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## AIA PESO ADVENTUROUS FUND

March 31, 2025

### Fund Description

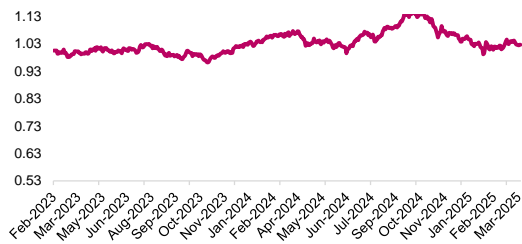
The AIA Peso Adventurous Fund (the "Fund") is a Philippine peso-denominated fund created for peso variable life insurance contracts issued by AIA Philippines Life and General Insurance Company Inc., (formerly The Philippine American Life and General Insurance Company). The Fund seeks to achieve long-term 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 Performance<sup>1</sup>



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

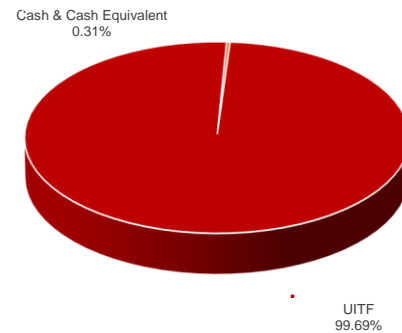
### Net Asset Value Per Unit (NAVPU) Graph



### Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAVPU)	1.0214
INCEPTION DATE	20 February, 2023
FUND CLASSIFICATION	Equity Fund
RISK PROFILE	Aggressive
FUND CURRENCY	Philippine Peso
DOMICILE	Philippines

### Fund Allocation



### Top Holdings

Name	Investment Type	% of Fund
AIA PESO EQUITY FUND	UITF	55.74%
AIA PESO LONG-TERM BOND FUND	UITF	25.03%
AIA PESO MONEY MARKET FUND	UITF	18.91%
Philippine Peso	CC	0.31%

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### Commentary:

#### Market Review

##### Macro Update

The persistent disinflation trend has strengthened confidence in the Bangko Sentral ng Pilipinas (BSP) to reduce policy rates in its meeting in April.

Headline inflation slowed to 1.8% year-on-year in March, the lowest since May 2020 and below the BSP's 2%–4% target range. This brought the average inflation rate for the first quarter to 2.2%. Core inflation also eased to 2.2% from 2.4%, reflecting moderating domestic demand. The primary driver was the slower increase in food prices, which decreased from 2.6% in February to 2.2%, driven by a faster year-on-year decline in rice prices and slower price increases for meat and vegetables. Despite a series of trade policy announcements from US President Donald Trump, the Philippine Peso remained resilient against the US Dollar, and the softening of global oil prices mitigated imported inflation.

Following a pause in February, the BSP is anticipated to resume cutting policy rates, from 5.75% to 5.50%, in its upcoming Monetary Board meeting. This, coupled with the recent reserve requirement cut, could invigorate the nation's sluggish consumption-driven growth.

##### Bond Market Update

In March, peso bond yields were mixed as benchmark yields in the 2-year closed at 5.74% (down by 0.08%), 5-year at 5.89% (down by 0.03%), 10-year at 6.14% (up by 0.06%), and 20-year at 6.32% (down by 0.03%).

##### Equity Market Update

The PSEi (+3% month-on-month) rose by as much as 6% driven by falling domestic inflation and the weaker US dollar. However, these gains were halved through the better half of March on global trade jitters gripping regional equity markets.

- February inflation fell to 2.1%, lower from 2.9% in January and against market's forecast of 2.6%. Consequently, the BSP guided for 50-75bps of policy rate cuts this year
- The PHP strengthened by 1.3% to 57.23/\$.
- Trump's pronouncements on trade tariffs led to a deterioration of global macro-outlook and kept investors on a risk-off mode through the latter half of the month.

##### Positioning, Outlook, and Strategy

Performance: The AIA Peso Adventurous Fund gained 1.82%, gross of fees in March. It trailed its benchmark by 0.68% due to its higher exposure in the underlying equity fund which outperformed during the period. The underperformance was due to its underweight in Utilities and Industrial sectors.

Positioning, Outlook, and Strategy: Given that Philippine inflation is expected to remain within central bank's target range, the Bangko Sentral ng Pilipinas (BSP) is likely to continue reducing policy rates to stimulate economic growth. This scenario creates a favorable environment for fixed income investments. However, the rapid and aggressive escalation of the global trade war is anticipated to result in heightened market volatility. The uncertainty surrounding trade policies has dampened the outlook for economic growth, making equity investments more vulnerable.

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