AIA India 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 listed on stock exchanges in India or closely related to the economic development and growth of India, as well as 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

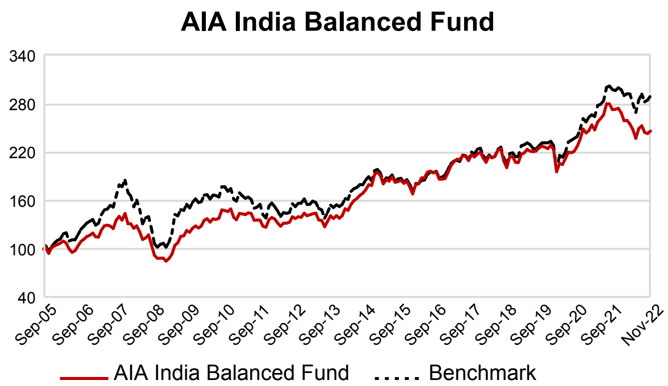
(As of 30 November 2022)

Launch Date	10 August 2005	**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:** abrdn India Opportunities Fund **Fixed Income:** AIA Investment Funds – AIA Singapore Bond Fund	**Pricing Frequency**	Daily
		Management Fees	1.50% p.a. of Net Asset Value
		Bid	SGD 2.341
		Offer	SGD 2.465
Manager(s) of Underlying Fund(s)	abrdn Asia Limited and AIA Investment Management Private Limited	**Fund Size**	SGD 331.4M
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)	1.30%	-2.58%	-0.72%	-9.82%	2.86%	2.84%	5.80%	5.38%
Benchmark	1.88%	-0.68%	3.57%	-2.12%	7.77%	5.89%	6.35%	6.38%



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 (Fixed Income): AIA Investment Management Private Limited (w.e.f. 13 July 2021), (4) Current benchmark: 60% MSCI India Index & 40% Markit iBoxx SGD Overall Index TR (w.e.f. 13 July 2021) (5) Previous benchmark: 60% MSCI India Index & 40% JP Morgan Sing Govt Bond Index All

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 (%)
Financials	29.70
Information Technology	17.20
Consumer Staples	9.40
Consumer Discretionary	8.70
Materials	7.30
TOTAL	72.30

Source: abrdn Asia Limited, Information from the underlying abrdn India Opportunities Fund

Top Holdings

(As of 30 November 2022)

Top 5 (Equities)	Holdings (%)
ICICI Bank	9.70
Infosys	9.40
HDFC	7.80
Hindustan Unilever	6.70
TATA Consultancy	6.10
TOTAL	39.70

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: abrdn Asia Limited, Information from the underlying abrdn India Opportunities Fund

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 overview

Indian equities gained over November, but underperformed the Asia-Pacific region and emerging markets as global risk assets staged an impressive comeback. The MSCI India rose 5.23% over the month, with energy, financials and information technology sectors among the main contributors to benchmark returns while consumer discretionary and utilities lagged. High inflows from foreign institutional investors and lower oil prices propelled the domestic market. On a year-to-date basis in US dollar terms, India has outperformed both the broader region and emerging markets.

The Indian economy expanded 6.3% year-on-year for the three months between July and September, in line with the market's estimate, but at a slower pace compared to the previous quarter. Continued normalisation of the services sector post-pandemic underpinned the growth momentum as manufacturing is expected to face headwinds from slowing global growth. Headline inflation fell below 7% in October, but consumer prices remain above the Reserve Bank of India's target range for inflation.

November was also an earnings heavy month. Among our core holdings, HDFC reported results that were similar to those reported by the Indian banks this quarter except their net interest margin did not expand by as much as the other lenders. However, individual mortgage growth was robust. HDFC's management clarified they expect the merger with HDFC Bank to complete towards the first half of 2023, and are currently awaiting clarity from the central bank. We remain supportive of the merger. Within the consumer sector, both Maruti Suzuki and Nestle delivered good sets of results. Maruti saw its margins improve on the back of lower commodity prices and the effect of a price hike in the previous quarter, while its orderbook remains strong. Nestle saw higher-than-expected sales growth due to both volume and price improvements. PB Fintech surprised with higher topline growth as both its existing and new initiatives appear to be doing well.

Within the utilities sector, both Power Grid Corporation of India and ReNew Energy delivered decent results. Power Grid saw an increase in revenue and profit while its balance sheet continues to strengthen as management pays down debt. In the IT sector, Tech Mahindra's numbers were largely in line with expectations on both revenues and margins, with broad-based growth across verticals. Elsewhere, Piramal Enterprises and Piramal Pharma reported their inaugural set of results following the demerger in October. Piramal Pharma reported pre-tax losses for the second consecutive quarter, but this is not unusual as the business is seasonable, with 66% of profit typically being generated in the second half of the fiscal year. Finally, Fortis Healthcare delivered overall decent results, where a strong hospitals business helped to offset softness in the diagnostics unit.

Major portfolio changes

We exited the small position in Sanofi India to consolidate into higher conviction names.

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: abrdn Asia 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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