AIA PESO ADVENTUROUS FUND

April 30, 2024

Fund Description

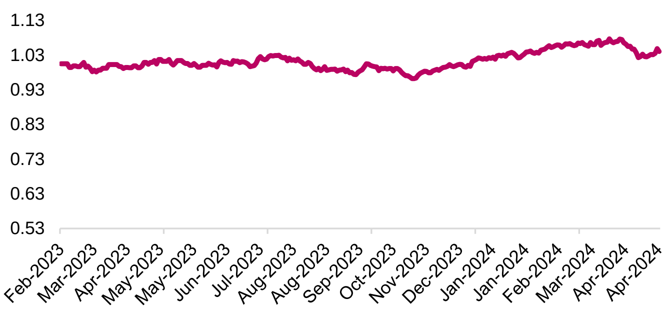
The AIA Peso Adventurous Fund (the "Fund") is a Philippine peso-denominated fund created for peso variable life insurance contracts issued by AIA Philippines Life and General Insurance Company Inc., (formerly The Philippine American Life and General Insurance Company). The Fund seeks to achieve long-term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

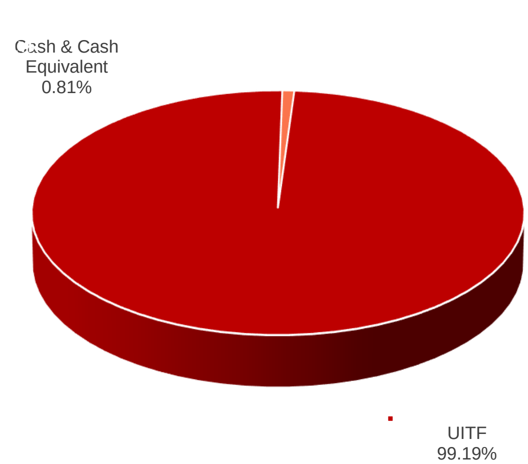
6MOS	1YR	3YRS	5YRS	YTD	Since Inception
8.14%	3.11%	-	-	1.94%	3.52%

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

Net Asset Value Per Unit (NAVPU) Graph



Fund Allocation



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Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAVPU)	1.0352
INCEPTION DATE	20 February, 2023
FUND CLASSIFICATION	Equity Fund
RISK PROFILE	Aggressive
FUND CURRENCY	Philippine Peso
DOMICILE	Philippines

Top Five Common Stock

Name	% of Fund
AIA PESO EQUITY FUND	59.00%
AIA PESO LONG-TERM BOND FUND	24.53%
AIA PESO MONEY MARKET FUND	15.65%
Philippine Peso	0.81%

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Commentary:

Market Review

Macro Update

The strength in economic data and sustained inflationary pressures in the US sent global investors to reassess interest rate forecasts and defer policy cut expectations. Locally, the Bangko Sentral ng Pilipinas (BSP) remained hawkish even as it upheld its policy rates at 6.50% during its April 8th Monetary Board meeting. Although April's inflation moderated slightly to 3.8% year-over-year from 3.7% in March, the BSP adjusted its 2024 inflation forecast higher to 4.0% from 3.9% on prospects of persistent rises in food and oil prices. Reflecting these economic challenges, the national government has lowered its 2024 growth projection to 6.0% - 7.0% from 6.0% - 7.0%. While bank lending increased in February to 8.6% year-over-year from 7.8%, growth in the money supply decelerated to 5.0% from 6%. The BSP remains vigilant, committing to closely monitor additional risks including weather disruptions and escalating transport and power costs.

Bond Market Update

The adjustment in inflation projections caused local bond yields to rise in April, reflecting tempered expectations for monetary policy rate cuts. Benchmark yields in the 2-year closed at 6.54% (up by 0.50%), 5-year at 6.79% (up by 0.60%), 10-year at 7.03% (up by 0.80%), and 20-year at 7.06% (up by 0.80%). Partial auction rejections by the Bureau of Treasury in the month helped cap the rise in yields.

Equity Market Update

The PSEi continued its decline losing another 3% in April. Foreign investors were net sellers driven by the delay in rate cuts due to sticky US inflation and BSP's hawkishness, heightened tensions in the Middle East, and weakening of local currency.

- US March inflation accelerated to 3.5%, higher than previous month's 3.2% and market estimate of 3.4%.
- BSP raised their FY24 inflation forecast from 3.9% to 4.0%.
- Global risk aversion led to the USD appreciation, consequently leading to PHP's depreciation to P57.77 from 56.22 at the start of the month.
- Foreign investors sold USD412m worth of local stocks, reversing YTD foreign net inflows to USD250m net outflows.

Positioning, Outlook, and Strategy

Performance: The AIA Peso Adventurous Fund posted a negative return of 2.63%, gross of fees in April. It underperformed its benchmark by 0.49%. The fund's increased exposure to equities, which gave a negative return of 3% in the month, detracted returns.

Positioning, Outlook, and Strategy:
Local bonds are expected to recover in 2024, but the path to lower yields faces headwinds in the near term. While BSP policy rate cuts remain in the horizon, recent uptick in inflation indicates a possible delay. The shift to an accommodative monetary policy is expected to happen after the US Federal Reserve eases rates and local inflation returns to BSP targets. Interest rates are projected to remain elevated in the near term, presenting opportunities for portfolio repositioning at more favorable levels. Meanwhile, we remain constructive on equities given healthy corporate earnings and expectations of eventually lower borrowing costs. In the short term, select industries such as the banking sector shall benefit from the current high interest rate environment.