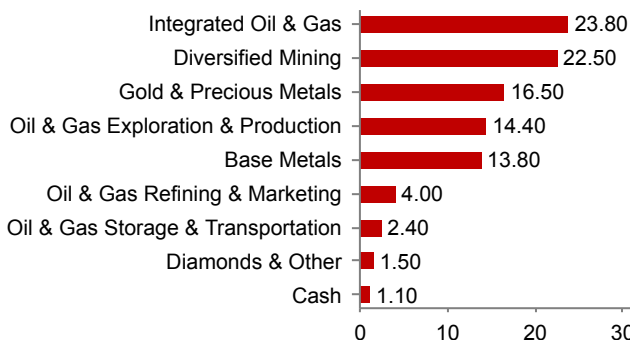
Source: AIA Singapore

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: JPMorgan Asset Management (Singapore) Limited (w.e.f. 18 September 2018) (4) Current benchmark: EMIX Global Mining Energy Index (Total Return Net) (w.e.f 18 September 2018) (5) Previous benchmark: 75% HSBC Global Mining Accumulation Index & 25% MSCI All Country World Energy Index (Inception to 17 September 2018)

Past Performance is not necessarily indicative of future performance.

Sector Allocation (%)

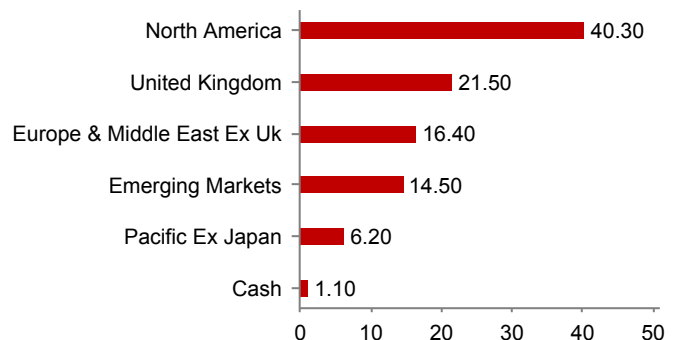
(As of 31 July 2021)



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

Country Allocation (%)

(As of 31 July 2021)



Top Holdings

(As of 31 July 2021)

	Holdings (%)
Rio Tinto	6.60
BHP	5.30
Freeport-McMoRan	5.30
Chevron	5.10
TotalEnergies	4.30
Royal Dutch Shell	4.30
Anglo American	4.00
Newmont	3.70
Hess	3.00
Exxon Mobil	2.80
TOTAL	44.40

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

Manager's Commentary

(As of 31 July 2021)

Quarterly Commentary : (as of End Jun)

Market Overview

Performance of the natural resources sector was positive over the quarter and outperformed the broader equity market as represented by the MSCI World Index. The accelerated pace of vaccine rollouts and better than expected economic indicators have been positive for commodity prices, whilst concerns continued over rising inflation. The oil price reached its highest level since 2018 and whilst the Organization of the Petroleum Exporting Countries (OPEC+) continue to adhere to capacity restraint, there were signs of disagreement between members. The unexpected cancellation of the OPEC+ meeting to discuss a rise in output sent prices higher as Saudi Arabia and the United Arab Emirates (UAE) disagreed over whether to increase production during the current period of recovering demand. Meanwhile, other supportive factors for the price rise included the unlikely lifting of sanctions against Iran and greater than expected decline in the US crude oil inventories. Although base metals did enjoy gains this quarter, these were somewhat tempered in June following news that China was selling some of its strategic reserves of copper, aluminum and zinc. This put downward pressure on prices at the tail end of the quarter. Further impacting metals prices was rhetoric from the Federal Reserve (Fed) which suggested interest rate hikes could come as early as 2022 if inflation rises too quickly. However, demand for metals continues to be strong, owing to the adoption of new renewable technologies and electric vehicles. Iron ore too reached new highs in May before correcting towards the end of the quarter following the news that China may also release strategic reserves of the key steelmaking ingredient. However, prices still remain well above USD 200 a ton, which is supportive of free cash flow generation by the diversified mining groups. The gold price advanced during the quarter, as investors turned towards precious metals as store of value on mounting concerns over rising inflation.

Portfolio Performance

The fund underperformed its benchmark, the EMIX Global Mining & Energy over the quarter, but continued to deliver a positive absolute return, amidst the ongoing economic recovery. In terms of sector performance, an underweight position as well as stock selection in the oil & gas refining and marketing sector and stock selection in the gold & precious sector contributed the most to returns. On the other hand, stock selection in the integrated oil & gas and oil & gas exploration and production sectors detracted from returns. MAG Silver, the silver mining company, contributed to performance. The company announced a joint venture with Fresnillo, a mining company, budgeted USD 6 million for exploration at their Mexico project, which was well received by investors. Marathon Gold, the Canadian gold miner, also contributed to performance. The company delivered good news from their projects in Newfoundland with positive drilling results and a successful raising of capital completed. On the other hand Parex Resources, the oil and gas exploration production company operating in Colombia, detracted from relative returns. The company reported earnings below expectations and issued more downbeat production guidance for the remainder of 2021, in particular following protests in Colombia. Additionally, an underweight in Vale, the diversified mining group also detracted from relative returns. The stock has benefitted from the recovery in the iron ore price and investors welcomed news of a settlement tied to the divestment of its Moatize coal operation in Mozambique.

Market Outlook & Positioning

Interest in commodities is increasing and demand, from a challenging first half of 2020, is in the process of recovering.

This is combined with expectations of reflation, fiscal and monetary stimulus, and a continued recovery for global GDP for 2021. Within industrial metals, we expect to see supply shortages emerging due to the lack of new projects being sanctioned, and new demand intensifying driven by structural trends such as electric vehicles and renewable energy generation.

Whilst oil had a challenging 2020, we view that OPEC+ will maintain discipline and avoid the disagreements over production which we saw in 2020 in order to clear the inventories. Lower investment levels over the past five years will lead to upward pricing pressures in the future.

Precious metals were buoyed by falling real interest rates and have maintained elevated prices allowing strong cash flow generation by the companies. The asset class continues to be a useful diversifier of returns and we currently favour companies that produce platinum group metals owing to its industrial uses in renewable energy applications. Longer term, as populations continue to grow, demand for commodities will increase. A lack of investment due to years of lower pricing should lead to market deficits for the commodities we are invested in, leading price appreciation.

The companies in the portfolio have been proactively managing their financial risk through cost reductions and balance sheet strengthening. The investment team continues to look for high quality companies with attractive total return profiles who demonstrate that they take into consideration environment, social and governance factors.

Source: JPMorgan Asset Management (Singapore) Limited

*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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