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# AIA S\$ Money Market Fund

May 2019

## Investment Objective

This fund is managed to preserve principal value and maintain a high degree of liquidity while providing current income by investing in short term, high quality S\$ denominated instruments, or equivalent short-term, high quality instruments, denominated in foreign currencies hedged back to S\$ (i.e. without exchange rate risk).

## Key Fund Facts

**Launch Date:** 15 June 1999

**Launch Price:** S\$ 1.00

**Manager of ILP Funds:** AIA Investment Management Private Limited

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

**Pricing Frequency:** Daily

**Subscription\*:** Cash and SRS

**Management Fees:** 0.3% p.a. of Net Asset Value

**Bid: S\$** 1.093 As of 31 March 2019

**Offer: S\$** 1.151 As of 31 March 2019

**Fund Size: S** \$51,703,648 As of 31 March 2019

\* The AIA S\$ Money Market Fund will no longer be able to accept CPF monies with effect from 30 April 2013.

## Manager's Commentary\*

For 1st Quarter 2019

Source: AIA Investment Management Private Limited

The first quarter of 2019 was characterized by a steep decline in market volatility. Interest rates initially spiked higher in January, but eventually resumed its declining trend through the rest of the quarter on the continued dovishness exhibited by the US Fed together with some of the other major central banks such as the ECB and the BOJ, in light of broad downgrades to the world growth outlook by the IMF. US Treasury ("UST") yields fell with the 10Y UST hitting 2.37% in Mar (low since Dec 2017) while the 30yr reached 2.81% in Mar (low since Jan 2018). The US Fed held its benchmark Fed funds target rate at 2.25 – 2.50% in Mar, with a dovish tilt given the projection of no hikes in 2019, from 2 hikes previously. Notably, equity markets rebounded despite the slowing US/global growth momentum on the back of positive expectations on the US-China trade talks encouraged by the suspension of additional tariff increments that were previously due in March, as well as easing financial conditions in general being supportive of asset prices.

During the quarter, the Singapore government securities ("SGS") bucked the global trend in lower yields with a bear steepening move through the quarter. Short-term rates moved marginally higher with the 1-month SGD Singapore Interbank Offered Rate ("SIBOR") ending the quarter at 1.82% from 1.76%, while the mid to long-end SGS saw yields move higher by 3 to 10bp by the end of March. The move was driven by tighter liquidity conditions due to MAS withdrawal through money market operations. Expectations rose on MAS keeping the FX policy band unchanged due to weaker domestic export, growth and inflation data.

Looking ahead, with the market largely pricing out any Fed rate hikes for the rest of the year, growth and inflation expectations would provide clues in terms of monetary policy given a more data-dependant Fed. Monetary policy decisions of the other global central banks around the world would also play a role in shaping its directional view, although most are expected to remain on hold in line with the US. That said, uncertainty remains with potential trade tensions arising between the US and the EU, unpredictability of Brexit outcomes and implications, broader slowdown in China's growth and other geopolitical risks which may see market volatility across various asset classes.

## Performance Indicator

As of 31 March 2019

Source: AIA Singapore

Period	1 Month	3 Months	6 Months	1 Year	3 Year <sup>^</sup>	5 Year <sup>^</sup>	10 Year <sup>^</sup>	Since Inception <sup>^</sup>
Fund (bid-to-bid)	0.09%	0.37%	0.74%	1.39%	1.06%	0.83%	0.45%	0.71%
Benchmark <sup>^^</sup>	0.16%	0.45%	0.89%	1.65%	1.10%	0.86%	0.47%	0.95%

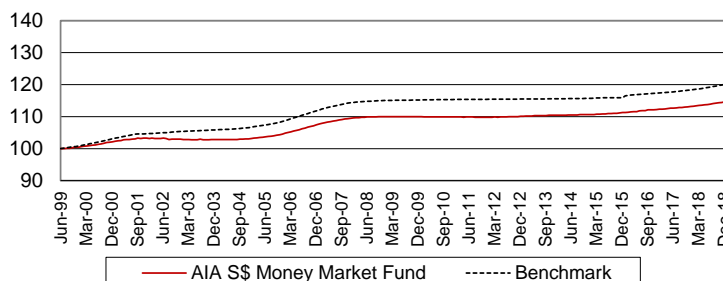
Note: Performance of the fund is in SGD on a bid-to-bid basis with net dividends reinvested, without taking into consideration the fees and charges payable through deduction of premium or cancellation of units.

<sup>^</sup> Annualised returns

Current benchmark: SGD 1 month Deposit rate

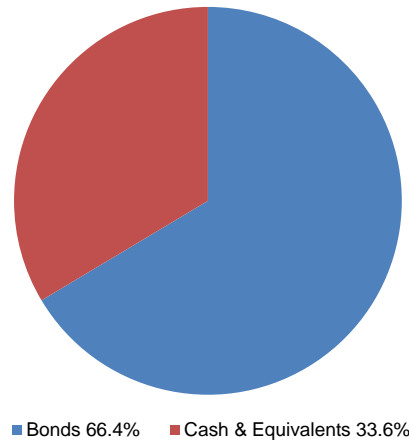
<sup>^^</sup> With effect from 1 September 2015, the benchmark for AIA S\$ Money Market Fund has been changed from 1-week S\$ SIBOR (bid rate) to SGD 1 month Deposit rate.

AIA S\$ Money Market Fund



**Holdings**

Bonds	66.4%
Cash & Equivalents	33.6%
<b>Total</b>	<b>100.0%</b>



\* Source: AIA Investment Management Private Limited

The AIA S\$ Money Market 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.

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