AIA PESO ADVENTUROUS FUND

JANUARY 31, 2024

Fund Description

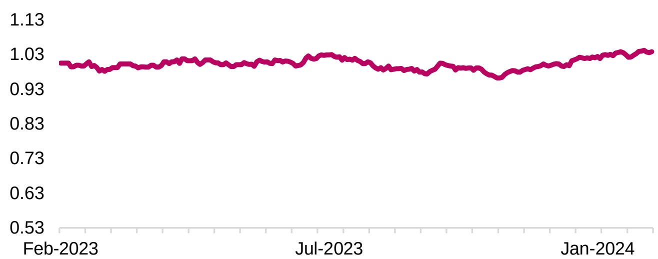
The AIA Peso Adventurous Fund (the "Fund") is a Philippine peso-denominated fund created for peso variable life insurance contracts issued by AIA Philippines Life and General Insurance Company Inc., (formerly The Philippine American Life and General Insurance Company). The Fund seeks to achieve long-term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

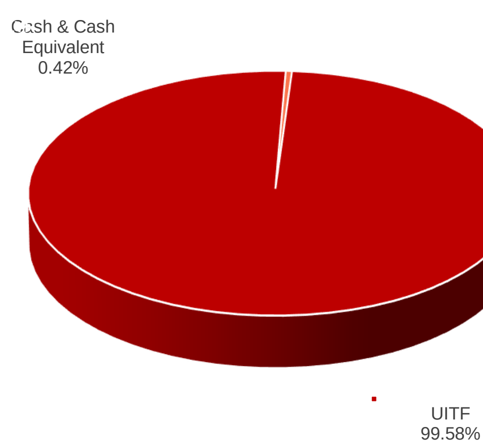
6MOS	1YR	3YRS	5YRS	YTD	Since Inception
1.54%	-	-	-	1.68%	3.26%

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

Net Asset Value Per Unit (NAVPU) Graph



Fund Allocation



Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAVPU)	1.0326
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	54.09%
AIA PESO LONG-TERM BOND FUND	24.94%
AIA PESO MONEY MARKET FUND	20.56%
Philippine Peso	0.42%

HEALTHIER, LONGER, BETTER LIVES

AIA PESO ADVENTUROUS FUND
JANUARY 31, 2024

Commentary:

Market Review

Macro Update

The local bond market welcomed the new year with positive economic news, signifying resilient growth despite impending price pressures in the near future. The Philippine economy grew 5.6% YoY in the fourth quarter from 6.0% previously. This brought the full year 2023 growth to 5.6%, which is among the fastest in ASEAN, despite falling below the government's target of 6%-7%. The government tempered its economic growth target for 2024 to 6.5%-7.5% from the previous forecast of 6.5%-8.0%. Meanwhile, the January inflation report saw a fourth consecutive monthly decline as inflation eased to 2.8% YoY, beating estimates of 3.1%. The latest print was mostly driven by base effects and slower price increases in vegetables and utilities. Despite easing local inflation, the BSP maintained its hawkish stance to keep policy rates high as it sees inflation risks from the El Nino impact, and transport fare and electricity hikes to persist until the second quarter.

Bond Market Update

While local investors expect the BSP to cut policy rates in the second half 2024, the local bond market heading into the new year benefitted from expectations of an early rate cut by the Federal Reserve (Fed). However, bond yields reversed its course and rose following deteriorating expectations of a Fed policy rate cut in March amid resilient US employment and inflation numbers. In addition to this, market expectations of a jumbo government bond supply ahead of sizeable maturities worth Php700 billion in March pressured bond yields to rise further.

Equity Market Update

The PSEi kicked off 2024's Year of the Dragon with a 3.04% upsurge to 6,646 by month end. The rally was fuelled by foreign inflows influenced by better-than-expected inflation and GDP prints.

- Foreign investors were net buyers by US$80 million.
- December 2023 inflation decelerated to 3.9%, softer than market estimates of 4% and November's 4.1%.
- Philippine GDP grew 5.6% in 4Q23, higher than market estimates of 5.2%.

Positioning, Outlook, and Strategy

Performance: The AIA Peso Adventurous Fund returned 1.82%, gross of fees in January. It outperformed its benchmark by 0.12% following the fund's increased exposure to equities, which gained 3.5% in the month.

The path to lower yields will not be a smooth one in 2024 as we continue to see volatility driven by high inflation and slower growth. Central bank policy rates are seen to have peaked but local price pressures remain in the first half. The BSP cited potential increase in transport fares, electricity tariffs, and El Nino impact on food prices to possibly upset the moderating inflation path. Meanwhile, the prolonged period of high borrowing costs is expected to take a toll on economic activity. Because of this, the expectation is for the BSP to cut policy rates in the second half to support growth as inflation returns to target. We view these volatilities as buying opportunities. Our outlook is for better market conditions in 2024 amid declining global interest rates.