

AIA PESO BALANCED FUND

October 31, 2024

Fund Description

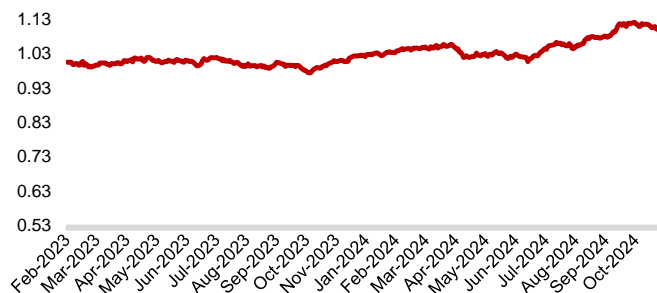
The AIA Peso Balanced Fund (the "Fund") is a Philippine peso-denominated fund created for peso variable life insurance contracts issued by AIA Philippines Life and General Insurance Company Inc., (formerly The Philippine American Life and General Insurance Company). The Fund seeks to achieve long-term total return, which is a combination of income and capital growth with balanced risk and at the same time minimize capital risk by investing in a portfolio comprising primarily of bonds and equities. 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

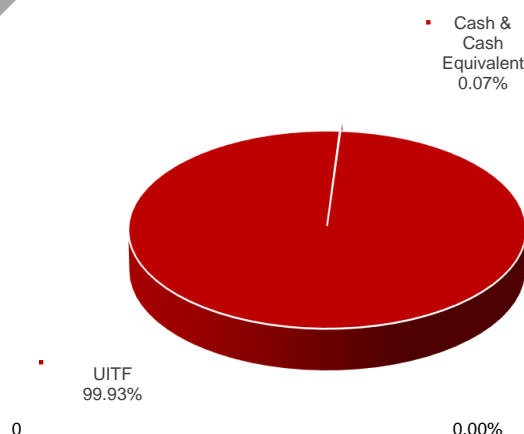


¹ Returns are net of fees. Past performance is not indicative of future returns

Net Asset Value Per Unit (NAVPU) Graph



Fund Allocation



Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAVPU)	1.0913
INCEPTION DATE	20 February, 2023
FUND CLASSIFICATION	Equity Fund
RISK PROFILE	Moderate
FUND CURRENCY	Philippine Peso
DOMICILE	Philippines

Top Five Common Stock

Name	% of Fund
AIA PESO LONG-TERM BOND FUND	50.37%
AIA PESO EQUITY FUND	34.49%
AIA PESO MONEY MARKET FUND	15.07%
Philippine Peso	0.07%

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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

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Commentary:

Market Review

Macro Update

The momentum for slowing inflation gave the Bangko Sentral ng Pilipinas (BSP) comfort to continue with its monetary policy easing measures. In October, inflation remained subdued at 2.3% year-on-year (y/y), in line with expectations and well-within BSP's long-run target of 2%-4%. Lower tariff rates on rice imports and decreasing global rice prices have kept inflation at bay. Meanwhile, core inflation, which excludes the more volatile food and electricity prices, was steady at 2.4% y/y. As widely anticipated, BSP cut its policy rates by 0.25% to 6.00%. BSP decreased its risk-adjusted inflation forecasts to 3.1% (prev. 3.3%) for 2024. However, it lifted its risk-adjusted inflation forecasts for 2025 and 2026 to 3.3% and 3.7%, respectively (prev. 2.9% and 3.3%). BSP Governor Remolona signaled a more gradual easing approach moving forward.

The resiliency of US economy and the looming uncertainty of US election turnout triggered a repricing in Federal Reserve rate cuts.

Bond Market Update

Peso bond yields rose in October on overseas event risks despite central bank policy adjustment. Benchmark yields in the 2-year closed at 5.64% (up by 0.14%), 5-year at 5.76% (up by 0.19%), 10-year at 5.88% (up by 0.14%), and 20-year at 6.05% (up by 0.14%).

Equity Market Update

The PSEi posted its first monthly decline in four months, -1.78% MoM to 7,142.96, as net foreign inflows substantially eased in October. Investors flocked to US dollar safe haven assets following the release of strong US labor data and derisking measures ahead of the US elections.

- October foreign inflows came in as high as USD77.7m but was trimmed down to USD21.7m due to selling towards 2nd half of the month.
- US September Change in Nonfarm Payrolls came in at 254k, higher than 150k market expectations.
- US September Unemployment Rate came in at 4.1%, better than 4.2% market expectations.
- PHP versus the USD weakened by 3.69% during the month.

Positioning, Outlook, and Strategy

Performance: The AIA Peso Balanced Fund lost 1.06% gross of fees in October. It underperformed its benchmark by 0.13% due to its higher exposure in equities which lost 2% during the period, detracted fund returns.

Positioning, Outlook, and Strategy:

With a resilient economy and inflation on its descending path, well-anchored within the long-run target of 2%-4%, the BSP is expected to continue with its monetary policy easing. This provides a supportive environment for the fixed income and equities.

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