



HEALTHIER, LONGER,
BETTER LIVES

AIA PESO BALANCED FUND

June 30, 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

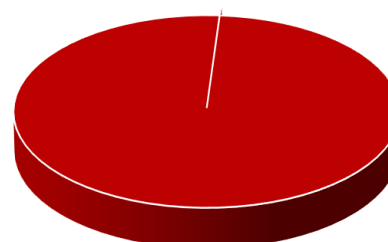
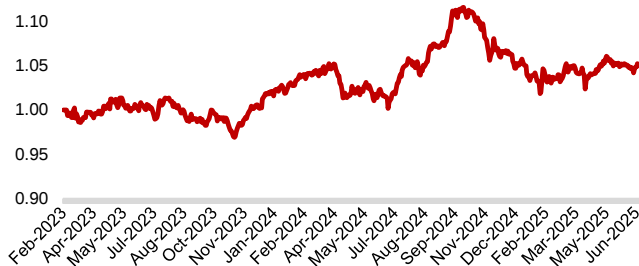


¹ Returns are net of fees. Past performance is not indicative of future returns

Fund Allocation

■ Cash &
Cash
Equivalent
0.02%

Net Asset Value Per Unit (NAVPU) Graph



■ UITF
99.98%

Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAVPU)	1.0507
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	60.11%
AIA PESO EQUITY FUND	UITF	21.94%
AIA PESO MONEY MARKET FUND	UITF	17.93%
Philippine Peso	CC	0.02%

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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

The Bangko Sentral ng Pilipinas (BSP) delivered its second straight rate cut to support slower economic growth amid continuous slowing inflation path.

As widely expected, BSP reduced its policy rates by 0.25% to 5.25%, bringing the total rate reduction of 1.25% since 2024. BSP slashed its inflation forecast for 2025 to 1.6% (from 2.3%), while raised its inflation forecasts for 2026 to 3.4% (from 3.3%) and for 2027 to 3.3% (from 3.2%).

June headline inflation rose to 1.4% year-on-year from 1.3% in May, still below the BSP's 2–4% target for the fourth consecutive month. This was driven by higher costs in housing and utilities as it surged to 3.2% from 2.3% in May. Meanwhile, rice prices fell by 14.3%, the lowest level since 2018. Core inflation remain subdued at 2.2%, since March 2025, due to slowing demand pressure.

Bond Market Update

Despite BSP monetary policy easing, peso bond yields rose on recent heightened tension in the Middle East. Benchmark yields in the 2-year closed at 5.72% (up by 0.004%), 5-year at 5.94% (up by 0.04%), 10-year at 6.28% (up by 0.02%), and 20-year at 6.59% (down by 0.01%).

Equity Market Update

The PSEi experienced volatility in June, closing the month with a modest gain of +0.4% MoM. Investors navigated a mix of factors, including geopolitical tensions in the Middle East, benign inflation data, BSP's dovish monetary policy signals, and index rebalancing.

- Mid-month market pressure emerged as oil prices surged by 23%, and the Philippine peso depreciated by 3.3%, leading to a 2% drop in the PSEi. However, ceasefire developments helped stabilize oil prices around \$65/barrel and the Peso at ₱56, enabling the index to recover its earlier losses.
- May inflation came in at 1.3%, aligning with consensus expectations and significantly below the BSP target range of 2–4%.
- The BSP guided for at least one more rate cut in 2025 and revising its inflation forecast downward to 1.6%, further supporting investor sentiment.
- Investors forecast Digiplus (PLUS) to replace Bloomberg (BLOOM) in the upcoming mid-year PSEi rebalancing (effective 1 August). PLUS is projected to carry an index weight of 2.0%, higher than BLOOM's 0.5%. This shift in weighting could exert price pressure on existing constituents, as passive funds rebalance to the new composition.

Positioning, Outlook, and Strategy

Performance: The AIA Peso Balanced Fund gained 0.29% gross of fees in June. It trailed its benchmark by 0.02% mainly due to its underweight position in its equity allocation, which outperformed bonds. Security selection also detracted from fund returns with underlying equity and bond funds underperforming its benchmark.

Positioning, Outlook, and Strategy: With Philippine inflation expected to remain 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 is favorable for fixed income investments. In the near term, volatility in asset prices may arise from US policy concerns as well as geopolitical and global trade developments. As such, the fund favors an overweight in fixed income and an underweight in equities.

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