AIA Global Technology Fund

November 2022

Investment Objective

This fund aims for above average long term capital growth by investing in an international portfolio of shares in companies involved in high technology industries.

Key Fund Facts

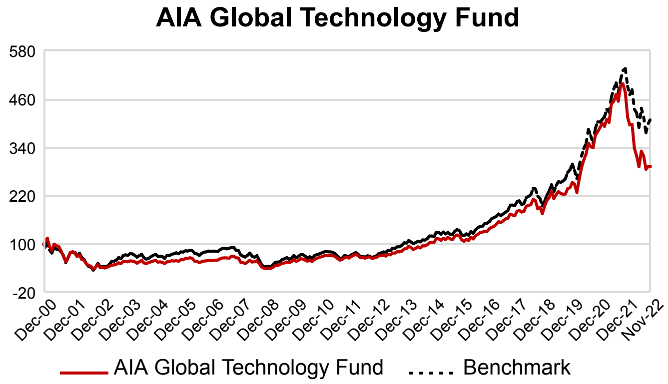
(As of 30 November 2022)

Launch Date	11 December 2000	**Subscription**	Cash, CPF(OA) and SRS
Launch Price	SGD 1.000	**Sales Charge (For Cash and SRS)**	Up to 5%*
Manager of ILP Sub-Fund	Templeton Asset Management Limited	**Sales Charge (for CPF OA or SA)**	0% (wef 1 Oct 2020)
Name of Underlying Fund(s)	Franklin Templeton Investment Funds - Franklin Technology Fund	**Pricing Frequency**	Daily
Manager(s) of Underlying Fund(s)	Franklin Advisers Inc.	**Management Fees**	1.50% p.a. of Net Asset Value
Risk Classification	Higher Risk	**Bid**	SGD 2.785
		Offer	SGD 2.932
		Fund Size	SGD 463.2M

Performance

(As of 30 November 2022)

Period	1 Month	3 Months	6 Months	1 Year	3 Year^	5 Year^	10 Year^	Since Inception^
Fund (bid-to-bid)	-0.14%	-8.21%	-7.99%	-41.18%	7.20%	11.17%	16.08%	5.02%
Benchmark	2.85%	-1.08%	-3.41%	-22.65%	13.92%	15.84%	19.57%	6.65%



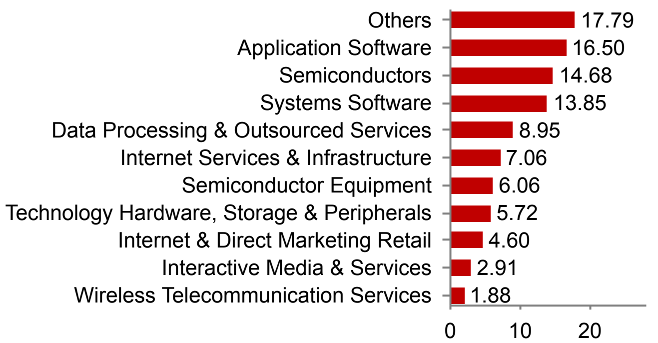
Source: AIA Singapore

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 benchmark: MSCI World Information Technology Index (w.e.f 30 September 2017) (4) Previous benchmark: Merrill Lynch 100 Technology Index (Inception to 29 September 2017)

Past Performance is not necessarily indicative of future performance.

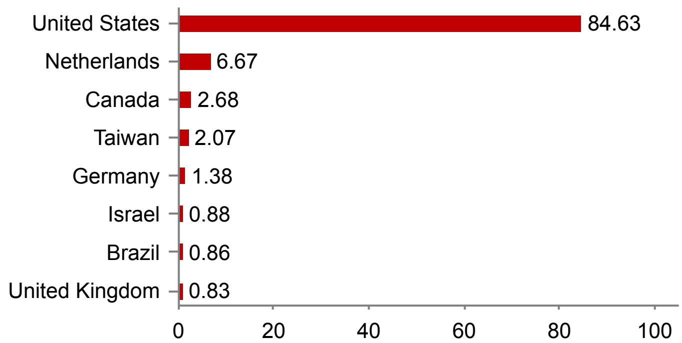
Sector Allocation (%)

(As of 30 November 2022)



Country Allocation (%)

(As of 30 November 2022)



Source : Franklin Advisers Inc., Information from the underlying Franklin Templeton Investment Funds – Franklin Technology Fund

For Country Allocation: Cash & Cash Equivalents are added into all countries equally.

Top Holdings

(As of 30 November 2022)

	Holdings (%)
MICROSOFT CORP	6.03
APPLE INC	5.72
NVIDIA CORP	4.63
AMAZON.COM INC	4.60
ASML HOLDING NV	3.16
MASTERCARD INC	3.00
ALPHABET INC	2.79
SERVICENOW INC	2.68
VISA INC	2.65
SYNOPSYS INC	2.56
TOTAL	37.82

Source : Franklin Advisers Inc., Information from the underlying Franklin Templeton Investment Funds – Franklin Technology Fund

Manager's Commentary

(As of 30 November 2022)

MARKET OVERVIEW

Global equity indices advanced in November 2022, continuing a rebound from year-to-date lows in mid-October. Despite ongoing concerns about high inflation, broadly tighter monetary policy, slower global economic growth and the ongoing Russia-Ukraine war, investor optimism that US inflation might have peaked and could prompt the US Federal Reserve to slow the pace of its rate hikes bolstered stocks and bonds globally. As measured by MSCI indices in US-dollar terms, developed and frontier market equities underperformed a global index, while emerging market equities significantly outperformed it amid hopes that China might gradually end its zero-COVID policy. In terms of investment style, global value stocks slightly outperformed global growth stocks. Information technology (IT) sector stocks generally rebounded in November, led by strength in semiconductors and communications equipment. Corporate earnings were a factor, but better-than-feared forward guidance, inventory digestion and nascent optimism about a potential bottom in the near-term helped drive IT sector gains. A key takeaway for the month was some hints of weakening commercial PC (personal computer) and server demand, but relatively resilient data storage demand. On the software front, decelerating growth was a key concern, especially for bellwether firms such as Microsoft, Salesforce and Adobe. Meanwhile, technology services stocks largely moved in response to interest rates and macroeconomic data. Overall, the IT sector's revenue and earnings are expected to slow substantially in 2023.

PORTFOLIO PERFORMANCE

The fund underperformed its MSCI World/Information Technology Benchmark. The Significant Overweight and Stock Selection to Application Software, Semiconductors and Data Processing and Outsourced Services and Systems Software, Significant Underweight to Technology Hardware, Storage and Peripherals.

Contributors
• Technology Hardware, Storage and Peripherals (Significant Underweight)
• Semiconductors (Stock Selection)
• Data Processing and Outsourced Services (Stock Selection)

Detractors
• Application Software (Stock Selection, Overweight)
• Systems Software (Stock Selection)
• Internet Services and Infrastructure (Significant Overweight)

OUTLOOK

•Negative news flow has surfaced this quarter as business in some of the growthiest areas of IT has slowed, and the third-quarter earnings season has been tough for the sector. As a result, the group has generally failed to rebound as sharply as other sectors from the stock market's mid-October low.

•In our view, inflation, increased interest rates, and increased equity capital costs continue to be the primary near-term risks in the IT and communication services sectors. If inflation headwinds further abate and the world's largest economies can avoid a deep recession, we consider sector valuations to be reasonable to attractive. If inflation reintensifies, central bank rate increases prove ineffective or the world's largest economies enter a significant recession, we believe there will be additional valuation headwinds for "cash in the future" growth businesses.

•Other near-term risks we are monitoring include the European economy, where mature technology companies currently get anywhere between 30% to 40% of their revenues. As energy prices rise and consumption is curtailed, European consumers and businesses will undoubtedly be forced to make difficult choices, which will likely negatively impact IT spending and other discretionary spending categories.

•US currency appreciation is another area of concern for US-based companies amidst headwinds created by the dollar's recent 20-year highversus other major currencies, though its influence has been fading somewhat since October.

•We are also paying close attention to the regulatory environment and, in particular, the US and EU investigations into the business practices of key digital leaders including Alphabet, Amazon, Meta Platforms (not held by the fund) and Apple. In the United States, the appointment of Lina Khan to head the Federal Trade Commission is particularly concerning given her aggressive views on Big Tech and her stated desire to do away with the current "consumer harm" test in US antitrust jurisprudence. We have also been surprised by the aggressiveness with which China has sought to exert more control over the country's Big Tech names. Largely as a result, we no longer have fund exposure to China's technology-related leaders.

•In the current environment, we think quality secular growth is more valuable than cyclical growth, and that investors will want to own high-quality,well-capitalised, highly profitable secular growth businesses with pricing power in a potential recession. This is the very definition of many of the world's largest technology-centric businesses. Relative to the other nine major equity sectors, IT and communication services are amongst the best-capitalised sectors in the market. These sectors are net cash positive, with generally self-financing business models. We believe the strongest businesses in these sectors are unlikely to need to return to the capital markets to fund their business models going forward. These sectors also have some of the most profitable business models across the market, in our analysis.

•We also think investors will be positively surprised to see the resilience of many of the businesses we own in the face of a weakening macroeconomic environment. Relative to the last business cycle, the software-centric businesses serving the enterprise segment have shifted their business models to recurring revenue. Given this dynamic, we anticipate these businesses are likely to continue to grow revenue and earnings through a potential recession and experience only modest downward adjustments to their sales and earnings outlooks. On the more cyclical hardware and semiconductor side of IT, we also expect relative resilience during this cycle. The supply-chain challenges over the past 20 months have left many of these companies with high levels of non-cancellable backlogged orders, which we believe they will be able to ship against during a potential recession, thus creating a more stable revenue and earnings profile. Lastly, our team has managed through various recessionary environments, and we have learned that it is important to maintain a long-term orientation and to be active when our peers are taking a more short-term view.

•The stock market's correction has given us an opportunity to improve the portfolio's quality profile as we have exited positions in businesses that no longer meet our quality criteria and redeployed those proceeds into companies we believe are better-positioned over the long run. In the past few months, we have taken advantage of improved valuations to add to the portfolio's higher-conviction companies, which we believe are better-positioned to manage through a business backdrop that features a higher cost of capital and a potential recessionary environment. Conversely, we have recently divested and/or reduced positions in companies we think are more prone to struggle in such an environment.

•As suggested by the thoughts outlined above, we will continue to evaluate companies through our growth, quality and valuation lens. In our view,the most important aspect is "quality," which we define as companies with strong improving competitive positions, experienced/talented management teams with a proven track record of execution, premium-level financial strength and strong unit economics—along with an awareness about the costs they are imposing on the environment and society, adding to signs that an appropriate corporate governance structure is in place.

•Ultimately, we still see significant opportunities in digital transformation (DT) and its associated sub-themes, including (1) artificial intelligence,machine learning and data analytics; (2) new commerce; (3) software-as-a-service and secure cloud computing; (4) digital media transformation and the rise of the metaverse; (5) digital customer engagement; (6) fintech and digital payments; (7) the internet of things (IoT) and 5G; (8) electrification and autonomy; (9) cybersecurity; and (10) the future of work.

•Looking ahead to 2023 and beyond, we continue to believe DT is a multi-trillion-dollar opportunity as it enables a widening array of companies to leverage software and data to better understand their customer and business processes, as well as various technologies to radically transform how they operate. Furthermore, with evidence that DT drives improved productivity and deeper customer relationships, we believe companies are now operationalising and scaling what worked during the COVID crisis and extending their DT initiatives into other parts of their operations. We are firm believers that DT is just getting started and has a long runway for sustained and significant growth, even as the macro environment becomes more challenging.

Source: Templeton Asset Management 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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