



HEALTHIER, LONGER,  
BETTER LIVES

# AIA BRUNEI FUNDS PERFORMANCE REPORT 2022

For Policyholders

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24 March 2023

Dear AIA Policy Owner,

We are pleased to inform you on the performance of AIA Investment Linked Policy (ILP) Funds in 2022.

The global economy continued to recover at a slower pace in 2022, as the initial boost to growth that resulted from the economic reopening in 2021 gradually faded along with less supportive fiscal and monetary policies. Inflation surprised to the upside as the outbreak of the Russia-Ukraine war had pushed prices of commodities higher while lingering supply and demand imbalances brought prices of services to levels unseen in decades. Central banks were forced to expedite the tightening of their policies while maintaining a strong commitment to keep interest rates higher to anchor inflation expectations.

Global bond yields were notably volatile throughout 2022 as the Federal Funds Rate rose 425bps over seven consecutive rate hikes in nine months. This is the fastest pace of increase observed in recent history. The 10-yr and 30-yr US Treasury bond yields peaked in late October at 4.24% and 4.38% respectively before subsiding towards year end as inflation data moderated. Similarly, the 10-yr and 30-yr Singapore government bond yields closed the year higher at 3.09% and 2.46% respectively. As bond yields rose to levels unseen in a decade, listed equities continued to lose their allure as businesses are now confronted by rising cost of debt amidst sluggish growth. After three consecutive years of double-digit gains, global equities (represented by the MSCI World Index) suffered brutal double-digit losses in 2022, as higher interest rates negatively impacted future earnings expectation. The decline was predominantly led by US equities, with the S&P 500 index losing 18.1%. The peak-to-trough decline experienced by developed market equities was the worst observed since the Global Financial Crisis in 2008. Developed Asian equities were not spared either with declines for a second year as the MSCI Asia ex-Japan (AxJ) index lost 19.6%, dragged down mostly by South Korea, Taiwan, and China. Elsewhere, Thailand, Indonesia and Singapore were the bright spots within ASEAN, driven by economic reopening and benefited from ongoing diversification of global supply chains.

The market outlook for 2023 remains uncertain, with the spotlight on global inflation rates and the extent of overall weakness in corporate earnings due to a higher interest rate environment. We can see that global central banks are determined to counter inflation by tightening their monetary policy. The inability to effectively manage this would indicate increased odds of a prolonged and deepening recession, with greater headwinds for asset prices. As the financial market transits to a new regime, it would be paramount to navigate the economic uncertainty with robust bottom-up security selection of quality assets, strategy diversification to benefit from volatility-smoothing and nimble resource allocation.

Heightened volatility across equity and bond markets was a constant feature through most of 2022, with our ILP Funds consequently registering a negative absolute return. This was amidst an extremely challenged market environment for the AxJ equity strategy, which the ILP Funds invested into with the objective to achieve long term capital appreciation by investing in equity assets expected to benefit from the development and growth of economies in the Asian region (namely China, India, Korea, and Taiwan). With a significant exposure to China, the country was the biggest detractor as regulatory and

policy headwinds continue to batter the equity portfolio notwithstanding our overweight positions in defensive sectors.

The outlook for the Asian region remains positive, with good opportunities at attractive valuations. MSCI AxJ ended the last quarter of 2022 with a strong performance, as China announced an easing of COVID policies and a normalisation of economic activities. With global markets kept buoyant the past years with accommodative policies by the US Federal Reserve, the scale down of such easy-going monetary conditions may take us closer to the historical mean, just as investment portfolios are gradually fine-tuned to new market realities. Going forward, active management and stewardship will be essential to identify great investments from the mediocre. We believe this can produce results that will value-add to our policyholders.

AIA is a leading life insurer in Brunei with BND 71 million in assets under management invested in investment-linked insurance funds as of 31 December 2022.

Thank you for your continued support and trust in AIA. We look forward to delivering long-term value for our policyholders and being your insurer of choice.

Yours sincerely,



**Wong Sze Keed**  
Chief Executive Officer  
AIA Singapore

## FUNDS INFORMATION

As at 31 December 2022

### AIA BRUNEI BALANCED FUND

#### Investment Objective

AIA Brunei Balanced Fund aims to achieve a balance between long term capital growth and stable income by pursuing a strategic asset allocation of 60% in equities and 40% in bonds

#### Asset Allocation

It does this by investing 60% in PineBridge Asia Ex Japan Equity Fund and 40% in PineBridge Global Bond Fund.

### PORTFOLIO OVERVIEW

#### PineBridge Asia ex Japan Equity Fund\*

Following a two-year tussle with the COVID-19 pandemic, Asia Ex-Japan equity markets in 2022 were tested by an unprecedented investment environment dominated by global macro concerns from all corners: geopolitical stress, record high inflation, commodity rally, central banks' monetary tightening, recession fears and rising COVID-19 cases in China which led to draconian lockdown measures. The investors remained cautious for most of the year. However, the markets managed to recover some losses in the last quarter with a sharp rebound on the back of easing dollar and US bonds yields and signs of recovery in China supported by COVID-policy relaxation, relief measures for the real estate sector, government's focus on growth and improving US-China relations. Investors' confidence towards Asia Ex-Japan markets also improved by signs of inflation in US tapering off and overall indication that the Fed might switch to smaller rate hikes going ahead.

India was one of the most resilient Asia Ex-Japan equity markets aided by robust credit growth, improving asset quality, supportive monetary policy decisions by the central bank and a number of new company listings. On the other hand, Taiwan and Korea which are net exporters of technology saw some of the worst drawdowns in the year due to global demand slowdown and heavy tech sell-offs. However, they ended the year with a strong outperformance buoyed by semiconductor chips and electronic vehicles market optimism, strong macroeconomic fundamentals and attractive valuations. ASEAN markets managed to stay afloat for most of 2022 supported by reopening measures and ended the year in positive territory, except Indonesia.

In the full year, the fund underperformed its benchmark. By geographic location, our overweight position in Korea and underweight position in Taiwan were the key detractors to the fund performance, while our overweight position in China contributed to the fund performance as China relaxed its zero-COVID policy. By sector, financials and materials dragged the fund performance, while consumer discretionary contributed to the performance of the fund.

\* Source: PineBridge Investments Asia Ltd.

## FUNDS INFORMATION

As at 31 December 2022

**AIA BRUNEI BALANCED FUND****PineBridge Global Bond Fund<sup>^</sup>**

2022 was a tough year for financial markets, with the S&P 500 seeing its worst annual performance since 2008, just as global bonds fell into a bear market for the first time in 70 years. All major fixed income indices posted negative returns and in many cases with double digit negative returns as rates moved higher and credit spreads wider. The biggest driver of this was much stronger-than-expected inflation, which hit multi-decade highs and led central banks to embark on their most aggressive tightening cycle in a generation. Investors are concerned that the cumulative and rapid pace of hikes will be enough to knock the global economy into recession in 2023. In addition, we had China's economy being impacted by the zero-covid policy forcing cities and industries to shut down for days and weeks. Finally, we had the war in Ukraine that has carried on much longer than anyone expected and unfortunately there is no end in sight. The move higher in rates has been massive with the 10-year US Treasury going from 1.51% to 3.87% during the year and the curve inverting, with the 2-10s curve going from positive 78bps to negative 55bps; in other rate markets the moves have been similar. The only winners this year have been the US dollar, energy and commodity prices.

The fund underperformed (gross and net of fees) its benchmark, the Bloomberg Barclays Global Aggregate Total Return Index (USD Hedged), during the annual reporting period ending December 31, 2022. The fund's relative underperformance was driven mainly by duration and yield curve positioning, while asset allocation was a small positive.

<sup>^</sup> Source: PineBridge Investments Europe Ltd.

During the year, there were no changes in the investment objectives, strategies, restrictions and limitations of the fund.

There were no distributions made during the year.

**Fund Performance (As of 31 December 2022)**

Period	Fund %	Benchmark %
3-month	1.21	-0.11
6-month	-10.52	-6.94
1-year	-24.15	-16.84
3-year <sup>^</sup>	-4.14	-1.76
5-year <sup>^</sup>	-2.14	0.12
10-year <sup>^</sup>	1.47	3.50
Since inception <sup>^</sup>	1.90	3.32

Notes (1) Performance of the fund is in BND 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) Benchmark: 60% MSCI AC Asia ex Japan DTR Net Index & 40% Bloomberg Barclays Global Aggregate Total Return Index (USD Hedged)

## FUNDS INFORMATION

As at 31 December 2022

### **AIA BRUNEI BALANCED FUND**

#### **Soft Commissions**

##### PineBridge Asia ex Japan Equity Fund

As per the PineBridge Global Funds Unaudited Interim Financial Statements as of 30 June 2022, PineBridge Investments Asia Ltd (“Investment Manager”) has entered into soft commission arrangements with selected brokers where it obtains services from third parties. These services relate essentially to research and price information, performance measurement and portfolio valuation, and analysis all of which are believed to be helpful in the overall discharge of the Investment Manager’s duties to clients. As such services generally benefit all of the Investment Manager’s clients in terms of input into the investment decision making process, the soft credits utilised are not allocated on a specific client basis. Under such arrangements, no direct payment is made for these services or benefits. The trades were executed by the Investment Manager on the best available terms and there was no churning of trades.

##### PineBridge Global Bond Fund

As per the PineBridge Global Funds Unaudited Interim Financial Statements as of 30 June 2022, there were no soft commissions arrangements for the PineBridge Global Bond Fund.

## FUNDS INFORMATION

As at 31 December 2022

### AIA BRUNEI CONSERVATIVE FUND

#### Investment Objective

AIA Brunei Conservative Fund aims to achieve conservative long term capital growth while earning stable income by pursuing a strategic asset allocation of 20% in equities and 80% in bonds.

#### Asset Allocation

It does this by investing 20% in PineBridge Asia Ex Japan Equity Fund and 80% in PineBridge Global Bond Fund.

### PORTFOLIO OVERVIEW

#### PineBridge Asia ex Japan Equity Fund\*

Following a two-year tussle with the COVID-19 pandemic, Asia Ex-Japan equity markets in 2022 were tested by an unprecedented investment environment dominated by global macro concerns from all corners: geopolitical stress, record high inflation, commodity rally, central banks' monetary tightening, recession fears and rising COVID-19 cases in China which led to draconian lockdown measures. The investors remained cautious for most of the year. However, the markets managed to recover some losses in the last quarter with a sharp rebound on the back of easing dollar and US bonds yields and signs of recovery in China supported by COVID-policy relaxation, relief measures for the real estate sector, government's focus on growth and improving US-China relations. Investors' confidence towards Asia Ex-Japan markets also improved by signs of inflation in US tapering off and overall indication that the Fed might switch to smaller rate hikes going ahead.

India was one of the most resilient Asia Ex-Japan equity markets aided by robust credit growth, improving asset quality, supportive monetary policy decisions by the central bank and a number of new company listings. On the other hand, Taiwan and Korea which are net exporters of technology saw some of the worst drawdowns in the year due to global demand slowdown and heavy tech sell-offs. However, they ended the year with a strong outperformance buoyed by semiconductor chips and electronic vehicles market optimism, strong macroeconomic fundamentals and attractive valuations. ASEAN markets managed to stay afloat for most of 2022 supported by reopening measures and ended the year in positive territory, except Indonesia.

In the full year, the fund underperformed its benchmark. By geographic location, our overweight position in Korea and underweight position in Taiwan were the key detractors to the fund performance, while our overweight position in China contributed to the fund performance as China relaxed its zero-COVID policy. By sector, financials and materials dragged the fund performance, while consumer discretionary contributed to the performance of the fund.

\* Source: PineBridge Investments Asia Ltd.

## FUNDS INFORMATION

As at 31 December 2022

**AIA BRUNEI CONSERVATIVE FUND****PineBridge Global Bond Fund<sup>^</sup>**

2022 was a tough year for financial markets, with the S&P 500 seeing its worst annual performance since 2008, just as global bonds fell into a bear market for the first time in 70 years. All major fixed income indices posted negative returns and in many cases with double digit negative returns as rates moved higher and credit spreads wider. The biggest driver of this was much stronger-than-expected inflation, which hit multi-decade highs and led central banks to embark on their most aggressive tightening cycle in a generation. Investors are concerned that the cumulative and rapid pace of hikes will be enough to knock the global economy into recession in 2023. In addition, we had China's economy being impacted by the zero-covid policy forcing cities and industries to shut down for days and weeks. Finally, we had the war in Ukraine that has carried on much longer than anyone expected and unfortunately there is no end in sight. The move higher in rates has been massive with the 10-year US Treasury going from 1.51% to 3.87% during the year and the curve inverting, with the 2-10s curve going from positive 78bps to negative 55bps; in other rate markets the moves have been similar. The only winners this year have been the US dollar, energy and commodity prices.

The fund underperformed (gross and net of fees) its benchmark, the Bloomberg Barclays Global Aggregate Total Return Index (USD Hedged), during the annual reporting period ending December 31, 2022. The fund's relative underperformance was driven mainly by duration and yield curve positioning, while asset allocation was a small positive.

<sup>^</sup>Source: PineBridge Investments Europe Ltd.

During the year, there were no changes in the investment objectives, strategies, restrictions and limitations of the fund.

There were no distributions made during the year.

**Fund Performance (As of 31 December 2022)**

Period	Fund %	Benchmark %
3-month	-3.43	-8.03
6-month	-8.28	-10.34
1-year	-18.20	-17.19
3-year <sup>^</sup>	-4.69	-3.72
5-year <sup>^</sup>	-1.71	-0.45
10-year <sup>^</sup>	0.01	1.70
Since inception <sup>^</sup>	0.68	2.58

Notes (1) Performance of the fund is in BND 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) Benchmark: 80% Bloomberg Barclays Global Aggregate Total Return Index (USD Hedged) & 20% MSCI AC Asia ex Japan DTR net Index.

**FUNDS INFORMATION**

As at 31 December 2022

**AIA BRUNEI CONSERVATIVE FUND****Soft Commissions**

## PineBridge Asia ex Japan Equity Fund

As per the PineBridge Global Funds Unaudited Interim Financial Statements as of 30 June 2022, PineBridge Investments Asia Ltd (“Investment Manager”) has entered into soft commission arrangements with selected brokers where it obtains services from third parties. These services relate essentially to research and price information, performance measurement and portfolio valuation, and analysis all of which are believed to be helpful in the overall discharge of the Investment Manager’s duties to clients. As such services generally benefit all of the Investment Manager’s clients in terms of input into the investment decision making process, the soft credits utilised are not allocated on a specific client basis. Under such arrangements, no direct payment is made for these services or benefits. The trades were executed by the Investment Manager on the best available terms and there was no churning of trades.

## PineBridge Global Bond Fund

As per the PineBridge Global Funds Unaudited Interim Financial Statements as of 30 June 2022, there were no soft commissions arrangements for the PineBridge Global Bond Fund.

## FUNDS INFORMATION

As at 31 December 2022

### AIA BRUNEI GROWTH FUND

#### Investment Objective

AIA Brunei Growth Fund aims to achieve long term capital appreciation by investing in equity securities of companies that are expected to benefit from the development and growth of the economies of the Asian region.

#### Asset Allocation

It does this by investing 100% in PineBridge Asia Ex Japan Equity Fund.

### PORTFOLIO OVERVIEW

#### PineBridge Asia ex Japan Equity Fund\*

Following a two-year tussle with the COVID-19 pandemic, Asia Ex-Japan equity markets in 2022 were tested by an unprecedented investment environment dominated by global macro concerns from all corners: geopolitical stress, record high inflation, commodity rally, central banks' monetary tightening, recession fears and rising COVID-19 cases in China which led to draconian lockdown measures. The investors remained cautious for most of the year. However, the markets managed to recover some losses in the last quarter with a sharp rebound on the back of easing dollar and US bonds yields and signs of recovery in China supported by COVID-policy relaxation, relief measures for the real estate sector, government's focus on growth and improving US-China relations. Investors' confidence towards Asia Ex-Japan markets also improved by signs of inflation in US tapering off and overall indication that the Fed might switch to smaller rate hikes going ahead.

India was one of the most resilient Asia Ex-Japan equity markets aided by robust credit growth, improving asset quality, supportive monetary policy decisions by the central bank and a number of new company listings. On the other hand, Taiwan and Korea which are net exporters of technology saw some of the worst drawdowns in the year due to global demand slowdown and heavy tech sell-offs. However, they ended the year with a strong outperformance buoyed by semiconductor chips and electronic vehicles market optimism, strong macroeconomic fundamentals and attractive valuations. ASEAN markets managed to stay afloat for most of 2022 supported by reopening measures and ended the year in positive territory, except Indonesia.

In the full year, the fund underperformed its benchmark. By geographic location, our overweight position in Korea and underweight position in Taiwan were the key detractors to the fund performance, while our overweight position in China contributed to the fund performance as China relaxed its zero-COVID policy. By sector, financials and materials dragged the fund performance, while consumer discretionary contributed to the performance of the fund.

\* Source: PineBridge Investments Asia Ltd.

## FUNDS INFORMATION

As at 31 December 2022

**AIA BRUNEI GROWTH FUND**

During the year, there were no changes in the investment objectives, strategies, restrictions and limitations of the fund.

There were no distributions made during the year.

**Fund Performance (As of 31 December 2022)**

<b>Period</b>	<b>Fund %</b>	<b>Benchmark %</b>
3-month	6.44	4.18
6-month	-12.45	-7.44
1-year	-29.28	-20.00
3-year <sup>^</sup>	-3.37	-1.51
5-year <sup>^</sup>	-2.30	-0.55
10-year <sup>^</sup>	3.33	4.55
Since inception <sup>^</sup>	2.20	1.79

*Notes (1) Performance of the fund is in BND 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) Benchmark: MSCI AC Asia ex Japan DTR Net Index.*

**Soft Commissions**

As per the PineBridge Global Funds Unaudited Interim Financial Statements as of 30 June 2022, PineBridge Investments Asia Ltd (“Investment Manager”) has entered into soft commission arrangements with selected brokers where it obtains services from third parties. These services relate essentially to research and price information, performance measurement and portfolio valuation, and analysis all of which are believed to be helpful in the overall discharge of the Investment Manager’s duties to clients. As such services generally benefit all of the Investment Manager’s clients in terms of input into the investment decision making process, the soft credits utilised are not allocated on a specific client basis. Under such arrangements, no direct payment is made for these services or benefits. The trades were executed by the Investment Manager on the best available terms and there was no churning of trades.

## Statement of Assets and Liabilities

As at 31 December 2022

	AIA Brunei Balanced Fund	AIA Brunei Conservative Fund	AIA Brunei Growth Fund
	\$	\$	\$
Investments in Funds	1,664,771	2,660,394	66,696,168
<b>Other Assets</b>			
Interest Bearing Deposits and Bank Balances	4,999	4,660	146,491
Other Assets	5,766	13,896	9,161
Total Assets	1,675,536	2,678,950	66,851,820
<b>Liabilities</b>			
Other Liabilities	(10,845)	(19,303)	(148,744)
<b>Value of Fund as at 31 December 2022</b>	<b>1,664,691</b>	<b>2,659,647</b>	<b>66,703,076</b>

The accompanying notes form an integral part of these Statements.

# Capital and Income Account

From 1 January 2022 to 31 December 2022

	AIA Brunei Balanced Fund	AIA Brunei Conservative Fund	AIA Brunei Growth Fund
	\$	\$	\$
Value of Fund as at 1 January 2022	2,281,584	3,619,657	83,441,600
Amounts Received by the Fund for Creation of Units	226,165	370,245	13,933,454
Amounts Paid by the Fund for Liquidation of Units	(303,400)	(704,376)	(5,682,240)
Net Cash into/(out) of the Fund	(77,235)	(334,131)	8,251,214
<b>Fund Expenses</b>			
Management Fees	(28,130)	(45,585)	(696,588)
Other Expenses	(11,107)	(11,904)	(14,791)
	(39,237)	(57,489)	(711,379)
<b>Net Gains/(Losses) on Investments</b>			
Exchange Gain/(Loss)	(6,331)	(9,098)	(418,944)
Net Realised Gain/(Loss) on Sale of Investments	42,231	11,732	32,578
Unrealised Appreciation/(Depreciation) in Value of Investment during the Year	(536,321)	(571,024)	(23,891,993)
	(500,421)	(568,390)	(24,278,359)
Increase/(Decrease) in Net Asset Value for the Year	(616,893)	(960,010)	(16,738,524)
<b>Value of Fund as at 31 December 2022</b>	<b>1,664,691</b>	<b>2,659,647</b>	<b>66,703,076</b>

The accompanying notes form an integral part of these Statements.

# Notes to the Statements

## As at and for the year ended 31 December 2022

These notes form an integral part of and should be read in conjunction with the Statements.

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### ***Accounting Convention***

The Statements, expressed in Brunei dollars are prepared in accordance with the historical cost convention, modified by the revaluation of investments at market prices.

The Funds' policyholders are from Brunei with the subscriptions and redemptions of the units denominated in Brunei dollars.

#### ***Expenditure Recognition***

Other expenses are recognised on an accrual basis.

#### ***Investments at Fair Value***

Purchases of investments are recognised on the trade date. Investments in Funds are valued at quoted market prices. Changes in fair value of investments are recognised in the Capital and Income Account.

#### ***Disposal of Investments***

Sales of investments are recognised on the trade date. For the purpose of determining net realised gains or losses on sale of investment, the cost of disposal of investment is determined on the weighted average cost basis. All gains and losses are taken up in the Capital and Income Account.

#### ***Financial Derivatives***

Financial derivatives are financial instruments which include forward contracts. Financial derivatives outstanding at the balance sheet date are measured at their respective fair values provided by a financial service provider. The resulting unrealised gains or losses are taken to the Capital and Income Account.

#### ***Foreign Currencies***

Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date. Foreign currency transactions are translated at exchange rates on transaction dates. Differences in exchange are included in the Capital and Income Account.

### 2. TAXATION

No tax is payable on the gains accruing to the policyholders.



# Independent Auditor's Report to AIA Singapore Private Limited - Brunei Darussalam Branch

## Report on the Audit of the Investment-Linked Insurance Business Financial Statements

### *Opinion*

In our opinion, the investment-linked insurance business financial statements of AIA Singapore Private Limited - Brunei Darussalam Branch (the "Branch") for the financial year ended 31 December 2022 are prepared, in all material respects, in accordance with the provisions of the Brunei Darussalam Central Bank ("BDCB") Notice No. TIU/N-1/2022/18 ("Notice") and the Funds' accounting policies.

### *What we have audited*

The investment-linked insurance business financial statements of the Branch comprise:

- the Statements of Assets and Liabilities as at 31 December 2022;
- the Capital and Income Accounts for the financial year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We are independent of the Branch in accordance with the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (the "Code"), together with the ethical requirements that are relevant to our audit of the financial statements in Brunei Darussalam, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

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## Independent Auditor's Report AIA Singapore Private Limited - Brunei Darussalam Branch

### ***Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use***

We draw attention to Note 1 to the investment-linked insurance business financial statements, which describes the basis of accounting. This investment-linked insurance business financial statements is prepared to assist the Branch in meeting the requirements of the Brunei Darussalam Central Bank (BDCB). As a result, the investment-linked insurance business financial statements may not be suitable for another purpose.

Our report is intended solely for the Branch and the Policyholders and should not be used by or distributed to parties other than the Branch and the Policyholders. Our opinion is not modified in respect to this matter.

### ***Other Information***

Management is responsible for the other information. The other information comprises the relevant sections of the AIA Brunei Fund Performance Report 2022 included in pages 2 to 11 and excludes the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation of these financial statements in accordance with the provisions of the Notice and in accordance with the accounting policies set out in Note 1, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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## Independent Auditor's Report AIA Singapore Private Limited - Brunei Darussalam Branch

In preparing the financial statements, management is responsible for assessing the Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Funds' financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Investment-Linked Insurance Business Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch's internal control.

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*PricewaterhouseCoopers Services, 13<sup>th</sup> Floor, PGGMB Building, Jalan Kianggeh  
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T: +673 224 1951, [www.pwc.com/ph/brunei](http://www.pwc.com/ph/brunei)*



## Independent Auditor's Report AIA Singapore Private Limited - Brunei Darussalam Branch

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### PricewaterhouseCoopers Services

A handwritten signature in blue ink, appearing to read 'Xiang Yin', is written over a light blue circular stamp.

Chai Xiang Yin  
Partner

Brunei Darussalam  
24 March 2023

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