

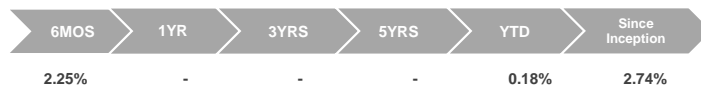
# AIA PESO CONSERVATIVE FUND

JANUARY 31, 2024

## Fund Description

The AIA Peso Conservative Fund (the "Fund") is a Philippine peso-denominated fund created for peso variable life insurance contracts issued by AIA Philippines Life and General Insurance Company Inc., (formerly The Philippine American Life and General Insurance Company). The Fund seeks to achieve long-term total return, which is a combination of income and capital growth with conservative risk and at the same time minimize capital risk by investing in a portfolio comprising primarily of bonds and money market instruments. The Fund will invest in shares of Collective Investment Schemes established by AIA including Unit Investment Trust Funds (UITFs) that are managed by either AIA Investment Management and Trust Corporation Philippines (AIAIM PH) or reputable third-party investment managers.

## Historical Performance<sup>1</sup>

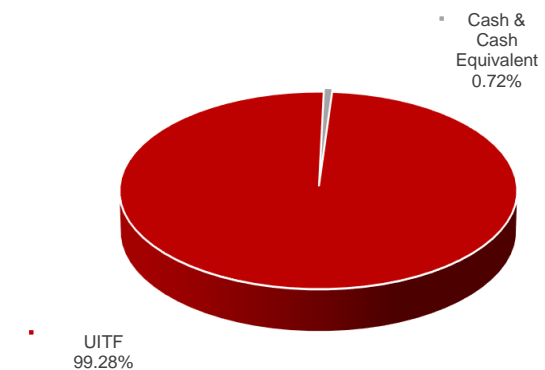


<sup>1</sup> Returns are net of fees. Past performance is not indicative of future returns

## Net Asset Value Per Unit (NAVPU) Graph



## Fund Allocation



## Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAVPU)	1.0274
INCEPTION DATE	20 February, 2023
FUND CLASSIFICATION	Equity Fund
RISK PROFILE	Conservative
FUND CURRENCY	Philippine Peso
DOMICILE	Philippines

## Top Five Common Stock

Name	% of Fund
AIA PESO LONG-TERM BOND FUND	66.98%
AIA PESO MONEY MARKET FUND	18.76%
AIA PESO EQUITY FUND	13.54%
Philippine Peso	0.72%

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The value of portfolios we manage may fall as well as rise, and the investor may not get back the full amount originally invested. The investment risk vary between different types of instruments. For example, for portfolios denominated in foreign currencies, changes in the rate of exchange may cause the value of investments, and consequently the value of the portfolio, to increase or decrease. In the case of a higher portfolio volatility, the realized loss upon redemption may be high, as the investment's value may decline substantially.

In making an investment decision, prospective investors must rely on their own examination of the merits and risks involved. Unless otherwise noted, all information contained herein is sourced from AIA Philippines Group internal data. The content included herein has been shared with various in-house departments within the member companies of AIA Group, in the ordinary course of completion. All AIA Philippines Group member companies comply with the confidentiality requirements of their respective jurisdictions. Parts of this presentation may be based on information received from sources we consider reliable.



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## AIA PESO ADVENTUROUS FUND JANUARY 31, 2024

### Commentary:

#### Market Review

##### Macro Update

The local bond market welcomed the new year with positive economic news, signifying resilient growth despite impending price pressures in the near future. The Philippine economy grew 5.6% YoY in the fourth quarter from 6.0% previously. This brought the full year 2023 growth to 5.6%, which is among the fastest in ASEAN, despite falling below the government's target of 6%-7%. The government tempered its economic growth target for 2024 to 6.5%-7.5% from the previous forecast of 6.5%-8.0%. Meanwhile, the January inflation report saw a fourth consecutive monthly decline as inflation eased to 2.8% YoY, beating estimates of 3.1%. The latest print was mostly driven by base effects and slower price increases in vegetables and utilities. Despite easing local inflation, the BSP maintained its hawkish stance to keep policy rates high as it sees inflation risks from the El Nino impact, and transport fare and electricity hikes to persist until the second quarter.

##### Bond Market Update

While local investors expect the BSP to cut policy rates in the second half 2024, the local bond market heading into the new year benefitted from expectations of an early rate cut by the Federal Reserve (Fed). However, bond yields reversed its course and rose following deteriorating expectations of a Fed policy rate cut in March amid resilient US employment and inflation numbers. In addition to this, market expectations of a jumbo government bond supply ahead of sizeable maturities worth Php700 billion in March pressured bond yields to rise further.

##### Equity Market Update

The PSEi kicked off 2024's Year of the Dragon with a 3.04% upsurge to 6,646 by month end. The rally was fuelled by foreign inflows influenced by better-than-expected inflation and GDP prints.

- Foreign investors were net buyers by US\$80 million.
- December 2023 inflation decelerated to 3.9%, softer than market estimates of 4% and November's 4.1%.
- Philippine GDP grew 5.6% in 4Q23, higher than market estimates of 5.2%.

##### Positioning, Outlook, and Strategy

Performance: The AIA Peso Conservative Fund returned 0.29% gross of fees in January. It underperformed its benchmark by 0.06% as the fund's lower exposure to equities, which gained 3.5% in the month, detracted fund returns.

The path to lower yields will not be a smooth one in 2024 as we continue to see volatility driven by high inflation and slower growth. Central bank policy rates are seen to have peaked but local price pressures remain in the first half. The BSP cited potential increase in transport fares, electricity tariffs, and El Nino impact on food prices to possibly upset the moderating inflation path. Meanwhile, the prolonged period of high borrowing costs is expected to take a toll on economic activity. Because of this, the expectation is for the BSP to cut policy rates in the second half to support growth as inflation returns to target. We view these volatilities as buying opportunities. Our outlook is for better market conditions in 2024 amid declining global interest rates.

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