

AIA PESO BALANCED FUND

March 27, 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.

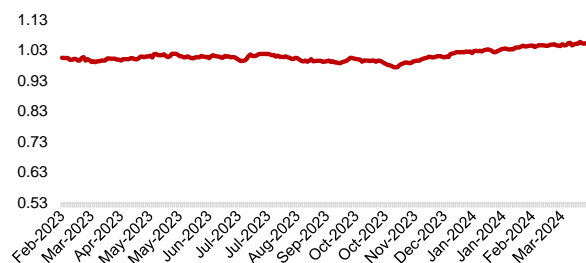
Historical Performance¹



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

Fund Allocation

Net Asset Value Per Unit (NAVPU) Graph



UITF
99.88%

Cash &
Cash
Equivalent
0.12%

Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAVPU)	1.0481
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	49.95%
AIA PESO EQUITY FUND	34.03%
AIA PESO MONEY MARKET FUND	15.90%
Philippine Peso	0.12%

Readership: This document is intended solely for the addressee(s). Its content may be legally privileged and/or confidential. This material is only valid if distributed in the Philippines.

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.



HEALTHIER, LONGER,
BETTER LIVES

AIA PESO BALANCED FUND March 27, 2024

Commentary:

Market Review

Macro Update

Local price pressures ensued in March while economic indicators pointed to resilient domestic growth. Philippine inflation quickened by 3.7% y/y in March from 3.4% in February, modestly slower than consensus estimate of 3.8%. It was well within the Bangko Sentral ng Pilipinas (BSP) projections of 3.4%-4.2%. The inflation data was driven by higher food prices, led by rice, which rose 24.4% y/y. The BSP remains vigilant as El Nino, higher transport and power costs are still key risks to its price outlook. Meanwhile, bank lending in January remained healthy at 7.8% y/y, showing an improvement from 7.1% in December. The nation's factory activity continued to expand with S&P Global Philippines Purchasing Managers' Index (PMI) reading posted at 50.9 in March albeit slightly lower than 51.0 in February. Local economic activity is further supported by growth in government spending, which posted 22.1% y/y in February. Meanwhile, government revenue collection only grew 5.73% y/y, resulting to a deficit of PHP164.7 Bn in February, reversing the surplus of PHP88 Bn in January.

Bond Market Update

Despite higher inflation prints and strong economic data, local bond yields closed the month lower on market liquidity and as the US Federal Reserve (Fed) maintained policy cut forecasts. The Fed kept policy rates steady at 5.50% on its 20 March meeting and sees 0.75% cut in 2024. The market viewed this as dovish as investors have downwardly revised expectations to a 0.50% policy cut. Meanwhile, significant bond maturities worth PHP700Bn in early March drove successful bond issuances by the Bureau of Treasury (BTr) during the month. The BTr maintained its auction sizes in its 2nd quarter borrowing program, which include issuances of 3-, 7-, 10-, 15-, and 20-year bonds. Local benchmark yields declined with the 2-years closing the month at 6.04% (-0.07%), 5-years at 6.18% (-0.02%), 10-years at 6.23% (-0.01%), and 20-years at 6.26% (-0.05%).

Equity Market Update

The PSEi broke its four-month win streak with a 0.6% drop in March. Foreigners returned to being net sellers on the back of the FTSE rebalancing and higher-than-expected inflation print.

- Foreign net selling amounted to USD46m largely due to passive outflows caused by the mid-month FTSE rebalancing.
- February 2024 PH inflation came in at 3.4%, higher than the 3.0% market estimates.
- BSP expects March inflation to print close to 4%.

Positioning, Outlook, and Strategy

Performance: The AIA Peso Balanced Fund returned 0.57%, gross of fees in March. It outperformed its benchmark by 0.05% following the fund's increased exposure to equities, which gained 0.77% in the month.

Positioning, Outlook, and Strategy:

Local bonds are still expected to outperform in 2024, but the path to lower yields faces headwinds in the near term. While BSP policy rate cuts remain in the horizon, recent uptick in inflation indicates a possible delay. The shift to an accommodative monetary policy is expected to happen after the Fed eases rates and local inflation returns to BSP targets. Interest rates are projected to remain elevated in the near term, presenting opportunities for portfolio repositioning at more favorable levels.

Readership: This document is intended solely for the addressee(s). Its content may be legally privileged and/or confidential. This material is only valid if distributed in the Philippines.

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.