AIA PHILAM LIFE
ELITE CONSERVATIVE FUND

May 31, 2023

Fund Description

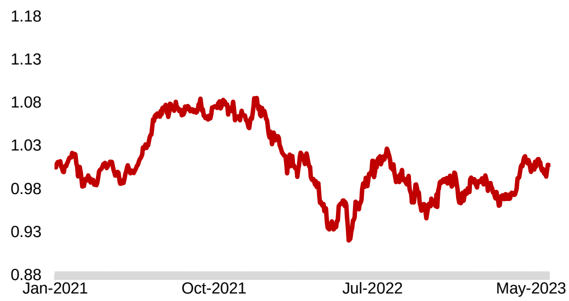
The AIA Philam Life Elite Conservative Fund seeks long-term total return (combination of capital growth and income) and at the same time minimize short term capital risk by investing in a portfolio of equities and fixed income securities. The ILP Sub-Fund's expected average direct and indirect exposure 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 Performance[1]

6MOS	1YR	3YRS	5YRS	YTD	Since Inception
2.18%	4.70%	-	-	4.30%	**0.24%**

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

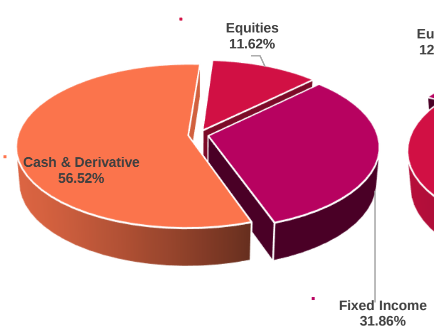
Net Asset Value Per Unit (NAVPU) Graph

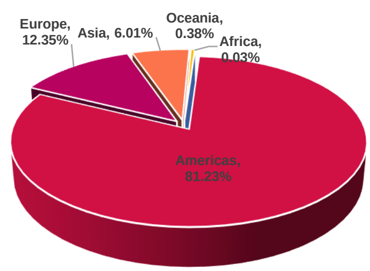


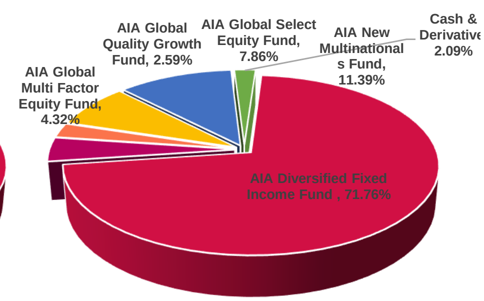
Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAV	1.0024
INCEPTION DATE	18 January, 2021
FUND CLASSIFICATION	Fixed Income Fund
RISK PROFILE	Conservative
FUND CURRENCY	Philippine Peso
DOMICILE	Philippines

Regional & Asset Allocation







HEALTHIER, LONGER, BETTER LIVES

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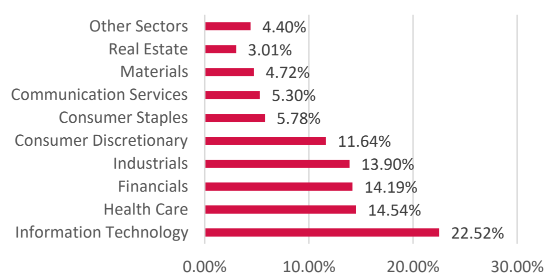
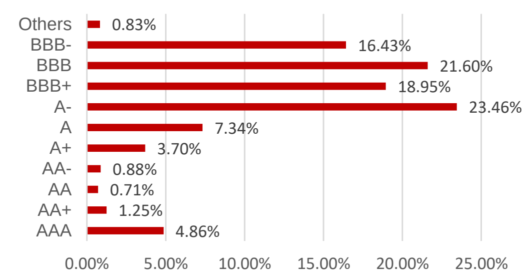
Equity: Sector Allocation



Fixed Income: Ratings Allocation



Top Holdings

Top 5 (Equities)	
Microsoft Corp	1.36%
Taiwan Semiconductor Manufacturing Co Ltd	0.78%
Texas Instruments Inc	0.54%
ASML Holding NV	0.54%
Visa Inc	0.51%

Top 5 (Fixed Income)	
General Motors Financial Co Inc 6.05% 10/10/2025	0.67%
Apple Inc 3.25% 08/08/2029	0.66%
Boeing CoThe 3.2% 01/03/2029	0.58%
United States Treasury NoteBond 2.875% 15/05/2032	0.57%
United States Treasury Bond 2.75% 31/05/2029	0.56%

Commentary:

Market Review

Macro Review

The US labor market remained strong with nonfarm payrolls increasing by 294,000 in April 2023 and unemployment rate stood at 3.4% in April 2023. The US manufacturing sector remained in contraction, but US services sector has been in the expansionary territory since January 2023. US headline inflation dipped to 4.9% in April 2023, a significant drop from the highs of 9.1% in 2022, but still elevated. The Fed raised rates by 25 bps in May 2023.

Economic momentum decelerated in Europe with both manufacturing and services PMI declining in April 2023. Economic data releases in Europe surprised to the downside in May with Citi's Economic Surprise Index for Eurozone declining sharply to negative territory. While the Eurozone services sector is in expansion, the Eurozone manufacturing sector is in contraction. Germany could have entered a technical recession as first quarter 2023 GDP growth estimates came in negative. Inflation in Eurozone remained sticky at 7% in April 2023. The ECB raised rates by 25 bps in May 2023.

The economic releases from China disappointed as evident in the sharp drop in Citi's Economic Surprise Index for China. China's manufacturing and services PMI both declined in May 2023, and China's manufacturing sector remained in contractionary territory. While the major developed economies are experiencing elevated inflation, China is experiencing muted inflation with the headline CPI coming in at 0.1% in April 2023. In fact, China producer price inflation is negative at 3.6%, clear evidence that China is undergoing a different macro cycle compared to the other major developed economies.

Market Review

Global equities declined in May as concerns on debt ceiling negotiations in US, slowdown in Eurozone economic momentum, and economic data surprises in China weighed on the market. Across the major geographic regions, US equities held up better and China equities were the laggards. Most sectors declined in May 2023, and the IT and Telecommunication Services sector were the exception.

Fixed Income markets also had a difficult May. Global bonds posted negative returns and treasuries, investment grade, high yield were all down in May. Treasuries led the declines as US 10 year yield increased by 22 basis points in May 2023 and ended at 3.64%. High yield outperformed investment grade in May and within the high yield complex, Asia high yield underperformed US high yield, despite the higher levels of yield on offer in Asia high. Leveraged loans index ended about flat in May.

Commodities was not spared in May. Growth sensitive commodities such as oil and copper were down substantially, down about 10 % and 6% respectively in May. Gold was also down in May and was not able to hold above the 2,000 level. USD was the standout performer in May. The Dollar Index was up 3% in May 2023 as the investors turned to USD as the safe haven instrument.

Portfolio Review

Elite Conservative Fund:
- The portfolio returned 0.26% for the month, outperforming the benchmark by 0.51%
- Actions taken over the month include reducing the magnitude of the underweight to equities, changing the intra equity allocation by reducing AIA Global Multi-Factor and increasing AIA Global Select, and reducing the size of the USDSGD FX hedging positions

Underlying SICAV funds
- In terms of absolute performance, AIA Global Select Equity Fund and AIA Global Quality Growth Fund delivered positive absolute returns and the other underlying funds delivered negative absolute returns
- In terms of relative performance, AIA Global Select Equity Fund, AIA Global Quality Growth Fund and AIA Diversified Fixed Income outperformed the respective benchmarks while the other underlying funds underperformed the respective benchmarks

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, the highest inflation in decades and the largest ever quantitative tightening. Over the medium term, the risk reward for risk assets is asymmetric. Risk assets has priced in rate cuts and a moderate slowdown in growth. There is lots of room for disappointment. If the labour market remains resilient, inflation is likely to remain sticky and the Fed will not have the headroom to cut rates. In turn, that translates to a de-factor tightening and risk assets could be impacted. On the other hand, if a recession eventually hits the economy, risk assets would also do well in that environment.

Over the short term, while there are signs of weakness as exemplified by the US banking sector stress, current economic releases do not suggest that US is about to enter a recession imminently. The US manufacturing sector is showing signs of weakness but that is counterbalanced by a resilient services sector. The US labour market remains strong and wage growth is healthy. In addition, the Q1 2023 US corporate earnings season is nearly complete, and the progress has been encouraging with companies reporting positive earnings surprises higher than the past 5-year and 10-year historical averages.

Investor positioning is also broadly underweight risk assets and equity markets clearing resistance levels despite slew of negative news could lead to investors reviewing their investment strategy. 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, for the Elite portfolios, the focus is to construct a well-diversified portfolio that is resilient to weakness in risk assets. The Elite portfolios remain underweight equities. Within the equity allocation of the Elite portfolios, we have increased allocation to strategies that either have the potential to outperform during down markets or have demonstrated the ability to do well should the current environment persist. We continue to watch the markets carefully and will emphasize bi-directional risk management for the Elite portfolios.