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# AIA PESO BALANCED FUND

September 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 Performance<sup>1</sup>

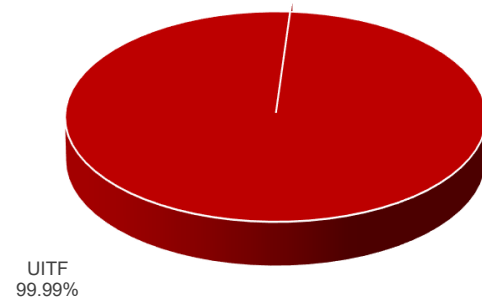
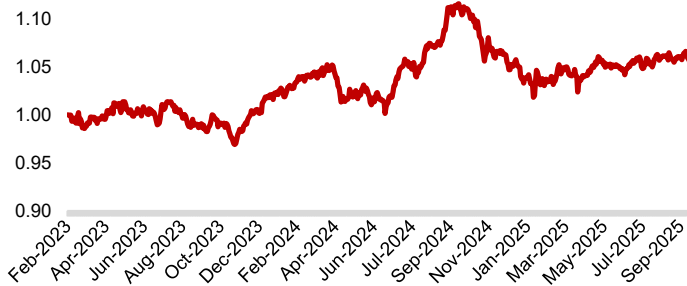


<sup>1</sup> Returns are net of fees. Past performance is not indicative of future returns

## Fund Allocation

■ Cash & Cash Equivalent  
0.01%

## Net Asset Value Per Unit (NAVPU) Graph



## Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAVPU)	1.0494
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	66.38%
AIA PESO EQUITY FUND	UITF	21.77%
AIA PESO MONEY MARKET FUND	UITF	11.84%
Philippine Peso	CC	0.01%

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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.

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## Commentary:

### Market Review

#### Macro Update

Political risk resurfaced in September, dampening sentiment despite a supportive macro backdrop. Allegations of corruption related to flood control projects raised concerns over governance standards and fiscal transparency.

Inflation remained subdued, with headline CPI at 1.7% YoY, staying below the BSP's 2–4% target for the seventh consecutive month. Food inflation remained manageable despite typhoon-related disruptions, while core inflation eased to 2.6%, reinforcing expectations of a policy pause.

The Bureau of the Treasury (BTr) announced a reduced borrowing plan for 4Q25, cutting monthly bond auctions to Php70 billion, down from an average of Php130 billion in prior quarters. The move reflects stronger cash positions and a cautious funding approach amid fragile sentiment.

#### Bond Market Update

In September, peso bond yields mostly rose on risk-off sentiment driven by local corruption concerns, despite softer inflation. Benchmark yields ended mixed: 2-year at 5.57% (down by 0.05%), the 5-year at 5.87% (up by 0.06%), the 10-year at 6.03% (up by 0.02%), and the 20-year at 6.44% (up by 0.10%).

#### Equity Market Update

The PSEi underperformed most equity markets in the region, falling 3.3% MoM and breaching the key 6,000 support level to close at 5,953.46. The decline was attributed to persistent weakness in the Philippine peso and heightened political risk, stemming from the ongoing DPWH corruption investigation, which weighed on investor confidence and risk appetite.

- Philippine peso depreciated by 1.8% MoM to P58.205:\$1, the weakest among Asian currencies for the month.
- Revelations of widespread corruption in the Department of Public Works and Highways (DPWH) linked to agency officials as well as lawmakers have sapped investor confidence and raised expectations of a slowdown in public infrastructure spending. This dented near-term growth prospects, as broader government disbursements are likewise seen tightening as agencies adopt a more cautious stance.

#### Positioning, Outlook, and Strategy

Performance: The AIA Peso Balanced Fund declined by 0.78% (gross of fees) in September, underperforming its benchmark by 0.08%. Positive contributions from reduced exposure to lagging equities and higher allocation to better-performing fixed income were offset by the underperformance of target funds.

Positioning, Outlook, and Strategy: With inflation running below the BSP's target and interest rates likely to remain supportive, real yields—returns adjusted for inflation—continue to look attractive. This reinforces an overweight allocation to fixed income. Meanwhile, equities remain under pressure due to limited fiscal support and governance concerns. Near-term volatility from U.S. policy shifts and inflation risks may trigger market swings. The fund maintains an overweight in bonds and an underweight in equities.

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