



HEALTHIER, LONGER,
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AIA PESO CONSERVATIVE FUND

April 30, 2025

Fund Description

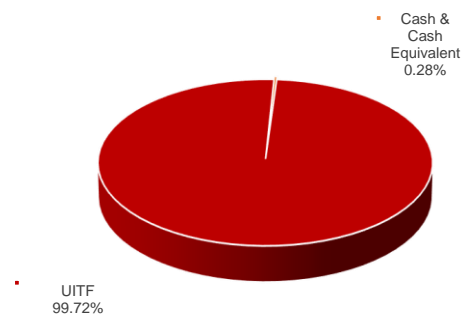
The AIA Peso COnservative Fund (the "Fund") is a Philippine peso-denominated fund created for peso variable life insurance contracts issued by AIA Philippines Life and General Insurance Company Inc., (formerly The Philippine American Life and General Insurance Company). The Fund seeks to achieve long-term 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 Performance¹



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

Fund Allocation



Net Asset Value Per Unit (NAVPU) Graph



Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAVPU)	1.0567
INCEPTION DATE	20 February, 2023
FUND CLASSIFICATION	Equity Fund
RISK PROFILE	Conservative
FUND CURRENCY	Philippine Peso
DOMICILE	Philippines

Top Holdings

Name	Investment Type	% of Fund
AIA PESO LONG-TERM BOND FUND	UITF	77.68%
AIA PESO MONEY MARKET FUND	UITF	18.00%
AIA PESO EQUITY FUND	UITF	4.04%
Philippine Peso	CC	0.28%

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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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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.

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Commentary:

Macro Update

After its pause in February, the Bangko Sentral ng Pilipinas (BSP) resumed its monetary policy easing amid disinflation momentum. Meanwhile, the Bureau of Treasury unleashed its first jumbo issuance for the year.

Philippine headline inflation slowed to 1.4% year-on-year in April, the lowest since November 2019 and below the BSP's 2%–4% target range. This brought the average year-to-date inflation rate to 2.0%. The slower annual increment is primarily driven by slower

increase in food prices at 0.9% from 2.2% in March. The deceleration on food inflation was mostly caused by the annual decline in rice prices of 10.9% from a 7.7% decrease in March. Meanwhile, core inflation held steady at 2.2%.

As widely anticipated, the BSP cut its policy rates by 0.25% to 5.50%. Inflation forecasts were likewise reduced to 2.3% (from 3.5%) for 2025, and 3.3% (from 3.7%) for 2026 citing lower commodity prices and slower growth forecasts.

With improved liquidity from policy and reserve requirement rate cuts, the Bureau of Treasury successfully raised Php 300 billion worth of 10-year bonds at an average yield of 6.375%.

Bond Market Update

In April, Peso bond curve steepened rose as benchmark rates in the 2-year closed at 5.76% (up by 0.01%), 5-year at 5.91% (up by 0.02%), 10-year at 6.26% (up by 0.07%), and 20-year at 6.36% (up by 0.04%).

Equity Market Update

The dovish guidance from the BSP and insulation of Philippines to global trade war brought the PSEi to rally towards the end of the April. The PSEi closed higher for third straight month in April, up by 2.8%.

- BSP resumed easing cycle with a 25bps rate cut, and guided for 25-50bps more cut for the balance of the year.
- March CPI rose 1.8% YoY, below the 2% consensus forecast. Consequently, the BSP lowered their risk-adjusted inflation forecast for 2025 to 2.3% from 3.5%, while the 2026 forecast is now 3.3% from 3.7%.
- Due to relative resilience of Philippines to global trade war, JP Morgan upgraded their call on local equities to Overweight, resulting to foreign inflows towards end of the month.

Positioning, Outlook, and Strategy

Performance: The AIA Peso Conservative Fund gained 0.26% gross of fees in April. It trailed its benchmark by 0.46% 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: As Philippine inflation is expected to remain within central bank's target range, the Bangko Sentral ng Pilipinas (BSP) is likely to continue reducing policy rates to stimulate economic growth. This scenario creates a favorable environment for fixed income investments. However, the rapid and aggressive escalation of the global trade war is anticipated to result in heightened market volatility. The fund looks to further increase its overweight in duration on any uptick in bond yields.

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