



HEALTHIER, LONGER,
BETTER LIVES

AIA PESO BALANCED FUND

July 31, 2025

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

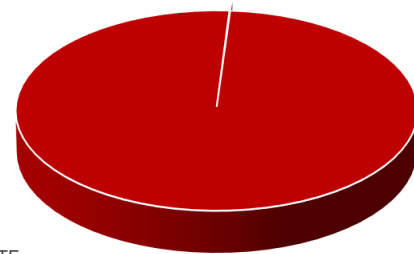


¹ Returns are net of fees. Past performance is not indicative of future returns

Fund Allocation

■ Cash &
Cash
Equivalent
0.08%

Net Asset Value Per Unit (NAVPU) Graph



■ UITF
99.92%

Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAVPU)	1.0499
INCEPTION DATE	20 February, 2023
FUND CLASSIFICATION	Equity Fund
RISK PROFILE	Moderate
FUND CURRENCY	Philippine Peso
DOMICILE	Philippines

Top Holdings

Name	Investment Type	% of Fund
AIA PESO LONG-TERM BOND FUND	UITF	60.28%
AIA PESO EQUITY FUND	UITF	31.72%
AIA PESO MONEY MARKET FUND	UITF	7.92%
Philippine Peso	CC	0.08%

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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.

Risk Warning: Past performance is not indicative of future results. Our investment management services relate to a variety of investments, each of which can fluctuate in value.

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.

In making an investment decision, prospective investors must rely on their own examination of the merits and risks involved. Unless otherwise noted, all information contained herein is sourced from AIA Philippines Group internal data. The content included herein has been shared with various in-house departments within the member companies of AIA Group, in the ordinary course of completion. All AIA Philippines Group member companies comply with the confidentiality requirements of their respective jurisdictions. Parts of this presentation may be based on information received from sources we consider reliable.



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Commentary:

Market Review

Macro Update

Easing inflation and a softening growth outlook have reinforced expectations of continued BSP monetary policy easing.

Headline inflation fell to 0.9% in July, its lowest since October 2019 and well below the BSP's 2%–4% target, bringing year-to-date inflation to 1.7%. The slowdown was driven by easing housing, utilities, and fuel costs, plus a 15.9% drop in rice prices.

Meanwhile, the Asian Development Bank (ADB) downgraded its Philippine GDP growth forecasts to 5.6% for 2025 and 5.8% for 2026. In response, BSP Governor Eli Remolona Jr. maintained a dovish stance, signaling the possibility of two more rate cuts this year.

Bond Market Update

In July, Peso bond yields steepened on slower-than-expected inflation as benchmark rates in the 2-year closed at 5.69% (down by 0.02%), 5-year at 5.94% (up by 0.005%), 10-year at 6.20% (down by 0.08%), and 20-year at 6.56% (down by 0.03%).

Equity Market Update

The PSEi dropped by 1.8% to 6265 in July, posting its worst monthly performance since January. The drop was driven by a combination of currency pressure and significant foreign selling in index heavyweights.

- The Philippine peso depreciated by 3.6% during the month, as expectations for U.S. Federal Reserve rate cuts were scaled back, while the BSP signaled the possibility of 1–2 rate cuts in 2025.
- Following a strong rebound from recent lows, SM Investments and SM Prime Holdings—together accounting for roughly 20% of the PSEi—saw large foreign investors exit their positions. These stakes were sold at approximately a 5% discount, contributing to downward pressure on the index.

Positioning, Outlook, and Strategy

Performance: The AIA Peso Balanced Fund gained 0.04% (gross of fees) in July, outperforming its benchmark by 0.17%. Outperformance was driven by lower exposures positions in lagging equities, higher allocation in better-performing fixed income, and effective security selection across both asset classes.

Positioning, Outlook, and Strategy: With Philippine inflation expected to stay within the Bangko Sentral ng Pilipinas' (BSP) target range, the central bank is likely to continue easing policy rates to support economic growth. This environment presents a favorable backdrop for fixed income investments. Near term volatility in asset prices may arise from U.S. policy shifts, and global trade may arise. In navigating such risks, fund favors an overweight in fixed income and an underweight in equities.

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