AIA Global Dynamic Income-Paying Fund - Peso

July 31, 2024

Fund Description

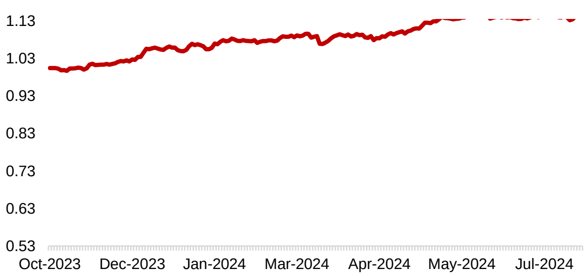
The AIA Dynamic Income Fund seeks to provide regular target income and total return over the long term by investing in variety of income generating asset classes including but not limited to fixed income securities, equities, covered call options and collective investments. Indirect exposure to these asset classes will be achieved primarily through investments in units or shares of the Collective Investmen t Schemes established by AIA including AIA Investment Funds that are managed either by AIA Investment Management or reputable third -party investment managers with proven track records and a disciplined systematic security selection approach to deliver long -term capital growth.

Historical Perf=ormance[1]

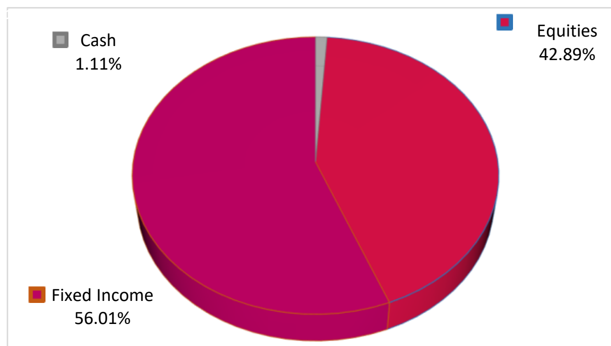
6MOS	1YR	3YRS	5YRS	YTD	Since Inception
5.88%	-	-	-	8.07%	13.93%

[1] Returns are net of fees. Past performance is not indicative of future returns

Net Asset Value Per Unit (NAVPU) Graph



Fund Allocation



Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAVPU)	1.1393
INCEPTION DATE	20 October, 2023
FUND CLASSIFICATION	Multi Asset Fund
RISK PROFILE	Moderately Adventurous
FUND CURRENCY	Philippine Peso
DOMICILE	Philippines

Top Holdings

Top 5 (Equities)	% of Portfolio
Microsoft Corp	3.15%
NVIDIA Corp	3.00%
Apple Inc	2.69%
Amazon.com Inc	1.97%
Alphabet Inc	1.77%

Top 5 Holdings (Fixed Income)	% of Portfolio
United States Treasury NoteBond 4.625% 30/06/2026	3.30%
United States Treasury NoteBond 4.25% 30-06-2029	0.94%
eBay Inc 3.45% 01/08/2024	0.87%
Morgan Stanley 1.164% VRN 21/10/2025	0.86%
Equinix Inc 2.625% 18/11/2024	0.81%

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Commentary:

Macro Review

There are signs that the US economy is still growing, albeit at a slower pace. In July 2024, Nonfarm Payrolls continued to be positive, though lower than the previous 2 months. July 2024 saw the US manufacturing sector fell further in contractionary territory and has been in contractionary territory for four consecutive months. However, services PMI rebounded back to expansionary territory in July 2024 after the dip in June 2024. Citi's Economic Surprise Index for the US continued to languish in negative territory in July 2024. US inflation for July 2024 continued to decrease, though remained above the target inflation rate. Policymakers held rates steady in the August 2024 FOMC meeting.

In July 2024, the Eurozone manufacturing PMI continued to languish in contraction territory while the services PMI remained in expansionary territory though declined from the level in June 2024. Citi's Economic Surprise Index for Eurozone fell further in July and ended firmly in negative territory. Inflation in Eurozone grew slightly in July 2024. As widely anticipated, the ECB held rates steady in the July 2024 ECB monetary policy meeting, taking a pause after the rate cut in the June 2024 meeting.

In July 2024, China's manufacturing PMI remained in contractionary territory for the third consecutive month. While the non-manufacturing PMI continued to remain in expansionary territory in July 2024, there was a slight dip compared to the previous month. In July 2024, consumer inflation in China increased from the previous month. However, producer price inflation continued to be negative for a stretch since October 2022. Broadly, China's economic releases came in weaker than consensus estimates as Citi's Economic Surprise Index for China retreated over the course of July 2024 and ended more negative than June 2024. China's Third Plenum in July 2024 ended with a communique which reiterated the goal of realizing a "high-standard socialist market economy" by 2035 and multiple mentions of "reform" and "development".

Market Review

Global equities continued to rally in July 2024, up for the 3 consecutive months since the drawdown in May 2024. For the month ending July 2024, there was a shift in leadership and saw Utilities, Financials and Industrials led while Communication Services, Information Technology and Consumer Discretionary lagged. In terms of investment styles, leadership also shifted where High Dividend and Min Volatility led while Momentum and Growth lagged. Across the major geographic regions, Europe and Japan equities led, while Asia (excluding Japan) equities lagged.

The fixed income markets delivered positive returns in July 2024. Treasuries, Investment Grade and High Yield indices delivered positive returns in July 2024. Corporate bonds outperformed Treasuries. Treasuries index was up as US 10-year yield declined in July 2024. Credit spreads of Investment Grade tightened modestly in July 2024 while that of High Yield widened.

The broad commodities benchmark fell again in July 2024 for the second consecutive month. Oil and Copper were both down in July 2024 while Gold was up. The US Dollar fell against both DM currencies and Asia currencies in July 2024.

Portfolio Review

• The fund delivered positive returns for the month of July 2024 and inception to date period

• In terms of absolute performance for the month of July 2024, AIA Equity Income Fund, AIA Diversified Fixed Income Fund and AIA High Yield Bond Fund delivered positive returns

• In terms of relative performance for the month of July 2024, AIA Equity Income Fund, AIA Diversified Fixed Income Fund and AIA High Yield Bond Fund underperformed their respective benchmarks

Outlook

In recent weeks, markets have been volatile in an abrupt departure from the steady advance that was experienced in 1H 2024. The 3 key drivers of the recent volatility are: first, concerns that the Federal Reserve is behind the curve in loosening monetary policy; second, the unwinding of the yen carry trade that was accelerated by the Bank of Japan hiking rates in July 2024; third, concerns that mega-cap AI stocks that have seen a sharp rise are over-extended.

Despite the recent market volatility, the outlook for equities over the medium term remains constructive. While the economy is showing signs of slowing, our base case is that an economic recession is not imminent. Real GDP growth in the US remains positive and above levels in previous recessions. Earnings growth remains intact and is poised to continue its positive trajectory. For the second quarter of 2024, companies in the US are reporting positive double-digit earnings growth with the percentage of companies beating earnings estimates hitting above its 5-year average. On the inflation front, there are positive developments as inflation is falling and this gives the Federal Reserve the capacity to cut rates to support growth. We thus expect that the recent setback in equities to be contained, and equities to eventually recover the drawdowns suffered thus far.

The Global Dynamic Income Paying Fund was well-positioned going into this recent bout of volatility. Prior to the sharp spike in volatility in August 2024, the overall risk taking for the fund had already been moderated as the upside potential of equities in a bull market was balanced against signs of caution ranging from the narrow market rally and muted risk appetite in sectors outside the mega-cap tech stocks. Looking ahead, our moderate risk taking for the fund prior to the recent drawdown has given us the capacity to add risk. To that end, we are carefully analysing the markets and will be guided by our robust balance-of-indicators approach prior to adding risk.