AIA Acorns of Asia Fund

November 2022

Investment Objective

This fund seeks to achieve long-term capital appreciation as well as stable income, by investing in Asian (excluding Japan) equities; and fixed income securities denominated primarily in SGD, in such proportion as the Manager deems fit.

Key Fund Facts

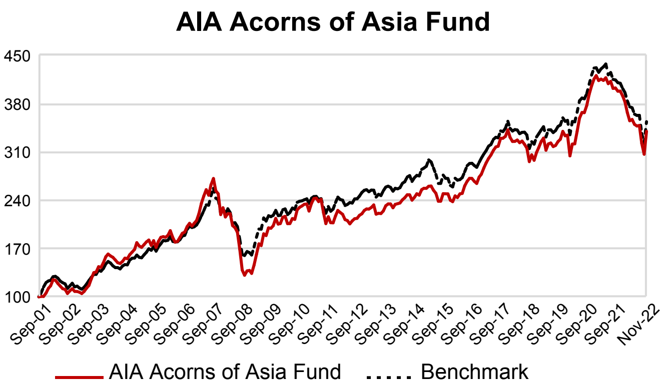
(As of 30 November 2022)

Launch Date	31 August 2001	**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)
Sub-Manager of ILP Sub-Fund	**Equities:** Schroder Investment Management (Singapore) Ltd **Fixed Income:** AIA Investment Management Private Limited	**Pricing Frequency**	Daily
		Management Fees	1.50% p.a. of Net Asset Value
		Bid	SGD 3.231
Risk Classification	Medium to High Risk	**Offer**	SGD 3.402
		Fund Size	SGD 1,262.5M

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)	10.84%	-2.42%	-4.77%	-14.59%	1.16%	0.61%	4.54%	5.95%
Benchmark	9.79%	-2.52%	-5.38%	-13.78%	0.47%	0.84%	3.71%	6.15%



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 Pte Ltd (w.e.f 1 September 2017) (4) Current benchmark: 60% MSCI AC Asia ex-Japan Index (DTR Net) & 40% Markit iBoxx SGD Overall Index TR. (w.e.f 4 January 2021) (5) Previous benchmark: 60% MSCI AC Asia ex Japan Index DTR Net & 40% JP Morgan Sing Govt Bond Index All (w.e.f 1 May 2016), 60% MSCI AC Far East Free ex Japan Index DTR Net & 40% JP Morgan Sing Govt Bond Index All (Inception to 30 April 2016)

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

Past Performance is not necessarily indicative of future performance.

Sector Allocation - Equities

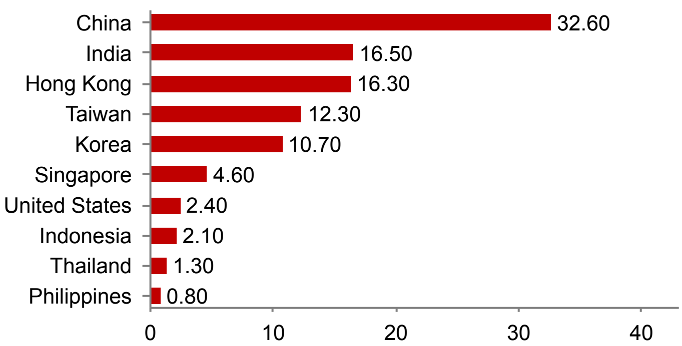
(As of 30 November 2022)

Top 5 Sectors	Holdings (%)
Financials	23.40
Info Tech	23.30
Consumer Discretionary	20.10
Industrials	7.10
Communication	6.70
TOTAL	80.60

Source: AIA Investment Management Private Limited

Country Allocation - Equities (%)

(As of 30 November 2022)



Top Holdings

(As of 30 November 2022)

Top 5 (Equities)	Holdings (%)
TAIWAN SEMICONDUCTOR MANUFAC	6.01
SAMSUNG ELECTRONICS CO LTD	4.29
ICICI BANK LTD ICICIBC	2.53
TENCENT HOLDINGS LTD TENCENT HOLDINGS LTD	2.36
HDFC BANK LIMITED	1.97
TOTAL	17.16

Top 5 (Fixed Income)	Holdings (%)
SINGAPORE GOV'T SIGB 3 3/8 09/01/33	1.50
SINGAPORE GOV'T SIGB 2 1/8 06/01/26	1.45
SINGAPORE GOV'T SIGB 2 1/4 08/01/36	1.36
SINGAPORE GOV'T SIGB 2 7/8 07/01/29	1.33
SINGAPORE GOV'T SIGB 2 3/4 03/01/46	1.32
TOTAL	6.96

Source: AIA Investment Management Private Limited

Manager's Commentary - Equities

(As of 30 November 2022)

Market summary

Asian equities were stronger in November, driven by robust share price growth in China, Hong Kong and Taiwan. The rally in Asian shares came after US President Joe Biden and Chinese leader Xi Jinping signalled a desire to improve US-China relations at a meeting ahead of the G20 summit in Indonesia. Sentiment was also boosted by signs that Beijing was preparing to relax some of its strict Covid rules and offering support to the property market. However, data released by China showed slower factory output growth and a fall in retail sales last month.

The broader Asian markets also reacted positively to the announcement by the US Federal Reserve during the month that it expects to switch to slower rate hikes soon. In Malaysia, stock market gained after Anwar Ibrahim was named as the country's new prime minister. Stocks in South Korea also gained after the country's central bank raised the benchmark interest rate by 25 basis points to 3.25%. All index markets achieved a positive performance, with strong growth also seen in the Philippines and Singapore. Price gains in India and Indonesia were more muted during the month.

Performance review

Asian equities delivered one of its best monthly returns in November, led by a staggering rebound in North Asia from the end-October abyss, where Chinese market revitalised on policy easing along all the vectors of uncertainty including Covid restrictions, property sector, and geopolitics. The fund registered a positive return alongside the regional index, and leaped ahead the benchmark for the month. At the regional level, our overweight exposure to Hong Kong, coupled with stock selection across Taiwan, Hong Kong and Korea were the notable key contributors to performance. From a sector perspective, our overweight in consumer discretionary and nil exposure in utilities and underweight in energy, combined with stock selection across consumer-related, materials, information technology and health care all added to outperformance.

At the individual stock level, our Chinese consumer-related holdings were amongst the top contributors to relative performance. Our consumer and re-opening names, including Vipshop, H World, JD.com, China Mengniu and Budweiser, saw their share prices trading higher on more signs of a gradual shift away from the dynamic Covid zero policy in China. Both Vipshop and JD.com were further supported by positive 3Q earnings surprises as a result of prudent cost control, coupled with core users remaining resilient and strong business execution respectively. In addition, Hutchmed China saw its share price rally on the back of the positive data readout for its Frutiga study which was cheered by investors. Meanwhile, TSMC also added to performance as a result of increased market confidence in long-term view of the company following Berkshire Hathaway's disclosure of a significant stake in the company.

On the negative side, our exposures to financials in South Asia, including ICICI Bank, HDFC Bank and Bandhan Bank, were amongst the key detractors from relative performance as these stocks lagged vis-à-vis strong rebound from the re-opening themes in North Asia. Moreover, Bank Mandiri experienced correction after robust outperformance year to date. Longi Green Energy was another notable detractor as worries over unwavering high polysilicon prices and expectation of excess capacity in 2023 depressed upside potentials. Elsewhere in China, our nil exposure to Pinduoduo, AIA and Ping An Insurance also detracted from performance following sharp bounce on re-opening hopes, and reduced concern over real estate risk further ameliorated investor confidence more generally.

Market outlook

It has been a very disappointing year for overall returns in Asian equities, especially for the North Asian markets of Hong Kong, China, South Korea and Taiwan. Equities have been hit by stiff headwinds from tighter US monetary policy and a stronger dollar. This in turn is pushing other central banks around the world to tighten monetary policy and support their own currencies, raising the cost of capital and dampening domestic liquidity. Slower global growth has also hit exports from Asia, notably across the technology sector, which is already suffering from a sharp downcycle. This reflects slowing demand at a time of rising inventories and expanding capacity, as the industry comes off a two-year boom driven by the global Covid lockdown. The Hong Kong and China markets have also struggled in the face of a very weak domestic property market and tough Covid controls. These have reduced local mobility, depressed incomes and employment, and more generally negatively impacted consumer confidence and spending. Thankfully we have seen a very sharp rebound in markets since the end of October from those very 'oversold' levels. The recovery has been led by Chinese equities, which have bounced over 30% from their recent lows, and regional indices are now trading back at levels seen in the middle of 2022. On the global macroeconomic front, we have seen a moderation in US rate expectations in response to slightly more favourable inflation data during November. Perhaps even more importantly for local markets, the authorities in China have apparently made a dramatic about-change in their attitude to Covid control. As a result of these sudden changes, markets have quickly moved to anticipate a progressive relaxation in controls into 2023. That should underpin a gradual recovery in consumer spending and, in turn, support domestic earnings in many sectors of the economy.

Regional portfolios have been well placed to catch this bounce in the broader Hong Kong and China markets in recent weeks as we have maintained exposure to consumer discretionary stocks. After the recent rebound in stocks, some of this upside has been realised, with valuation multiples expanding again to more normal levels. We continue to believe there is further upside to earnings, and hence share prices, if a more powerful consumer recovery really gets going later in 2023 after two or three years of fairly depressed spending. Across the rest of the region, there has been much less change at the margin in recent weeks and months. Korean and Taiwanese equity markets are heavily geared into the global export and IT cycles, given the high weighting of stocks such as Samsung Electronics and Taiwan Semiconductor in their respective benchmarks. We continue to think that the valuations of many IT stocks are already discounting a sharp downturn. We continue to monitor the outlook carefully in this area to judge the merits of any increase in technology sector exposure.

ASEAN economies have recovered steadily in recent quarters after an earlier end to Covid restrictions and we should see continued benefits from the normalisation of travel and tourism going forward. However, having performed relatively strongly over the last year, local equity markets offer less obvious value and performance remains heavily influenced by the large-cap bank stocks that tend to dominate indices. Rising interest rates have to date been a material benefit to banks in most countries, lifting margins and returns on equity, and helping underpin higher dividend payouts. But the momentum from these upgrades will fade as the global interest-rate cycle peaks in the coming months, which will likely take some wind out of the sector's sails. If the China market can continue to rally next year on the back of a delayed cyclical recovery, this may also divert fund flows away from the more defensive Indian and ASEAN markets. Consequently, we remain very selective in our exposure and are not currently adding to positions.

Manager's Commentary - Fixed Income

(As of 30 November 2022)

The manager's commentary for fixed income can be found within the AIA Regional Fixed Income Fund Factsheet.

Source: Schroder Investment Management (Singapore) Ltd, 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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