



AIA International Health Care Fund

May 2019

Investment Objective

This fund seeks to achieve long term capital appreciation through investments on a worldwide basis in equity securities of companies that are engaged in the health care and health science industries. A substantial portion of its portfolio will typically be invested in U.S. companies. Through a bottom-up selection process, the team attempts to determine market leaders with superior research, financial controls and marketing capabilities.

Key Fund Facts

Launch Date: 12 March 2001

Launch Price: S\$ 1.000

Manager of ILP Funds: AllianceBernstein (Singapore) Ltd.

Name of Underlying Fund: AB SICAV I – International Health Care Portfolio (Luxembourg IHCP)

Manager of Underlying Fund: AllianceBernstein L.P.

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

Pricing Frequency: Daily

Subscription: Cash and SRS

Management Fees: 1.75% p.a. of Net Asset Value

Bid: S\$ 2.06 As of 31 March 2019

Offer: S\$ 2.169 As of 31 March 2019

Fund Size: S\$ 72,795,967 As of 31 March 2019

Manager's Commentary*

For 1st Quarter 2019

Source: AllianceBernstein (Singapore) Ltd.

MARKET OVERVIEW

Global equities rebounded sharply from their late 2018 sell-off, as the MSCI World Index advanced by 12.48% in US-dollar terms, though it finished the first quarter well below its January 2018 peak. The US Federal Reserve took on a more dovish tone, abandoning projections for interest-rate hikes in 2019. Stocks rose across regions, with strong returns from the US. While emerging markets underperformed developed markets, gains of Chinese stocks dwarfed other regions, in a rapid snapback from the steep declines in 2018.

Jitters returned at quarter-end, sparked by the inversion of part of the US yield curve and weakening European economic indicators. News of progress in trade talks between the US and China on the last day of the quarter boosted investor sentiment.

PORTFOLIO PERFORMANCE

Security selection drove relative outperformance, mostly because of selection within biotechnology. Selection within health care providers & services detracted. Sector selection was negative for performance. Losses from an overweight to food & staples retailing—the subsector under which Walgreens Boots Alliance falls—outweighed gains from our underweight to health care providers & services.

Shares of gene therapy company Spark Therapeutics gapped higher after it was announced that the company entered into a defensive merger agreement with Roche. Spark plans on continuing its operations in Philadelphia as an independent company within Roche, and the deal is expected to close during the second quarter of 2019.

Celgene, a pharmaceutical company that develops drugs and treatments for cancer and inflammatory diseases, contributed after Bristol-Myers Squibb announced its intention to acquire it. The original thesis for Celgene centered on its attractive valuation due to investor concerns around the patent expiration of its key drug, Revlimid, over the next several years and pipeline optionality.

Medical technology company Stryker rallied after reporting strong earnings results, including better-than-expected revenue and earnings per share.

Insurer Cigna was the top detractor, as the stock fell along with other managed-care companies amid concerns about comments regarding health care reform from US presidential candidates.

Similarly, shares of retail pharmacy chain Walgreens Boots Alliance detracted amid concerns over the impact of reimbursement pressure and slower branded drug inflation.

Biotechnology company Biogen detracted after announcing that Phase 3 trials for its Alzheimer's treatment would be discontinued. While we and the market viewed this project as high risk/reward, the timing of the trial was earlier than expected. We are currently maintaining our position as we reevaluate our thesis, with a focus on the company's ability to maintain its current profitability.

OUTLOOK

Over the longer term, we remain optimistic about the prospects of the global health care sector, given the level of innovation coupled with increasing demand for health care services and products. Our strategy is to focus on health care companies with strong or improving levels of profitability that have an opportunity to invest in their business at rates above their cost of capital. We seek to invest in companies operating in a virtuous ecosystem, whereby the product or service is beneficial to patients, provides value to the overall health care system and is profitable for the company to manufacture.

The Portfolio is designed from a bottom-up perspective, focused on identifying good businesses rather than predicting binary scientific events. It does not seek to express a view on macroeconomic events, political/ legislative changes or interest rate policy. By focusing on fundamentals, we believe that the Portfolio is positioned in high-quality companies that can perform well regardless of the macro environment.

Health care equipment stocks are the largest industry overweight in the Portfolio while pharmaceuticals remain an underweight.

Performance

As of 31 March 2019

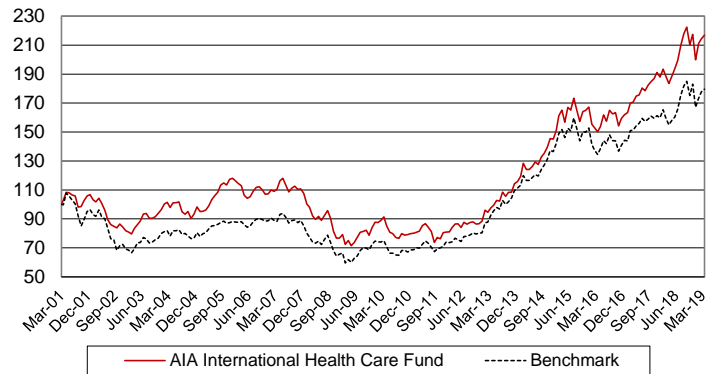
Source: AIA Singapore

Period	1 Month	3 Months	6 Months	1 Year	3 Year [^]	5 Year [^]	10 Year [^]	Since Inception [^]
Fund (bid-to-bid)	1.18%	8.48%	-2.51%	18.19%	13.04%	11.79%	11.19%	4.38%
Benchmark	1.10%	7.46%	-2.91%	15.93%	10.14%	9.03%	11.24%	3.30%

Note: 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: MSCI World Health Care Index

AIA International Health Care Fund



Top 10 Holdings*

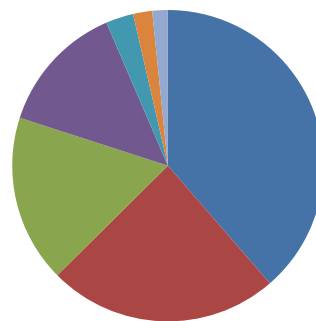
As of 31 March 2019

	Holdings (%)
Roche	7.54
UnitedHealth Group	7.27
Pfizer	6.62
Medtronic	4.42
Stryker	4.12
Johnson & Johnson	3.93
Intuitive Surgical	3.72
Vertex Pharmaceuticals	3.70
Regeneron Pharmaceuticals	3.37
Cigna	3.28
Total	47.97

Sector Allocation*

As of 31 March 2019

	Holdings (%)
Pharmaceuticals	38.63
Health Care Equipment & Supplies	23.94
Biotechnology	17.41
Health Care Providers & Services	13.56
Life Sciences Tools & Services	2.87
Food & Staples Retailing	1.98
Health Care Technology	1.61
Total	100.00

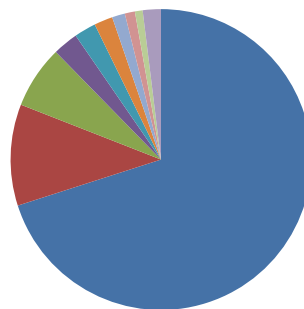


■ Pharmaceuticals 38.63	■ Health Care Equipment & Supplies 23.94
■ Biotechnology 17.41	■ Health Care Providers & Services 13.56
■ Life Sciences Tools & Services 2.87	■ Food & Staples Retailing 1.98
■ Health Care Technology 1.61	

Country Allocation*

As of 31 March 2019

Countries	Holdings (%)
United States	70.05
Switzerland	10.89
United Kingdom	6.74
Denmark	2.72
Australia	2.34
Japan	2.00
India	1.39
Germany	1.09
Italy	0.83
Other	1.95
Total	100.00



■ United States 70.05 ■ Switzerland 10.89 ■ United Kingdom 6.74 ■ Denmark 2.72
■ Australia 2.34 ■ Japan 2.00 ■ India 1.39 ■ Germany 1.09
■ Italy 0.83 ■ Other 1.95

*Information on the underlying AB SICAV I – International Health Care Portfolio (Luxembourg IHCP)
Source: AllianceBernstein L.P.

The AIA International Health Care Fund is an investment-linked policy (ILP) fund offered by AIA Singapore Private Limited ("AIA Singapore") and is only available under AIA Investment-Linked Policies. AIA Singapore is the product provider. This fact sheet is prepared by AIA Singapore and the information presented is for informational use only. Investments are subject to investment risks including the possible loss of the principal amount invested. Past performance, as well as the prediction, projection or forecast on the economy, securities markets or the economic trends of the markets are not necessarily indicative of the future or likely performance of the ILP fund. The performance of the ILP fund is not guaranteed and the value of the units in the ILP fund and the income accruing to the units, if any, may fall or rise. A product summary relating to the ILP fund is available and may be obtained from your AIA Financial Services Consultant. A potential investor should read the product summary before deciding whether to subscribe for units in the ILP fund. AIA Singapore does not warrant or make any representations regarding the use or the results of the use of the figures generated in terms of their correctness, accuracy, reliability, or otherwise.

E. & O. E.