

# AIA Elite Conservative Fund

March 2023

## Investment Objective

The ILP Sub-Fund seeks long-term total return (combination of capital growth and income) and at the same time minimize short term capital risk by investing in a portfolio of equities and fixed income securities. The ILP Sub-Fund's expected average direct and indirect exposure to equities will be approximately 30% over the long-term, however this exposure may vary from time to time. The other 70% will be invested in fixed income or money market instruments.

## Key Fund Facts

(As of 31 March 2023)

<b>Name of ILP Sub-Fund</b>	AIA Elite Conservative Fund	<b>Name of ILP Sub-Fund</b>	AIA Elite Conservative Fund (USD)
<b>Launch Date</b>	19 July 2019	<b>Launch Date</b>	19 July 2019
<b>Launch Price</b>	SGD 1.000	<b>Launch Price</b>	USD 1.000
<b>Manager of ILP Sub-Fund</b>	AIA Investment Management Private Limited	<b>Manager of ILP Sub-Fund</b>	AIA Investment Management Private Limited
<b>Pricing Frequency</b>	Daily	<b>Pricing Frequency</b>	Daily
<b>Subscription</b>	Cash and SRS	<b>Subscription</b>	Cash
<b>Fund Risk Classification</b>	Low to Medium Risk	<b>Fund Risk Classification</b>	Low to Medium Risk
<b>Management Fees</b>	1.05% p.a. of Net Asset Value	<b>Management Fees</b>	1.05% p.a. of Net Asset Value
<b>Bid</b>	SGD 0.985	<b>Bid</b>	USD 1.015
<b>Fund Size</b>	SGD 34.6M	<b>Fund Size</b>	USD 17.9M

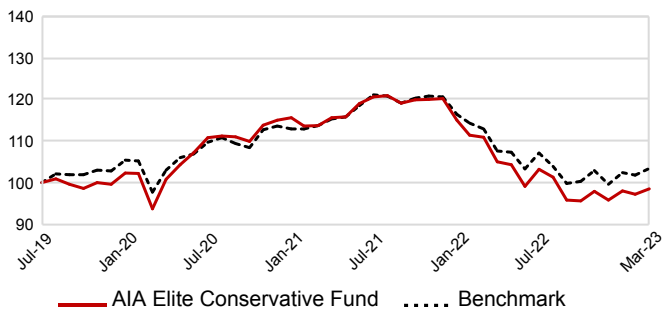
## Performance

(As of 31 March 2023)

### AIA Elite Conservative Fund

Period	1 Month	3 Months	6 Months	1 Year	3 Year <sup>^</sup>	Since Inception <sup>^</sup>
<b>Fund (bid-to-bid)</b>	1.34%	2.82%	2.82%	-11.18%	1.68%	-0.41%
<b>Benchmark</b>	1.60%	3.83%	3.61%	-8.42%	1.91%	0.91%

### AIA Elite Conservative Fund



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) <sup>^</sup> denotes annualised returns (3) Current benchmark: 30% MSCI World Total Net Return Index & 70% Bloomberg Barclays Global Aggregate Corporate Total Return Index

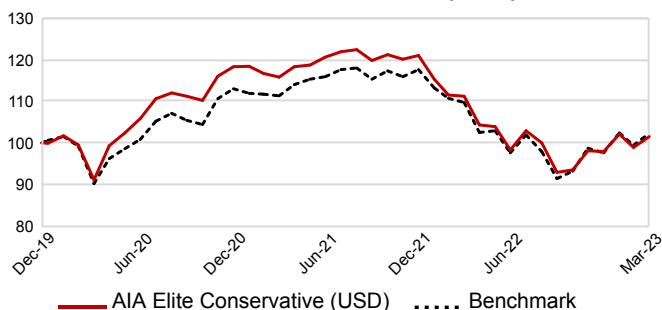
Past Performance is not necessarily indicative of future performance.

\*Source: AIA Singapore

### AIA Elite Conservative (USD)

Period	1 Month	3 Months	6 Months	1 Year	3 Year <sup>^</sup>	Since Inception <sup>^</sup>
<b>Fund (bid-to-bid)</b>	2.63%	3.68%	9.26%	-8.72%	3.67%	0.45%
<b>Benchmark</b>	2.87%	4.73%	11.82%	-6.79%	4.26%	0.68%

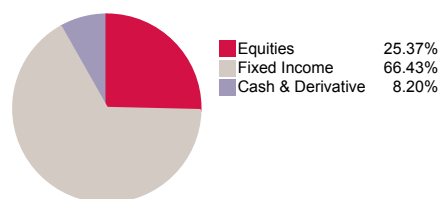
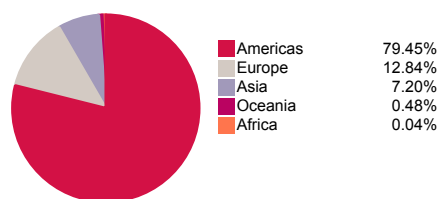
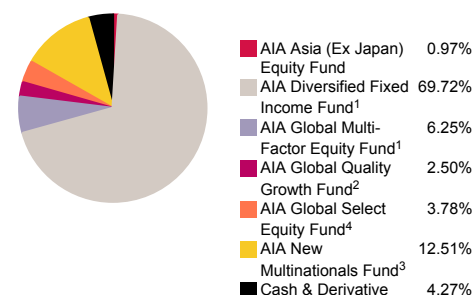
### AIA Elite Conservative (USD)



Notes (1) Performance of the fund is in USD 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) <sup>^</sup> denotes annualised returns (3) Current benchmark: 30% MSCI World Total Net Return Index & 70% Bloomberg Barclays Global Aggregate Corporate Total Return Index

Past Performance is not necessarily indicative of future performance.

\*Source: AIA Singapore

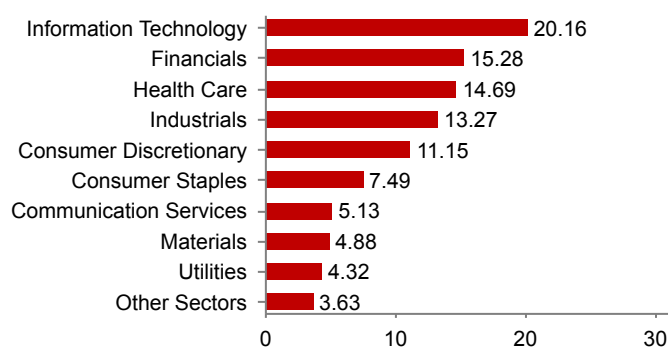
**Asset Allocation (%)****Regional Allocation (%)****Underlying Fund Allocation (%)**

Source: AIA Investment Management Private Limited, based on the SGD-denominated fund

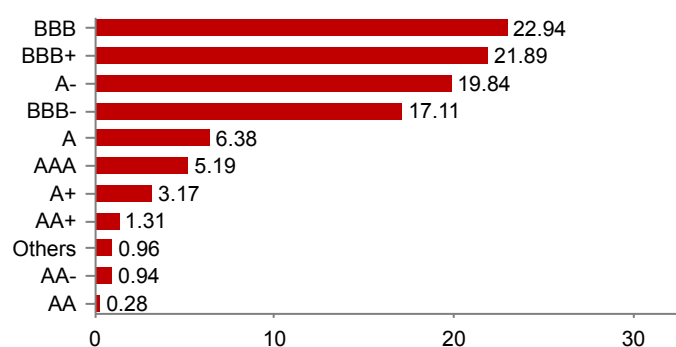
<sup>1</sup> Sub-managed by BlackRock Financial Management, Inc.  
<sup>2</sup> Sub-managed by Baillie Gifford Overseas Limited  
<sup>3</sup> Sub-managed by Wellington Management Company LLP  
<sup>4</sup> Sub-managed by Capital International, Inc

**Equity: Sector Allocation**

(As of 31 March 2023)

**Fixed Income: Ratings Allocation**

(As of 31 March 2023)

**Top Holdings**

(As of 31 March 2023)

Top 5 (Equities)	Holdings (%)
Microsoft Corp	1.10
Taiwan Semiconductor Manufacturing Co Ltd	0.81
Texas Instruments Inc	0.61
Novartis AG	0.57
Visa Inc	0.55
<b>TOTAL</b>	<b>3.64</b>

Source: AIA Investment Management Private Limited, based on the SGD-denominated fund

Top 5 (Fixed Income)	Holdings (%)
Amgen Inc 5.507% 02/03/2026	0.85
General Motors Financial Co Inc 6.05% 10/10/2025	0.71
Apple Inc 3.25% 08/08/2029	0.68
Boeing CoThe 3.2% 01/03/2029	0.60
United States Treasury NoteBond 2.875% 15/05/2032	0.60
<b>TOTAL</b>	<b>3.44</b>

**Market Review**

Global equities traded higher in March, despite the Federal Reserve (Fed) hiking interest rates by 25 basis points (bps) and banking turmoil resulting from the collapse of Silicon Valley Bank (SVB), Signature Bank as well as the takeover of Credit Suisse (CS) by UBS Group AG. The US jobs market remained hot with February's Non-Farm Payroll (NFPR) increasing by 311,000, signalling that the Fed will continue to adopt restrictive policies to tame the high inflation towards its long-term target of 2%. In China, the weeklong annual National People's Congress (NPC) ended on 13th March 2023 and saw the release of key announcements such as the 5% Gross Domestic Production (GDP) target, plans to expand domestic demand and efforts to stabilise the property market. Additionally, the meeting formally unveiled the list of top government officials who have been appointed to work alongside President Xi Jinping as he begins his unprecedented third term as China's president. The MSCI World Index gained 3.09% while MSCI Emerging Markets Index gained 3.03% for the month of March.

In Fixed Income, the flight to safety from increased financial market volatility has caused Treasury yields to plummet sharply. Additionally, the yield curve continues to be inverted, with long-term rates above short-term rates, which is traditionally a time-tested indicator of an impending recession. The Bloomberg Barclays Global Aggregate Corporate Total Return index gained 2.78% for the month.

**Portfolio Review**

Elite Conservative Fund:

- The portfolio gained 1.34% for the month, underperforming its benchmark by 0.26%.
- All underlying funds delivered positive absolute performance in line with markets.
- In terms of relative performance, with the exception of AIA Global Select Equity Fund and AIA Asia Ex-Japan Equity Fund, all other underlying funds underperformed the respective equity and bond components of the benchmark.

**Outlook**

Many of the risks that were present last year such as Russia/Ukraine war, restrictive monetary policy and elevated inflation prints are still present today. We expect markets to enter a deep bottoming phase in the coming months before a rebound in the later part of the year.

The recent stress in the banking system is likely an accelerant of tightening credit conditions that may lead to a further slowdown, which coupled with declining corporate earnings as well as an unswaying Fed determined to tame inflation, has made a recession this year in the US a near-certainty.

The Elite portfolios continue to place a tactical exposure to Asia Ex-Japan equities as its undemanding valuation offers a good entry point and China's end to its Covid policy seems positive. We remain underweight equities (with a preference towards Asia Ex-Japan equities) while adopting a neutral stance on fixed income due to expectations of widening spreads.

*Source: AIA Investment Management Private Limited, based on the SGD-denominated fund*

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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AIA Singapore Private Limited (Reg No.201106386R)

1 Robinson Road, AIA Tower, Singapore 048542 Monday - Friday: 8.45am -5.30pm AIA Customer Care Hotline: 1800 248 8000 aia.com.sg