

AIA PHILAM LIFE ELITE CONSERVATIVE FUND

OCTOBER 31, 2023

Fund Description

The AIA Philam Life Elite Conservative Fund seeks long-term total return (combination of capital growth and income) and at the same time minimize short term capital risk by investing in a portfolio of equities and fixed income securities. The ILP Sub-Fund's expected average direct and indirect exposure to equities will be approximately 30% over the long-term, however this exposure may vary from time to time. The other 70% will be invested in fixed income or money market instruments.

Historical Performance¹

6MOS	1YR	3YRS	5YRS	YTD	Since Inception
-2.96%	1.62%	-	-	0.95%	-2.98%

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

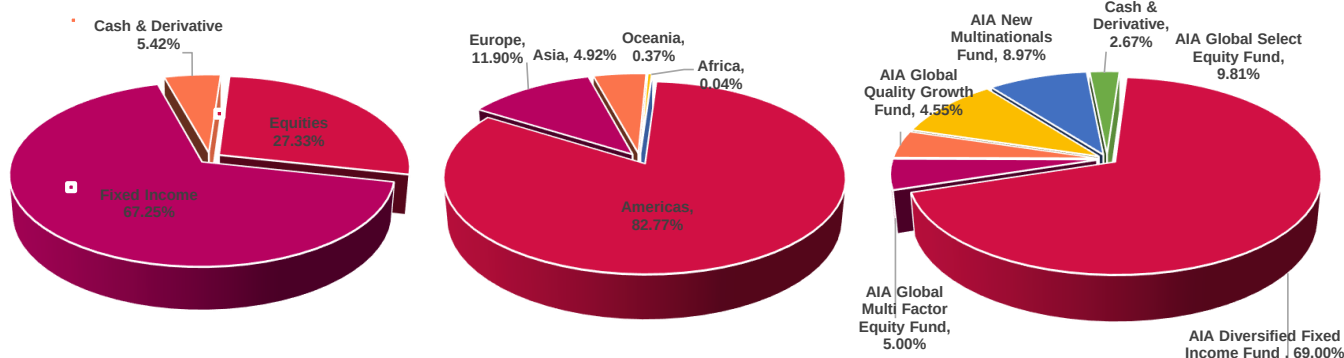
Net Asset Value Per Unit (NAVPU) Graph



Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAV)	0.9702
INCEPTION DATE	18 January, 2021
FUND CLASSIFICATION	Fixed Income Fund
RISK PROFILE	Conservative
FUND CURRENCY	Philippine Peso
DOMICILE	Philippines

Regional & Asset Allocation



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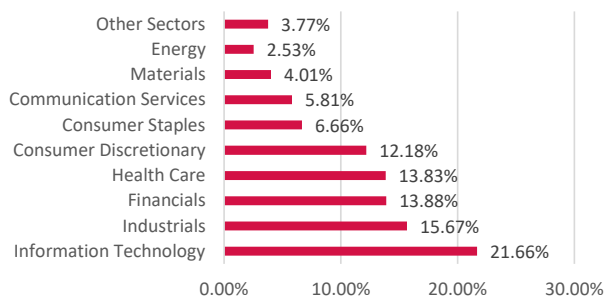
Risk Warning: Past performance is not indicative of future results. Our investment management services relate to a variety of investments, each of which can fluctuate in value. The value of portfolios we manage may fall as well as rise, and the investor may not get back the full amount originally invested. 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 Philippines 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.



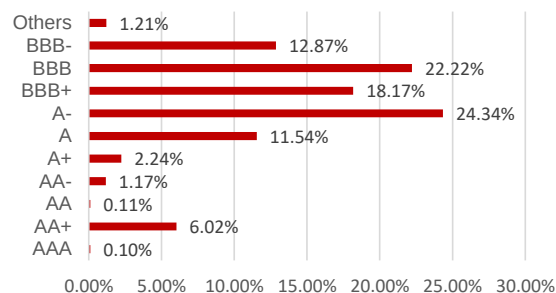
HEALTHIER, LONGER,
BETTER LIVES

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Equity: Sector Allocation



Fixed Income: Ratings Allocation



Top Holdings

Top 5 (Equities)

Microsoft Corp	1.33%
Taiwan Semiconductor Manufacturing Co Ltd	0.75%
Texas Instruments Inc	0.49%
Alphabet Inc	0.45%
ASML Holding NV	0.44%

Top 5 (Fixed Income)

eBay Inc 3.45% 01/08/2024	1.18%
Equinix Inc 2.625% 18/11/2024	1.11%
United States Treasury NoteBond 3.625% 15/05/2026	1.07%
United States Treasury NoteBond 4.375% 31/08/2028	1.00%
UnitedHealth Group Inc 3.7% 15/12/2025	0.97%

Commentary:

Macro Review

The US labor market showed signs of slowing though job growth remained positive. In October 2023, US nonfarm payrolls increased by 150,000 (297,000 in September 2023) and unemployment rate came in at 3.9% (3.8% in September 2023). The US manufacturing sector remained in contraction and dipped in October after rising in July and August. US services sector also dipped in October 2023, though remained in expansionary territory, which it has been in since January 2023. Citi's Economic Surprise Index remained in positive territory, though off its highs year-to-date reached in July 2023. US headline inflation registered a reading of 3.2% in October 2023, above its low of 3% reached in June 2023. The Federal Reserve held rates at upper bound of 5.5% in the November 2023 FOMC meeting.

Economic growth in Europe remained challenged with both manufacturing and services PMI in the contractionary zone for October 2023 and no signs of inflecting. Citi's Economic Surprise Index for Eurozone remained firmly in negative territory though off the year-to-date lows reached in July 2023. Inflation in Eurozone fell to 2.9% in October according to preliminary figures, coming off the high of 10.6% reached in Oct 2022. ECB held the main refinancing operations rate at 4.5% in the October 2023 monetary policy meeting.

There are some tentative signs that China's economy is not as dire as what economists are forecasting as Citi's Economic Surprise Index for China continued to increase in October from the July 2023 lows. For October 2023, China's manufacturing sector dipped back to contractionary territory. China is experiencing muted inflation with headline CPI coming in at negative 0.2% in October 2023 and producer price inflation coming in at -2.6%, clear evidence that China is undergoing a different macro cycle compared to the other major developed economies.

Market Review

Global equities posted negative returns in October 2023, down for the third consecutive month. Utilities was the only sector that delivered positive returns whereas the other sectors posted negative returns with Consumer Discretionary as the laggard. Large cap equities fell less than both mid cap and small cap equities. In terms of styles, value, high dividend and size lagged while the rest of the styles outperformed. Across the major geographic regions, US equities outperformed Asia and Europe equities.

Most fixed income markets were down in October 2023. Treasuries were down in October as US 10-year yield rose by 36 basis points in October 2023 and ended at 4.93%. US high yield outperformed US investment grade for the seventh consecutive month. In terms of geographic region, EUR corporate bonds underperformed US corporate bonds in translated USD terms. Leveraged loans index was flat in October, and thus, year to October 2022 return to around 10%.

The broad commodities market was up modestly in October 2023. Growth sensitive commodities such as copper and oil were down in October 2023. Gold appreciated in October and the Dollar Index demonstrated safe haven characteristic and was up in October.

Portfolio Review

Elite Conservative Fund:

- The fund was down 2.20% for the month, underperforming its benchmark by 0.74%

SICAV funds

- In terms of absolute performance, all the core underlying SICAV funds delivered negative absolute returns for the month
- In terms of relative performance, AIA Global Multi-Factor Equity Fund, AIA Global Quality Growth Fund and AIA Global Select Equity Fund underperformed the respective benchmarks for the month. AIA New Multinationals Fund and AIA Diversified Fixed Income outperformed the respective benchmarks for the month

Outlook

The investment landscape is one of the most challenging seen in decades. The economy needs to contend with the fastest rate hike in cycle and the largest ever quantitative tightening. The Federal Reserve has maintained their rhetoric that the fight for inflation is not over. We assess that a stable bond market is needed to provide the next leg up for risk assets.

Over the short term, current economic releases do not suggest that US is about to enter a recession imminently. The US labour market remains resilient though there are some tentative signs of slowing. In addition, earnings are not expected to dip meaningfully in the near term. As of 3 November 2023, Factset reports that for Q4 2023, the estimated year-over-year for S&P 500 earnings growth is positive. In addition, Factset reports that analysts are projecting the S&P 500 to deliver earnings growth of 11.9%. In such an environment, investors should not preclude the scenario of risk assets holding up over the short term.

Given the confluence of forces pulling asset markets in different directions, the focus for the Elite Funds is to construct a well-diversified portfolio. The balance of risks is evenly matched. Fundamentals remain resilient with labour market remaining tight and earnings growth inflecting from the 2022 lows. The technical picture is showing signs of improvement through equities remain volatile. As such, on the asset allocation level, the Elite Funds are positioned close to neutral equities. On the intra asset level, Elite's equity portfolio is anchored by AIA New Multinationals Fund and AIA Global Select Equity Fund, which offer a blend of investment styles. We actively monitor the markets and will be disciplined to increase risk when conditions are appropriate.

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