AIA Greater China Balanced Fund

November 2020

Investment Objective

This fund seeks to achieve long-term capital growth principally from a portfolio of equity and equity-related securities of companies with exposure to the economies of countries within the Greater China Region, and stable income with capital preservation through investments in primarily fixed income securities of high credit quality issuers, denominated primarily in SGD, in such proportion as the manager deems fit.

Key Fund Facts

(As of 30 November 2020)

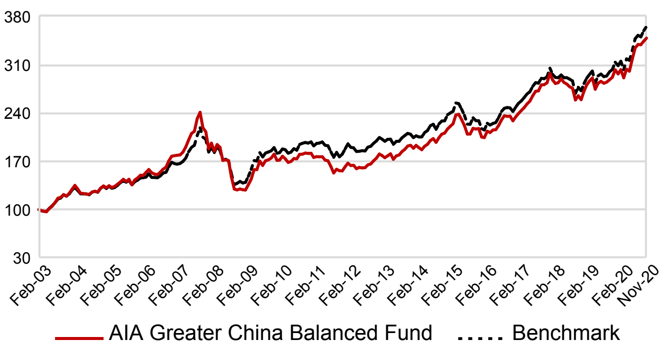
Launch Date	21 January 2003	**Subscription**	Cash, CPF(OA & SA) and SRS
Launch Price	SGD 1.000	**Sales Charge (For Cash and SRS)**	Up to 5%
Manager of ILP Sub-Fund	AIA Investment Management Private Limited	**Sales Charge (for CPF OA or SA)**	0% (wef 1 Oct 2020)
Name of Underlying Fund(s)	**Equities:** Fidelity Funds - Greater China Fund II **Fixed Income:** PineBridge International Funds - Singapore Bond Fund	**Pricing Frequency**	Daily
		Management Fees	1.50% p.a. of Net Asset Value
		Bid	SGD 3.313
Manager(s) of Underlying Fund(s)	FIL Fund Management Limited and PineBridge Investments Singapore Limited	**Offer**	SGD 3.488
		Fund Size	SGD 591.6M
Risk Classification	Medium to High Risk		

Performance

(As of 30 November 2020)

Period	1 Month	3 Months	6 Months	1 Year	3 Year^	5 Year^	10 Year^	Since Inception^
Fund (bid-to-bid)	1.31%	2.76%	15.96%	19.52%	7.46%	9.97%	6.72%	7.26%
Benchmark	1.73%	3.63%	15.53%	20.63%	8.06%	9.81%	6.36%	7.55%

AIA Greater China Balanced 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 benchmark: 60% MSCI Golden Dragon DTR Net & 40% JP Morgan Sing Govt Bond Index All

The combined benchmark is reflective of the the fund's investment focus

Sector Allocation - Equities

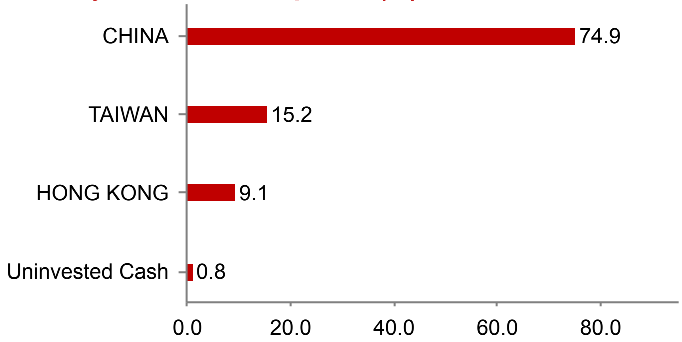
(As of 30 November 2020)

Top 5 Sectors	Holdings (%)
Consumer Discretionary	22.0
Information Technology	17.3
Communication Services	16.2
Financials	14.2
Health Care	9.5
TOTAL	79.2

Source: FIL Investment Management (Singapore) Limited, Information from the underlying Fidelity Funds - Greater China Fund II

Country Allocation - Equities (%)

(As of 30 November 2020)



Top Holdings

(As of 30 November 2020)

Top 5 (Equities)	Holdings (%)
TAIWAN SEMICONDUCTOR MFG CO LTD	10.0
TENCENT HLDGS LTD	9.4
ALIBABA GROUP HOLDING LTD	8.5
AIA GROUP LTD	3.3
PING AN INS GROUP CO CHINA LTD	2.9
TOTAL	34.1

Top 5 (Fixed Income)	Holdings (%)
SINGAPORE GOV'T 2.75 SIGB 04/01/42	4.1
SINGAPORE GOV'T SIGB 0 1/2 11/01/25	3.7
SINGAPORE T-BILL SITB 06/01/21	3.7
SINGAPORE GOV'T SIGB 2 1/4 08/01/36	3.4
SINGAPORE GOV'T SIGB 2 7/8 09/01/30	3.3
TOTAL	18.2

Source for Equities: FIL Investment Management (Singapore) Limited, Information from the underlying Fidelity Funds - Greater China Fund II
Source for Fixed Income: PineBridge Investments Singapore Limited, Information from the underlying PineBridge International Funds - Singapore Bond Fund

Manager's Commentary - Equities

(As of 30 November 2020)

Market Review:

Chinese equities benefited from positive news flows around vaccine development, Joe Biden's victory in the US Presidential elections and upbeat Chinese data. The Hong Kong market advanced, riding the vaccine optimism wave despite the recent resurgence of the outbreak. Gains in information technology (IT) and financial stocks supported Taiwanese equities. At the sector level in the region, energy, materials and financials were the notable gainers.

Performance Review:

The fund returned 1.6%, while the index returned 3.2% in November.

The lack of exposure to NIO and Pinduoduo detracted from relative returns, as these stocks registered strong gains. NIO is an electric vehicle (EV) manufacturer and the market is overlooking its dismal cash flows while ascribing it a premium valuation. Pinduoduo has limited room to scale up margins and its business model does not support the valuation premiums it is currently commanding.

Encouragingly, the underweight stance in Alibaba Group Holding, Tencent Holdings and Meituan supported relative returns. These stocks were caught in the sell-off of Chinese internet companies after Chinese regulators released a draft anti-trust guideline to curb anti-competitive behaviour and prevent monopolistic practices by online platforms. The manager continues to favour the "New China" theme. These sectors are expected to witness solid growth in coming years due to technology advancements, changes in consumer behaviour and flexible business strategies. Furthermore, they are less sensitive to short-term policy shifts.

Outlook:
China's domestic economy has recovered better than other global economies. The crisis is likely to further accelerate China's reliance on domestic consumption through import substitution. We also see an acceleration in e-commerce penetration. A stronger renminbi, due to a better macroeconomic environment, and the government's focus on digging deeper into China's domestic consumption market, could create attractive structural investment opportunities.

Manager's Commentary - Fixed Income

(As of 30 November 2020)

Globally, the US presidential elections dominated headlines in early November, while the senate race continued to remain inconclusive. This outcome, being an administration perceived to be more predictable checked by a split government, was generally well received by the market. A better-than-expected COVID-19 vaccine also emerged, leading risk-free assets, such as Singapore government bonds, to struggle and corporate credit to rally. In an eventful November, the Trump administration also sanctioned certain Chinese companies said to be linked to the Chinese military, barring any US investments in these companies. This action caused credit spreads of named companies to widen and underperform the overall credit market.

In Singapore, the economy grew by 9.2% in the third quarter on a quarter by quarter seasonally adjusted basis, a turnaround from the 13.2% contraction in the previous quarter. This expected improvement was largely due the resumption of activities after the "Circuit Breaker" period. The Ministry of Trade and Industry now expects GDP to bounce back in 2021, growing between 4% to 6% for the year. The fund outperformed its benchmark meaningfully in November. The fund's outperformance was primarily driven by its corporate credit exposure and duration positioning.

As 2020 winds down to a close, we expect investors to remain cautious over Chinese companies that are sanctioned and those that could potentially be added to the list. Secondly, we expect sentiment to be influenced by further medical breakthroughs, which will be, at least temporarily, offset by the major virus resurgence we are now seeing. Overall, we continue to believe that supportive monetary and fiscal policies will be favorable for the investment grade markets that the fund is invested in.

In Singapore, we expect a recovery of the economy to be gradual and largely dependent on how the global economy performs. We continue to believe in a diverging outlook for different segments of the economy. As long as Singapore continues to keep domestic COVID-19 infections under control, domestic activity will anchor economic performance and some travel-related sectors will selectively and slowly see some restrictions, probably starting with a few select Asian countries, loosened by the authorities in the next two or three quarters. We continue to favor selected high quality investment grade corporate bonds while managing duration. Also, we are still avoiding COVID-19 impacted sectors and are limiting our exposure to Chinese sanctioned companies.

Source: FIL Investment Management (Singapore) Limited for equities and PineBridge Investments Singapore Limited, for fixed income

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.

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