

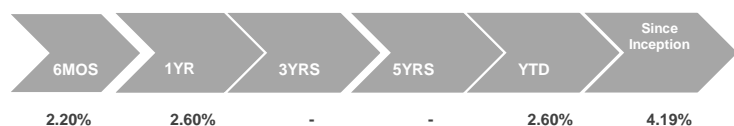
AIA PESO ADVENTUROUS FUND

December 27, 2024

Fund Description

The AIA Peso Adventurous 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 capital growth and income with adventurous risk and at the same time minimize capital risk by investing in a portfolio of mostly equities and a small proportion of bonds. 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.

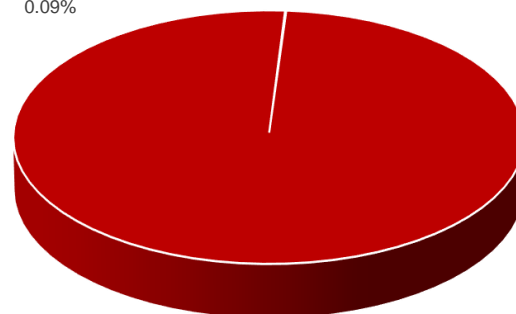
Historical Performance¹



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

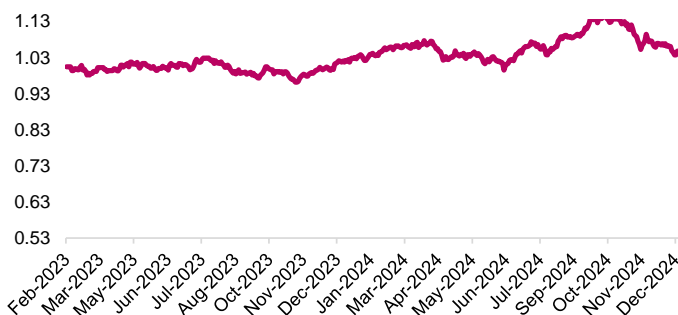
Fund Allocation

Cash & Cash Equivalent
0.09%



UITF
99.91%

Net Asset Value Per Unit (NAVPU) Graph



Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAVPU)	1.0419
INCEPTION DATE	20 February, 2023
FUND CLASSIFICATION	Equity Fund
RISK PROFILE	Aggressive
FUND CURRENCY	Philippine Peso
DOMICILE	Philippines

Top Holdings

Name	% of Fund
AIA PESO EQUITY FUND	56.46%
AIA PESO LONG-TERM BOND FUND	24.98%
AIA PESO MONEY MARKET FUND	18.47%
Philippine Peso	0.09%

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Opinions: Any opinions expressed in this document may be subject to change without notice. We are not soliciting or recommending any action based on this material.

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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.

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HEALTHIER, LONGER,
BETTER LIVES

AIA PESO ADVENTUROUS FUND December 27, 2024

Commentary:

Market Review

Macro Update

The government's efforts in tempering price pressures were evident in 2024. With stable inflation and resilient growth prospects, the Bangko Sentral ng Pilipinas (BSP) continued its easing cycle.

While December inflation jumped to 2.9% y/y, higher than economists' expectations of 2.6% and more than 2.5% in the month prior, the figure firmly anchored full year 2024 average inflation rate of 3.2% within BSP's target of 2 to 4%. According to the Philippine Statistics Authority (PSA), inflation rate in December was driven by faster price increases in housing, water, electricity, gas and fuel prices, which rose to 2.9%—a one-percentage-point increase from 1.9% in November. On the other hand, core inflation, which excludes volatile food and energy items, accelerated to 2.8% from 2.5% print in the prior month.

Manufacturing activity likewise remained robust and in expansionary phase in December at 54.3 from 53.8 in November.

These positive developments pushed the BSP to cut its policy rates by 0.25% to 5.75%. The latest cut brought the total rate cuts to 0.75% in 2024. BSP Governor Remolona nevertheless cautioned that the balance of risks to inflation have shifted to the upside and further reiterated that it will take "baby steps" in reducing policy rates and will consider the balance between inflation risks and growth. Latest BSP risk-adjusted inflation estimates are slightly higher for 2024 and 2025: 3.2% for 2024 (vs. the previous 3.1%); 3.4% for 2025 (vs. the previous 3.3%); 3.7% for 2026 (same as in the previous).

Bond Market Update

In December, peso bond yields were mixed despite central bank rate cuts. The curve inverted as benchmark yields in the 2-year closed at 6.04% (up by 0.11%), 5-year at 6.10% (up by 0.14%), 10-year at 6.18% (up by 0.18%), and 20-year at 6.09% (down by 0.05%).

Equity Market Update

The PSEi declined by 1.3% in December to 6,528.79, trimming year-to-date gains to 1.2%. The impact of the Trump presidency, coupled with the BSP's switch in monetary policy signal, resulted in net foreign outflows. On a positive note, the 2024 modest gain ends the 4-year losing streak of the Philippine equity market.

- The BSP cut policy rates by 25bps, in-line with market expectations. However, 2025 risk-adjusted inflation forecast was slightly raised to 3.4% from 3.3%.
- Large cap names ALI (-8.4%), SMPH (-4.7%), BDO (-6.2%) and BPI (-3.7%) were sold off as broad sentiment on cyclical remained weak amid shifting cues on rate cuts.
- Foreign funds were net sellers of local equities worth USD103m.

Positioning, Outlook, and Strategy

Performance: The AIA Peso Adventurous Fund lost 1.00%, gross of fees in December. It underperformed its benchmark by 0.24% due to its higher exposure in equities which lost 1.7% during the period, detracted fund returns.

Positioning, Outlook, and Strategy: Stable inflation and resilient economy provide a positive backdrop for fixed income and equities. Inflation is expected to stay well-anchored to the central bank target of 2% and 4%. Bangko Sentral ng Pilipinas is likely to continue cutting rates this year to further boost the economy. However, volatility is expected to persist as risks to the outlook remain amid higher wages, utility rates, and uncertainty on US policies.

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