AIA Greater China Balanced Fund

November 2022

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 2022)

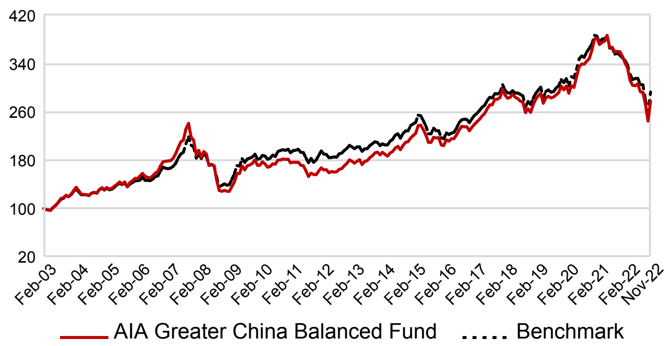
Launch Date	21 January 2003	**Subscription**	Cash, CPF(OA & SA) and SRS
Launch Price	SGD 1.000	**Sales Charge (For Cash and SRS)**	Up to 5%*
Manager of ILP Sub-Fund	AIA Investment Management Private Limited	**Sales Charge (for CPF OA or SA)**	0% (wef 1 Oct 2020)
Name of Underlying Fund(s)	**Equities:** Fidelity Funds - Greater China Fund II	**Pricing Frequency**	Daily
	Fixed Income: AIA Investment Funds – AIA Singapore Bond Fund	**Management Fees**	1.50% p.a. of Net Asset Value
		Bid	SGD 2.641
Manager(s) of Underlying Fund(s)	FIL Fund Management Limited and AIA Investment Management Private Limited	**Offer**	SGD 2.78
		Fund Size	SGD 467.5M
Risk Classification	Medium to High Risk		

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)	13.49%	-4.93%	-8.39%	-22.73%	-1.60%	-0.22%	5.00%	5.30%
Benchmark	14.47%	-3.85%	-7.10%	-17.23%	-1.12%	0.23%	4.10%	5.58%

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 Manager: AIA Investment Management Private Limited (w.e.f. 1 November 2017), Current Underlying Manager (Equities): FIL Investment Management (Singapore) Limited (w.e.f. 27 June 2011), Current Underlying Manager (Fixed Income): AIA Investment Management Private Limited (w.e.f. 13 July 2021), (4) Current benchmark: 60% MSCI Golden Dragon DTR Net & 40% Markit iBoxx SGD Overall Index TR (w.e.f. 13 July 2021) (5) Previous benchmark: 60% MSCI Golden Dragon DTR Net & 40% JP Morgan Sing Govt Bond Index All

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

Past Performance is not necessarily indicative of future performance.

Sector Allocation - Equities

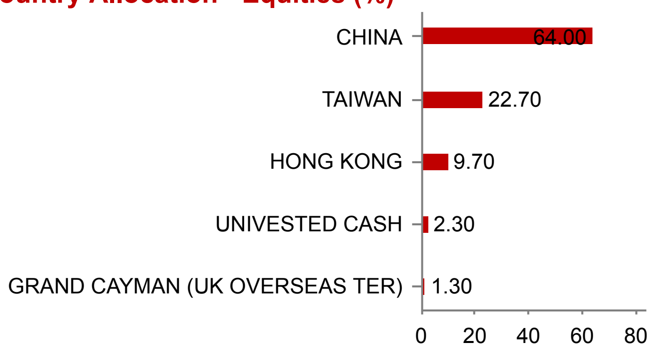
(As of 30 November 2022)

Top 5 Sectors	**Holdings (%)**
INFORMATION TECHNOLOGY	19.80
CONSUMER DISCRETIONARY	19.80
FINANCIALS	15.30
COMMUNICATION SERVICES	11.20
CONSUMER STAPLES	9.60
TOTAL	75.70

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

Country Allocation - Equities (%)

(As of 30 November 2022)



Top Holdings

(As of 30 November 2022)

Top 5 (Equities)	Holdings (%)
TAIWAN SEMICONDUCTOR MFG CO LTD	9.20
TENCENT HLDGS LTD	8.10
AIA GROUP LTD	6.20
ALIBABA GROUP HOLDING LTD	6.10
MEITUAN	4.00
TOTAL	33.60

Top 5 (Fixed Income)	Holdings (%)
Singapore (Government Of) 2.875% 01/07/2029	4.43
Singapore (Govt of) 3.375% 01/09/2033	4.36
Singapore (Government Of) 2.125% 01/06/2026	4.32
Singapore Government Bond 2.25% 01/08/2036	4.17
Singapore Government 2.875% 01/09/2030	3.98
TOTAL	21.26

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

Manager's Commentary - Equities

(As of 30 November 2022)

Market Review:

Chinese and Hong Kong equities rebounded sharply in November amid multiple positive developments alongside a clear path set towards an economic reopening. Investors reacted positively to China's softer stance on COVID-19 and a policy shift from its stringent COVID-19 control measures, such as accelerating the increase in the vaccination rate for the elderly, easing quarantine rules and scrapping mass testing requirements. This raised hopes for an improving external environment and continuous recovery in the economy. In other key developments, the People's Bank of China (PBoC) announced a cut in the reserve requirement ratio (RRR), and in association with the China Banking and Insurance Regulatory Commission (CBIRC) released 16 measures to support financing for the property market. This move is expected to aid the economy by maintaining reasonable and sufficient liquidity. On the economic front, China's Caixin manufacturing Purchasing Managers' Index (PMI) remained in contractionary territory for the fourth consecutive month, pressured by falling factory output, employment and new export orders, and a deteriorating logistics situation amid a sudden flare-up in COVID-19 cases. Taiwanese equities rebounded and registered double-digit growth in line with Chinese markets, as it saw a strong influx of foreign investors, following months of sell-off.

Performance Review:

The fund returned 21.1%, while the index returned 22.8% in November.

Strong stock selection in the consumer discretionary, consumer staples, financials and utilities sectors added value, while selected holdings in health care, communication services and industrials hurt performance. Investors scooped up previously beaten-down consumer and internet names that offer substantial growth opportunity as overall fundamentals improve given the gradual reopening along with an economic recovery in China. The resilient sales growth witnessed by many Chinese brands during the holiday shopping season, which reflected a continued recovery in consumption, also lifted sentiment. As a result, the allocations to e-commerce giants Alibaba Group Holding and sportswear maker Li Ning contributed to performance. Meanwhile, the former reported solid earnings results for the third quarter, supported by efficiency enhancement. Shares in property developer China Resources Land gained in line with the broader real estate sector, as sentiment turned positive after China rolled out support measures to ease financing difficulties for developers. Conversely, LONGi Green Energy Technology declined as the solar panel manufacturer lowered its wafer price, which could pressure its near-term margins. In the meantime, the company's US solar market is facing disruptions due to uncertainty around import rules. Shares in Guangdong Huate Gas, a specialty gas supplier in the semiconductor supply chain, edged lower. Investors remained concerned over US export restrictions that impact some Chinese companies' access to certain advanced semiconductors, which could adversely affect the company's clients in the semiconductor industry. Battery equipment maker Wuxi Lead Intelligent Equipment took a hit as investors weighed industry-wide sluggish order growth.

Outlook:

Investment sentiment in China has been dampened this year by macroeconomic challenges, regulation changes and COVID-19 disruptions. However, we are seeing signs of an improving regulatory environment, supportive government policies with gradual monetary easing and expanding fiscal policy, as well as further relaxation of previously stringent COVID-19 restrictions. This will release pent-up consumption demand and help the Chinese economy to recover gradually. Over the long term, we remain positive on China's growth story. Holdings in high quality companies are expected to deliver good earnings growth over the long term.

Manager's Commentary - Fixed Income

(As of 30 November 2022)

Activity data released in November confirmed a broad-based economic slowdown across regions. The global PMI survey showed further contraction, with weaknesses in both manufacturing output and new orders. Global exports also retreated in the month, especially in Asia. Monetary policy is increasingly restrictive in most countries (with the noticeable exceptions of China and Japan) with central bankers generally rejecting the need to pause and reiterating their unconditional commitment to fighting inflation.

The US labour market remained strong, with low levels of unemployment and robust job creations. As headline inflation remains way above target, the Fed retains its restrictive bias and is expected to hike rates further in the next few policy meetings. However, market expectations seem to have changed amid weaker than expected CPI print for October and the rapid decline in property prices. Furthermore, activity surveys (PMI, regional Fed surveys and ISM) are pointing towards a quick deterioration, except for services. Regional Feds assessment for their respective districts were also consistent with an economy gradually entering into recession.

In China, general sentiment improved in November on the back of mounting signs that the strict zero-Covid prophylactic measures are going to be eased, providing some relief to households and the business sector. Meanwhile, economic data remained underwhelming, especially retail sales and industrial production, while property prices dropped further and exports shrank due to soft foreign demand. Authorities stepped up their effort to stabilize the property market by easing the funding conditions of property developers and cutting (-25bp) the reserve requirement ratio of major banks.

US Treasury yields fell in November as inflation surprised to the downside and investors seemed to anticipate a quicker disinflation in 2023, reducing long term inflation premia. 5yr/10yr/30yr UST yields were down 49bp/44bp/43bp respectively. A 50bp rate hike is expected in December, while peak rate is expected around 5.00% in May 2023, despite strong labour market data. Like in the US, 30yr underperformed slightly in the UK, Germany and Australia amid strong gains in the belly. Overall, long end US bonds outperformed European and Australian bonds. The Fund returned 1.76% in November, underperforming the benchmark by 15bps. Lower SGS yields across the month caused the government segment to detract performance due to the Fund's shorter duration positioning vis-a-vis the benchmark. That said, corporates segment partially offset the drag due to curve change and selection effects.

Source: FIL Investment Management (Singapore) Limited for equities and AIA Investment Management Private Limited *for fixed income*

*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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