



**HEALTHIER, LONGER,
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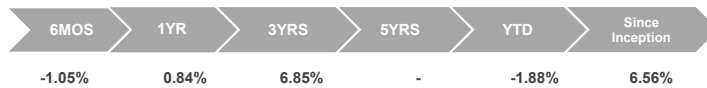
AIA PESO CONSERVATIVE FUND

March 31, 2026

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

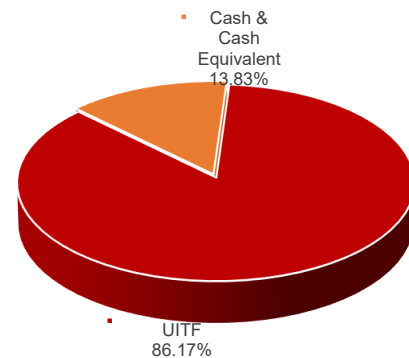


¹ Returns are net of fees. Past performance is not indicative of future returns

Net Asset Value Per Unit (NAVPU) Graph



Fund Allocation



Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAVPU)	1.0656
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	56.60%
AIA PESO MONEY MARKET FUND	UITF	16.52%
AIA PESO EQUITY FUND	UITF	13.05%
RCBPM 3.6 2026-04-01	MM	8.64%
CHIBPM 2.5 2026-04-01	MM	3.72%

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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

March marked a sharp macro reversal as geopolitical tensions in the Middle East reignited energy-driven inflation pressures and forced a pause in monetary easing. Higher global oil prices quickly passed through to domestic fuel, electricity, and transport costs, reversing months of disinflation in the Philippines.

Headline inflation surged to 4.1% y/y, well above expectations (3.8%) and the BSP's projection midpoint (3.5%), breaching the $3\pm 1\%$ target band for the first time since mid-2024, led by non-food inflation as fuel prices returned to 2022 levels and electricity and transport-linked services accelerated. Core inflation rose to 3.2%, its highest since April 2024, pointing to early broadening pressures, while rice inflation turned positive (+3.6%) for the first time since December 2024 amid rising transport and fertilizer costs.

In anticipation of these risks, the BSP convened an off-cycle meeting on March 26 and held the policy rate at 4.25%, stressing the supply-driven nature of inflation, raising its 2026 inflation forecast to 5.1%, and cutting GDP growth to 4.4%, underscoring the narrowing policy space as higher prices weigh on an already fragile recovery.

Bond Market Update

In February, peso bond yields rose sharply across the curve in March as markets repriced inflation risks and policy uncertainty following the BSP's off-cycle pause. By month-end, the 2-year closed at 6.03% (+87 bps), the 5-year at 6.71% (+115 bps), the 10-year at 6.93% (+101 bps), and the 20-year at 7.01% (+48 bps), reflecting broad-based selling concentrated at the front and belly.

Equity Market Update

The PSEi recorded a sharp 10% decline in March, wiping out all year-to-date gains and turning performance into a YTD loss of 1.72%. The sharp market correction was driven by escalating tensions in the Middle East, which pushed global oil prices above USD 100 per barrel. As a net energy importer, the Philippines was adversely affected by higher oil prices, which also contributed to the depreciation of the local currency.

- Brent crude oil rose by 63% in March USD118 per barrel.
- Philippine peso depreciated by 5.4% to 60.745/1\$

Positioning, Outlook, and Strategy

Performance: The AIA Peso Conservative Fund returned -2.59% (gross of fees) in March as peso government bonds and Philippine equities sold off amid rising inflation risks, policy uncertainty, and renewed market de-risking. The Fund outperformed its benchmark by 1.64%, supported by asset allocation gains from underweights in equities and fixed income and an overweight in money market instruments, partly offset by equity selection drag.

Positioning, Outlook, and Strategy: With the BSP firmly data-dependent amid rising inflation and geopolitical risks, the Fund will maintain a defensive asset allocation, staying underweight both fixed income and equities while holding an overweight position in money market instruments to manage near-term volatility. Portfolio positioning will emphasize capital preservation and liquidity, with risk exposure increased only once inflation pressures ease and policy and market conditions stabilize.

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