

# AIA PESO CONSERVATIVE FUND

November 29, 2024

## Fund Description

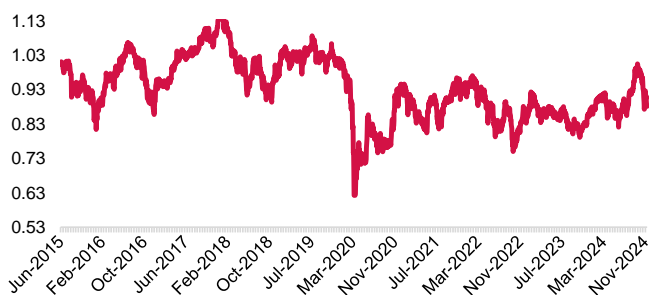
The AIA Peso CONservative Fund (the "Fund") is a Philippine peso-denominated fund created for peso variable life insurance contracts issued by AIA Philippines Life and General Insurance Company Inc., (formerly The Philippine American Life and General Insurance Company). The Fund seeks to achieve long-term total return, which is a combination of income and capital growth with conservative risk and at the same time minimize capital risk by investing in a portfolio comprising primarily of bonds and money market instruments. 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

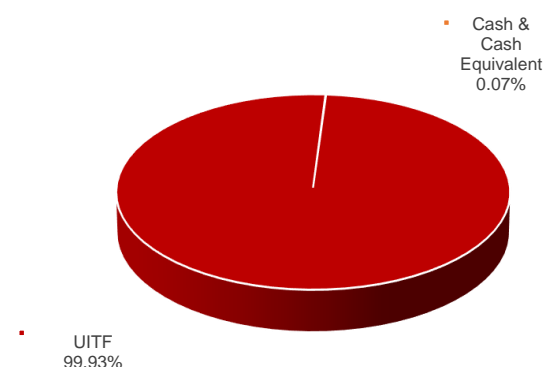
## Net Asset Value Per Unit (NAVPU) Graph



## Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAVPU)	1.0629
INCEPTION DATE	20 February, 2023
FUND CLASSIFICATION	Equity Fund
RISK PROFILE	Conservative
FUND CURRENCY	Philippine Peso
DOMICILE	Philippines

## Fund Allocation



## Top Five Common Stock

Name	% of Fund
AIA PESO LONG-TERM BOND FUND	68.25%
AIA PESO MONEY MARKET FUND	17.08%
AIA PESO EQUITY FUND	14.60%
Philippine Peso	0.07%

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HEALTHIER, LONGER,  
BETTER LIVES

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### Commentary:

#### **Macro Update**

Philippines experienced a steady inflation in November and a slowdown in economic growth in the first three quarters of 2024, which have influenced expectations of another rate cut by the Bangko Sentral ng Pilipinas (BSP) in December. However, the recent US elections have introduced uncertainties, leading to a potential repricing of central bank rate cuts.

Inflation in the Philippines remained steady in November, printing at 2.5% year-on-year, which was in line with consensus expectations and slightly higher than the 2.3% recorded in October. Over the past 11 months, inflation averaged 3.2%, staying within the BSP's long-run target range of 2% to 4%. Bank lending showed modest improvement, increasing to 11% y/y in September from 10.7% in August. Additionally, the manufacturing sector demonstrated resilience, with the S&P Global Philippines Purchasing Managers' Index (PMI) rising to 53.8 from 52.9.

The Philippines' economy grew at a rate of 5.2% year-on-year in the first three quarters of 2024. This growth rate fell short of expectations and was slower than the previous quarter's growth of 6.4%. The primary factors contributing to this slowdown were declining exports and a sluggish agricultural sector, which was adversely affected by multiple typhoons during the past quarter.

#### **Bond Market Update**

In November, peso bond yields rose due to overseas event risks, despite local economic numbers being supportive of rate cut in December. Benchmark yields in the 2-year closed at 5.93% (up by 0.29%), 5-year at 5.96% (up by 0.20%), 10-year at 6.00 (up by 0.12%), and 20-year at 6.15% (up by 0.10%).

#### **Equity Market Update**

The PSEi posted its worst monthly decline in over two years, -7.41% MoM to 6,613.85 in November. Foreign selling in the market accelerated largely on the local currency's weakness following the reelection of Donald Trump.

- US President-elect Donald Trump's tariff and massive fiscal spending regime are seen to result to a stronger US Dollar.
- The PHP weakened for the 2nd month in a row, -0.89% MoM to 58.635, adding to the heavy -3.69% slump in October.
- November net foreign selling hit USD349m, which brought YTD net foreign selling to USD305m.

#### **Positioning, Outlook, and Strategy**

Performance: The AIA Peso Conservative Fund lost 1.42% gross of fees in November. It underperformed its benchmark by 0.32% due to its higher exposure in equities which lost 7% during the period, detracted fund returns.

#### **Positioning, Outlook, and Strategy:**

The combination of a resilient economy and decreasing inflation prospects support the case for continued policy rate cuts, which can be beneficial for fixed income and equities. However, near-term volatility is likely to persist, especially with uncertainties surrounding US policies under the new administration.

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