



**HEALTHIER, LONGER,
BETTER LIVES**

AIA PESO CONSERVATIVE FUND

December 29, 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

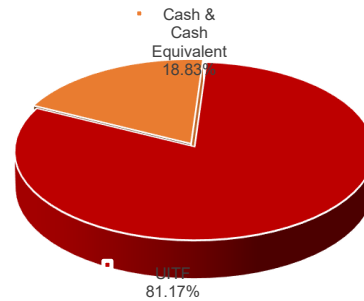


¹ Returns are net of fees. Past performance is not indicative of future returns

Net Asset Value Per Unit (NAVPU) Graph



Fund Allocation



Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAVPU)	1.086
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	73.96%
CBKCOR DTD 3.2500 01/02/26	MM	8.66%
AIA PESO EQUITY FUND	UITF	6.84%

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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.



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Commentary:

Macro Update

Monetary policy remained accommodative in December, with the BSP delivering another rate cut to support growth in the face of continued weakness in government and household spending.

The Bangko Sentral ng Pilipinas (BSP) lowered policy rates by 25 basis points to 4.50%, describing the move as an “insurance cut.” Governor Remolona signaled that the central bank is nearing the end of its easing cycle, though further cuts remain possible depending on economic conditions.

Inflation edged up to 1.8% in December from 1.5% in November, mainly due to higher food prices. Despite the uptick, this marks the tenth consecutive month inflation has stayed below the BSP’s 2–4% target range. For the full year 2025, inflation averaged 1.7%, the lowest annual rate since 2016, underscoring a sustained low-inflation backdrop that supports an accommodative policy stance.

Bond Market Update

In December, peso bond yields closed higher across, with the 2-year at 5.37% (up by 0.16%), the 5-year at 5.79% (up by 0.23%), the 10-year at 6.07% (up by 0.14%), and the 20-year at 6.41% (up by 0.03%).

Equity Market Update

The PSEi extended its gains into the final month of the year, holding above the 6,000 level and closing December higher by 0.5% at 6,052.92. Softer-than-expected November inflation paved the way for the BSP to deliver a widely anticipated rate cut, fueling local investors’ appetite for bargain hunting throughout the month.

- November inflation eased to 1.5%, below market expectations of 1.7%.
- As expected, the BSP reduced policy rates by 25 bps, bringing the benchmark rate down to 4.5%.

Positioning, Outlook, and Strategy

Performance: The AIA Peso Conservative Fund declined by 0.25% (gross of fees) in December, underperforming its benchmark by 0.09%. The underperformance was driven by an underweight allocation to equities, which outperformed during the month, and an overweight position in fixed income which lost during the period.

Positioning, Outlook, and Strategy: The BSP is nearing the end of its easing cycle, with future moves likely gradual and data-driven. Inflation should stay within the 2 to 4 percent target range, supporting fixed income stability. Equities remain underweight as recent gains lack fundamental support amid weak growth and earnings risks. We will monitor catalysts mid-year and rebuild exposure in the second half if recovery signs emerge. The strategy focuses on flexibility with higher liquidity early in the year, favoring fixed income and money market.

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