



HEALTHIER, LONGER,
BETTER LIVES

AIA PESO BALANCED FUND

February 28, 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

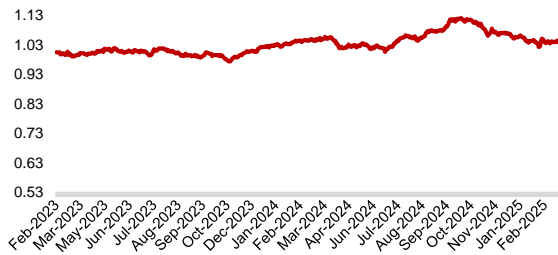


¹ Returns are net of fees. Past performance is not indicative of future returns

Fund Allocation

• Cash &
Cash
Equivalent
0.61%

Net Asset Value Per Unit (NAVPU) Graph



• UITF
99.39%

Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAVPU)	1.0317
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	50.21%
AIA PESO EQUITY FUND	UITF	32.21%
AIA PESO MONEY MARKET FUND	UITF	16.97%
Philippine Peso	CC	0.61%

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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.

Commentary:

Market Review

Macro Update

The Bangko Sentral ng Pilipinas (BSP) surprised the financial markets by keeping policy rates unchanged at 5.75%. The move goes against expectations of a 0.25% cut after tepid growth and continued disinflation momentum.

BSP Governor Remolona deemed the move to be prudent amid uncertainty on global policy. Instead, BSP reached deeper in their tool kit by cutting its reserve requirement ratio by 2% to 5% effective March 28 effectively injecting additional liquidity of about Php 300Bn in the system.

Headline inflation in February settled at annual pace of 2.1%, slower than consensus estimate of 2.6% and January print of 2.9%. Food and non-alcoholic basket slowed to 2.6% in February from 3.8% in the month prior, led by the deceleration of rice prices. Meanwhile, housing and utilities also contributed to the downtrend with a slower annual increase of 1.6% in February from 2.2% in January. The softer than expected CPI print creates a more favorable environment for the BSP to cut rates in April. They also raised risk-adjusted inflation forecasts to 3.5% from 3.4% for 2025 and maintained at 3.7% for 2026.

Bond Market Update

In February, peso bond yields were mixed and the curve flattened as benchmark yields in the 2-year closed at 5.82% (up by 0.03%), 5-year at 5.92% (down by 0.07%), 10-year at 6.12% (down by 0.10%), and 20-year at 6.35% (down by 0.03%).

Equity Market Update

The PSEi bounced by as much as 7.14% in early February following the previous month's sharp sell-off, but gains were trimmed on the back of expected global uncertainties and foreign outflows due to MSCI rebalancing. Month-on-month, the PSEi ended with slight gain (+2.3%) at 5,997.97

- With BSP Gov. Remolona citing uncertainties on the inflation and growth outlook, the central bank held the key policy rate steady at 5.75% in February, defying market's expectation for a 25-bp cut.
- MSCI rebalancing came-in effective February 28, 2025, where we saw a net foreign outflow of USD59million.
- For the whole month of February, foreign investors were net sellers of worth USD145million.

Positioning, Outlook, and Strategy

Performance: The AIA Peso Balanced Fund gained 1.41% gross of fees in February. It outpaced its benchmark by 0.28% due to its higher exposure in the underlying equity fund which outperformed during the period. The outperformance was largely driven by its overweight in Financial and Consumer Discretionary sectors.

Positioning, Outlook, and Strategy: Stable inflation and resilient economy provide a positive backdrop for fixed income. Inflation is expected to stay well-anchored to the central bank target of 2% and 4%, with the BSP likely to continue cutting rates this year to help boost the economy. However, volatility is expected to persist as risks to the outlook remain amid higher wages, utility rates, and uncertainty on US policies.

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