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## AIA PESO CONSERVATIVE FUND

January 31, 2025

### Fund Description

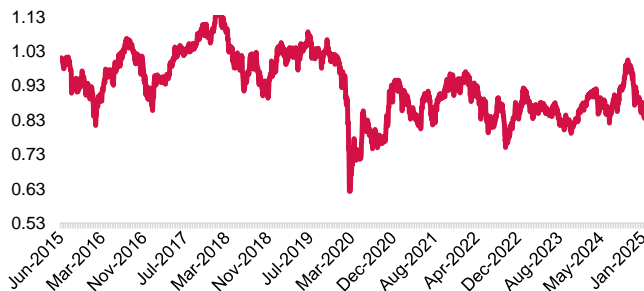
The AIA Peso CONservative Fund (the "Fund") is a Philippine peso-denominated fund created for peso variable life insurance contracts issued by AIA Philippines Life and General Insurance Company Inc., (formerly The Philippine American Life and General Insurance Company). The Fund seeks to achieve long-term 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 Performance<sup>1</sup>



<sup>1</sup> Returns are net of fees. Past performance is not indicative of future returns

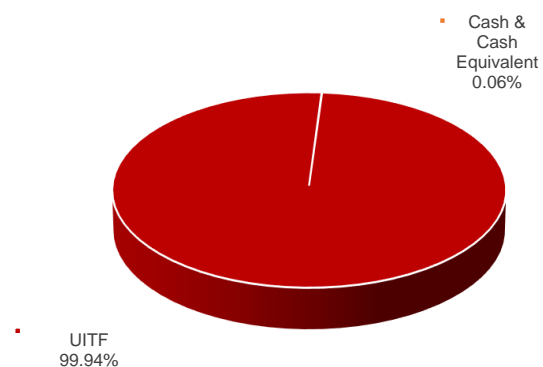
### Net Asset Value Per Unit (NAVPU) Graph



### Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAVPU)	1.0184
INCEPTION DATE	20 February, 2023
FUND CLASSIFICATION	Equity Fund
RISK PROFILE	Conservative
FUND CURRENCY	Philippine Peso
DOMICILE	Philippines

### Fund Allocation



### Top Holdings

Name	Investment Type	% of Fund
AIA PESO LONG-TERM BOND FUND	UITF	67.48%
AIA PESO MONEY MARKET FUND	UITF	18.52%
AIA PESO EQUITY FUND	UITF	13.94%
Philippine Peso	CC	0.06%

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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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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

Early-year economic data showed inflation remained on track, while GDP fell short of expectations. This opens the door for an earlier policy rate cut by the Bangko Sentral Pilipinas (BSP) to support growth.

Headline inflation settled at 2.9% in January 2025, slightly above the consensus estimate but within the government's target range of 2% to 4%. Price increases in food and non-alcoholic beverages, alcoholic beverages, tobacco, and transport drove CPI higher, partially offset by lower inflation in housing, utilities, restaurants and clothing.

Meanwhile, the Philippine GDP expanded by 5.2% y.y in the fourth quarter, below the 5.5% forecast. This brought the full year 2024 GDP to 5.6%, lagging below government's target range of 6.0%-6.5% and the second year the government failed to meet its GDP target. Growth was hindered by extreme weather events, geopolitical tensions, and subdued global demand.

##### Bond Market Update

In January, peso bond yields were mixed and mostly tracked US rates amid risk-off sentiment from uncertainty brought on by Trump 2.0. The curve steepened as benchmark yields in the 2-year closed at 5.79% (down by 0.25%), 5-year at 5.99% (down by 0.11%), 10-year at 6.23% (up by 0.05%), and 20-year at 6.38% (up by 0.29%).

##### Equity Market Update

The PSEi declined by 10% in January as foreign investors flock to US assets on the back of Trump's US exceptionalism policy, weak PHP and market impact of PCOMP rebalancing.

- New PSEi constituents carry higher weights (CBC 3%, AREIT 1.4%) causing downgrade of remaining members.
- Despite US dollar weakening, PHP failed to strengthen as market speculates an eventual break of the P59 resistance.
- Risk-off was apparent as high-dividend yielding names (TEL, LTG, GLO) are among top gainers MTD.
- MTD foreign outflow = USD114m

##### Positioning, Outlook, and Strategy

Performance: The AIA Peso Conservative Fund lost 1.23% gross of fees in January. It trailed its benchmark by 0.36% due to its exposure in the underlying fixed income fund which underperformed during the period.

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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