

# AIA PHILAM LIFE ELITE CONSERVATIVE FUND

NOVEMBER 30, 2023

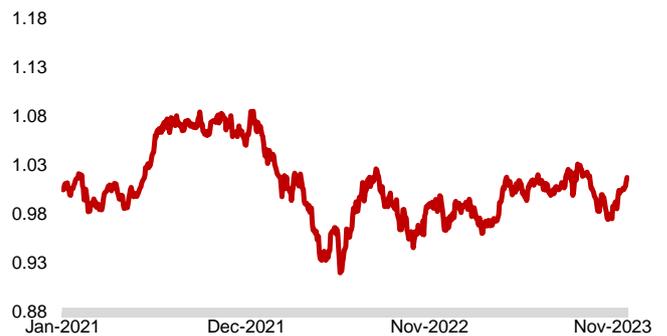
## Fund Description

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<sup>1</sup>



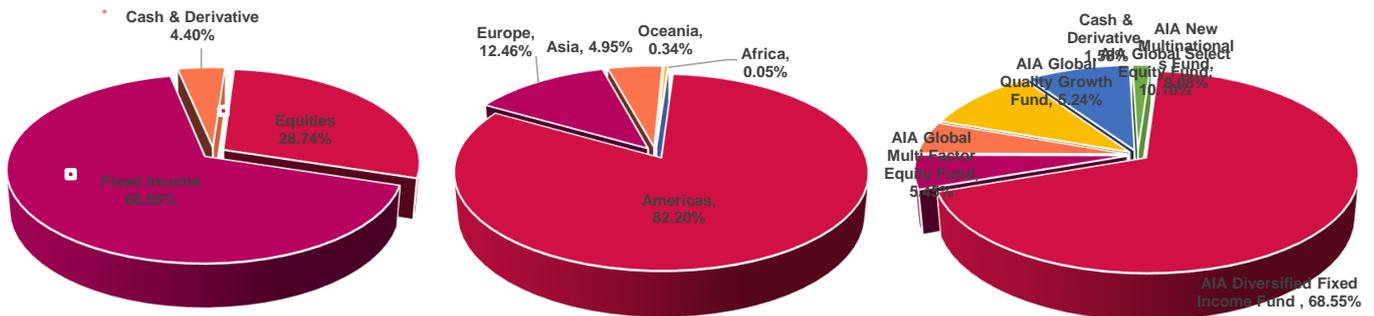
## Net Asset Value Per Unit (NAVPU) Graph



## Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAV)	1.0126
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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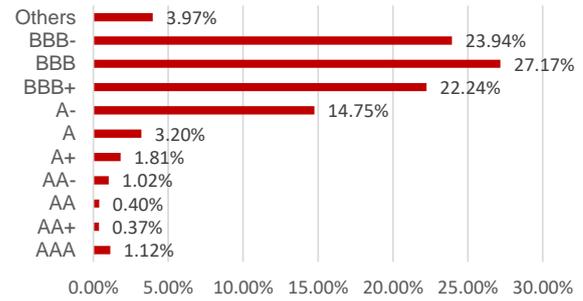
**HEALTHIER, LONGER,  
BETTER LIVES**

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ELITE CONSERVATIVE FUNI  
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**Equity: Sector Allocation**



**Fixed Income: Ratings Allocation**



**Top Holdings**

**Top 5 (Equities)**

Microsoft Corp	1.40%
Taiwan Semiconductor Manufacturing Co Ltd	0.79%
Recruit Holdings Co Ltd	0.51%
ASML Holding NV	0.49%
Texas Instruments Inc	0.48%

**Top 5 (Fixed Income)**

eBay Inc 3.45% 01/08/2024	1.08%
Morgan Stanley 1.164% VRN 21/10/2025	1.05%
Equinix Inc 2.625% 18/11/2024	1.00%
United States Treasury NoteBond 3.625% 15/05/2026	0.97%
United States Treasury NoteBond 4.375% 31/08/2028	0.93%

**Commentary:**

**Macro Review**

The US labor market continued to see signs of resilience as job growth remained positive. In November 2023, US nonfarm payrolls increased by 199,000 (150,000 in October 2023) and unemployment rate dipped to 3.7% (3.9% in October 2023). The US manufacturing sector remained in contraction in November 2023, unchanged from the previous month. US services sector saw resilience, remaining in expansionary territory with a slight rebound in November 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 3.1% in November 2023, near its low of 3% reached in June 2023. The Federal Reserve held rates at upper bound of 5.5% in the December 2023 FOMC meeting, although market perceived the FOMC meeting to be more dovish than expected.

Economic growth in Europe remained challenged with both manufacturing and services PMI in the contractionary zone for November 2023 and showed little signs of inflecting upwards. 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 2.4% in November 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 December 2023 monetary policy meeting.

After the consistent rise of the Citi's Economic Surprise Index for China from July 2023 lows to Oct 2022, the index has flat-lined since November 2023, dimming investor hopes of the continued economic recovery. For November 2023, China's manufacturing sector remained lacklustre, remaining in contractionary territory. China is undergoing a mild deflation with headline CPI coming in at negative 0.5% in November 2023 and producer price inflation coming in at -3.0%, clear evidence that China is undergoing a different macro cycle compared to the other major developed economies.

## Market Review

Global equities had a strong rally in November 2023, recovering most of the negative performance in the previous 3 months. All sectors deliver positive returns while Technology, Consumer Discretionary, Industrials and Financials outperformed the benchmark. Both mid and small cap equities outperformed large cap equities for the month of November. In terms of styles, growth, quality and size outperformed while the rest of the styles lagged. Across the major geographic regions, European and Japanese equities outperformed US and Asia equities.

There was also broad-based strength in the fixed income markets in November 2023. Treasuries rallied in November as US 10-year yield fell 60 basis points in November 2023 and ended at 4.33%. US investment grade led the rally and outperformed fixed income markets in November 2023, after having underperformed for seven months from April 2023 to October 2023 Leveraged loans index delivered positive return in November, and year to November 2023 return is around 11%.

The broad commodities market was down in November 2023. There was divergence in performance of the growth sensitive commodities such as copper and oil where copper was up about 5% while oil was down about 3%. Gold appreciated in November and the Dollar Index was down in November after having enjoyed 3 months of positive returns as risk appetite improved.

## Portfolio Review

### Elite Conservative Fund:

- The fund delivered a positive return of 4.37% for the month, underperforming its benchmark by 0.09%.

### SICAV funds

- In terms of absolute performance, all core underlying SICAV funds delivered positive absolute returns for the month.
- In terms of relative performance, AIA Global Quality Growth Fund outperformed the equity benchmark, while the other SICAV funds underperformed for the month.

## Outlook

The US economy remains resilient despite rates being at multi-year high. While the US labour market is showing signs of cooling, it continues to remain healthy. As of 8 December 2023, Factset reports that for Q4 2023, the estimated year-over-year for S&P 500 earnings growth is 2.7%. In addition, Factset reports that analysts are projecting the S&P 500 to deliver earnings growth of 11.8%.

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 showed clear signs of improvement in November. As such, on the asset allocation level, the Elite Funds managed by AIA IM are positioned close to neutral equities. On the intra asset level, Elite's equity portfolio managed by AIA IM 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 remain disciplined to increase risk when conditions are appropriate.

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