AIA Global Dynamic Income-Paying Fund - Peso

December 27, 2024

Fund Description

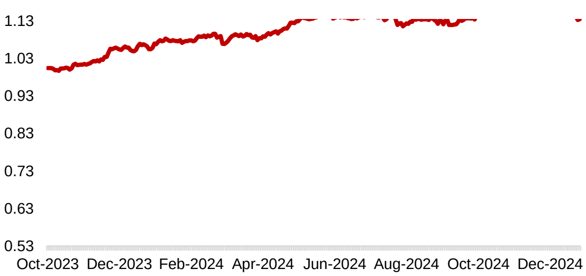
The AIA Dynamic Income Fund seeks to provide regular target income and total return over the long term by investing in variety of income generating asset classes including but not limited to fixed income securities, equities, covered call options and collective investments. Indirect exposure to these 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 Performance[1]

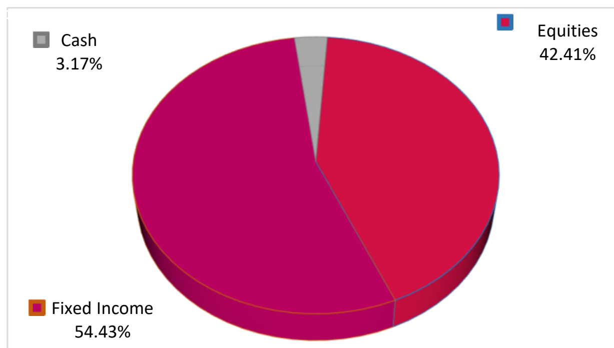
6MOS	1YR	3YRS	5YRS	YTD	Since Inception
-0.22%	7.21%	-	-	7.21%	13.02%

[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)	1.1302
INCEPTION DATE	20 October, 2023
FUND CLASSIFICATION	Multi Asset Fund
RISK PROFILE	Moderately Adventurous
FUND CURRENCY	Philippine Peso
DOMICILE	Philippines

Top Holdings

Top 5 Holdings (Equities)	% of Portfolio
Apple Inc	2.20%
NVIDIA Corp	1.91%
Microsoft Corp	1.79%
Amazon.com Inc	1.21%
Alphabet Inc	0.97%

Top 5 Holdings (Fixed Income)	% of Portfolio
United States Treasury NoteBond 4.25% 15/11/2034	1.02%
United States Treasury NoteBond 3.5% 30/09/2029	0.90%
United States Treasury Bill 0% 13/02/2025	0.44%
Deutsche Bank AGNew York NY 5.414% 10/05/2029	0.38%
UnitedHealth Group Inc 3.7% 15/12/2025	0.34%

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Commentary:

Macro Review

The US economy remained resilient with the Atlanta Fed nowcasting model indicating positive growth over the course of December 2024. The US manufacturing sector showed signs of picking up for the second consecutive month though remained in contractionary territory. Citi's Economic Surprise Index for the US dipped in December 2024 and ended the month slightly negative. US inflation for December 2024 increased and continued to pick up for the third consecutive month. The Federal Reserve cut rates by 25 basis points in the December 2024 FOMC meeting, bringing the total number of rate cuts in 2024 to 100 basis points.

In December 2024, the Eurozone manufacturing continued to stay sluggish in contractionary territory. Eurozone Services PMI rebounded in December 2024 and returned to expansionary territory. Citi's Economic Surprise Index for Eurozone continued to stay in negative territory in December 2024. Inflation in Eurozone increased in December 2024 for the third consecutive month.

In December 2024, China's manufacturing PMI continued to be in expansionary territory for the third consecutive month. China's non-manufacturing PMI increased in December 2024 and has been in expansionary territory for the whole of 2024. Inflation in China remained sluggish, and December 2024 saw consumer inflation dip for the fourth consecutive month. Producer price inflation continued to be negative in December 2024 and has been in deflation since October 2022. Citi's Economic Surprise Index for China continued to stay in positive territory in December 2024.

Market Review

Global equities dipped in December 2024, though still ended the year up in double digits. For the month ending December 2024, Communication Services, Consumer Discretionary and Information Technology led while Materials, Energy and Utilities lagged. For December 2024, in terms of investment styles, Growth led while Value lagged. For December 2024, across the major geographic regions in USD terms, Asia equities led, while Europe equities lagged.

The fixed income markets fell in December 2024. US Treasuries, Investment Grade and High Yield indices all were down in December 2024. Treasuries index was down as US 10-year yield increased significantly in December 2024. Credit spreads expanded in December 2024 with High Yield spreads expanding more than Investment Grade spreads.

The commodities markets were mixed in December 2024. Gold and Copper were down while Oil was up in December 2024. The US Dollar appreciated against both DM currencies and Asia currencies in December 2024.

Portfolio Review

• The fund delivered negative PHP returns for the month of December but positive PHP returns YTD December 2024.

• In terms of absolute performance for the month of December 2024, AIA Equity Income Fund, AIA Diversified Fixed Income Fund and AIA High Yield Bond Fund delivered negative USD returns.

• In terms of currency movements, USD appreciated against the PHP for the month.

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

Outlook

The outlook for equities over the medium term remains constructive. On the fundamentals front, the US economy remains resilient and earnings growth in 2025 is expected to be higher than that of 2024. On monetary policy, liquidity conditions are expected to be supportive as central banks around the globe are easing monetary policy. The Federal Reserve is on a rate cut cycle. In addition, Chinese policy makers have also embarked on monetary easing and the Politburo has indicated plans to increase public spending to support economic growth.

Investors have enjoyed 2 years of double digit returns in equity markets. Our assessment is that we remain in an equity bull market though the pace of increase in 2025 is expected to be more muted compared to the previous 2 years. While the past 2 years has seen Magnificent 7 stocks dominate the stock market, the earnings growth differential between the Magnificent 7 stocks and the rest of the stock market is expected to decline in 2025. This could provide the setup for the stock market advance to be more broad-based and less concentrated. As 2025 unfolds, volatility could rise in view of the uncertainty on the policy measures that the new US Administration would embark on as President-elect Trump begins his second term as US President. In-line with our constructive view on risk assets, the Fund has calibrated exposure to equities. We continue to closely monitor the markets and would apply bi-directional risk management to the Fund.