



HEALTHIER, LONGER,
BETTER LIVES

AIA PHILAM LIFE ELITE BALANCED FUND

July 31, 2025

Fund Description

The AIA Philam Life Elite Balanced Fund seeks long-term total return (combination of capital growth and income) with moderate risk by investing in a portfolio of equities and fixed income securities. The ILP Sub-Fund's expected average direct and indirect exposure to equities will be approximately 60% over the long-term, however this exposure may vary from time to time. The other 40% will be invested in fixed income or money market instruments.

Historical Performance¹

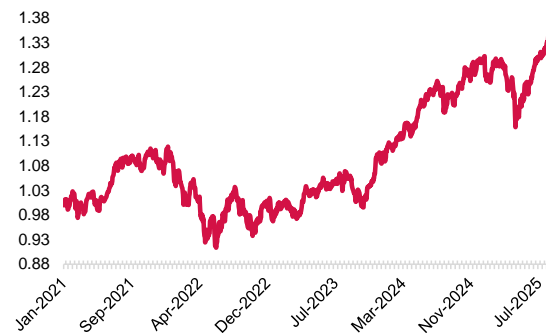
6MOS	1YR	3YRS	5YRS	YTD	Since Inception
4.18%	9.37%	34.45%	-	7.41%	35.20%

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

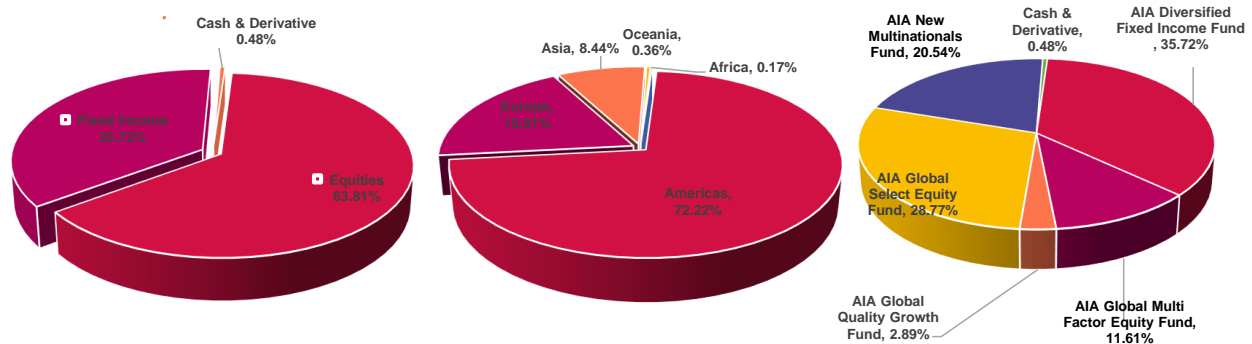
Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAV)	1.352
INCEPTION DATE	18 January, 2021
FUND CLASSIFICATION	Balanced Fund
RISK PROFILE	Moderate
FUND CURRENCY	Philippine Peso
DOMICILE	Philippines

Net Asset Value Per Unit (NAVPU) Graph



Regional & Asset Allocation



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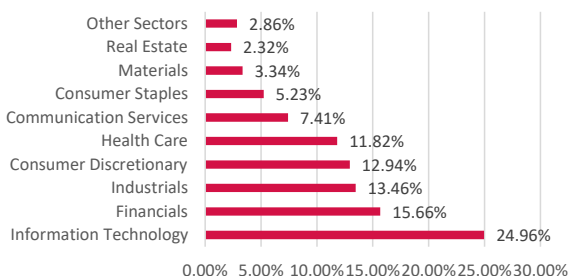
Risk Warning: Past performance is not indicative of future results. Our investment management services relate to a variety of investments, each of which can fluctuate in value. The value of portfolios we manage may fall as well as rise, and the investor may not get back the full amount originally invested. 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 Philippines 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.



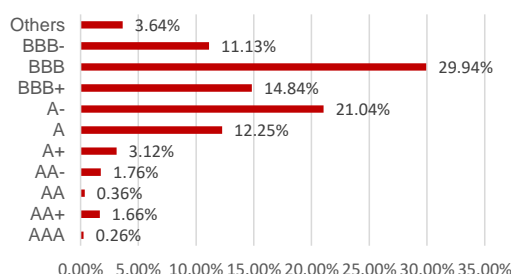
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Equity: Sector Allocation



Fixed Income: Ratings Allocation



Top Holdings

Top 5 (Equities)

Microsoft Corp	3.27%
Taiwan Semiconductor Manufacturing Co Ltd	2.04%
Meta Platforms Inc	1.51%
Visa Inc	1.16%
ASML Holding NV	1.16%

Top 5 (Fixed Income)

Bank of America Corp 4.979% VRN 24/01/2029	0.43%
Deutsche Bank AG New York NY 5.414% 10/05/2029	0.41%
Eagle Funding Luxco Sarl 5.5% 17/08/2030	0.37%
Edison International 5.75% 15/06/2027	0.37%
American Express Co 5.043% VRN 01/05/2034	0.34%

Commentary:

Macro Review

The U.S. economy remained resilient in the face of tariff uncertainties. Advance estimates released by the U.S. Bureau of Economic Analysis indicated that US real GDP increased at an annualised rate of 3.0% quarter-on-quarter (QoQ) in Q2 2025, recovering from a contraction of 0.5% QoQ (annualised) in Q1 2025. Compared to the first quarter, the rebound in real GDP during Q2 2025 was mainly driven by a sharp decline in imports and a pickup in consumer spending, though partially offset by contraction in business investment. While exports fell 1.8% QoQ (annualised), imports declined 30.3% QoQ (annualised), reversing the 37.9% QoQ (annualised) surge seen in Q1 2025. Consumer spending rose 1.4% QoQ (annualised) supported by gains in both services and goods. Within services, key contributors included health care, food services, and financial services. For goods, growth was led by motor vehicles. Although consumer spending improved from the 0.5% QoQ (annualised) growth in the previous quarter, it marked the softest consecutive growth since the pandemic.

The US labour market slowed in July 2025. Nonfarm payrolls came in at +73k for the month, missing consensus expectations. The unemployment rate edged up to 4.2%, in line with the median forecast. May and June 2025 nonfarm payroll totals were revised down sharply, with a combined 258k jobs deducted from previously reported figures. This significantly changed the trend as the three-month average payroll gain dropped from 150k to 35k after the July release. July job gains were concentrated in the private education and healthcare sector. Meanwhile, manufacturing payrolls fell for the third straight month, bringing employment in the sector to its lowest level in more than three years.

The U.S. ISM Manufacturing PMI declined to 48.0 in July 2025, down from 49.0 in June 2025, marking the fifth consecutive month of contraction in the manufacturing sector. The overall drop was primarily driven by weaker supplier deliveries and employment, both of which fell into contractionary territory. Panellists noted that headcount management remains the norm, with hiring activity subdued. The U.S. ISM Services PMI edged down to 50.1 in July 2025, from 50.8 in June 2025. This marked the 12th expansionary reading in the past 13 months, though the pace of growth continues to slow. Among the subcomponents, the new orders index remained in expansionary territory, but declined by 1 percentage point from June 2025, reflecting softer demand and delayed planning amid tariff uncertainty. The employment index fell further into contraction to 46.4, its lowest level since March 2025. Respondents cited recruitment challenges and cost pressures as key reasons for subdued hiring.

Citi's Economic Surprise Index ended July 2025 in positive territory, indicating that economic releases for the month generally surprised to the upside. For example, headline CPI in the U.S. rose by 0.2% month-on-month (MoM), meeting forecasts and reflecting a slowdown from June. This moderation was largely driven by a decline in gasoline prices. On a year-on-year (YoY) basis, headline CPI held steady at 2.7%, slightly below consensus expectations of 2.8%. Meanwhile, core CPI, which excludes food and energy, exceeded forecasts at a 3.1% increase YoY, the highest since February. This was driven by a sharp rise in airline fares, as well as medical care services. At the July 2025 meeting, the Federal Open Market Committee voted to keep the federal funds rate unchanged at 4.25% to 4.50%, citing a slowdown in economic activity and ongoing inflationary pressures.

In the Eurozone, the Citi Economic Surprise Index for the Eurozone continued to increase in July 2025. While the HCOB Eurozone Manufacturing PMI extended its stretch in contractionary territory for the last 3 years, it rose slightly to 49.8, marking the slowest contraction in the sector since July 2022. Output continued to grow modestly, while new orders remained weak due to subdued export demand. Meanwhile, the HCOB Eurozone Services PMI increased to 51.0, up from 50.5 in June 2025, indicating the fastest growth in the service sector output since March 2025. While new business for Eurozone service firms remained flat, employment rose at a mild pace, and input cost inflation eased to its lowest rate since October 2024.

On the inflation front, headline HICP inflation held steady at 2.0% YoY, in-line with the European Central Bank's (ECB) target. Food and services inflation remained elevated, while energy prices continued to decline. In terms of monetary policy, the ECB left its key deposit rate unchanged at 2.0%. The ECB affirmed that inflation is broadly in line with its medium-term outlook, and price pressures are easing.

China's economy showed mixed signals in July 2025. Citi's Economic Surprise Index for China decreased over the month and ended almost flat. The official manufacturing PMI fell to 49.3, marking the fourth consecutive month of contraction. Sub-indices for new orders and employment declined, reflecting sluggish activity amid trade tensions. Meanwhile, the official non-manufacturing PMI edged down to 50.1, from 50.5 in June 2025, though remaining above the expansion threshold. While the services sub-index held steady at 50.0, construction activity slowed notably, reflecting ongoing stress in the property sector.

On the inflation front, headline CPI was flat YoY, compared to 0.1% YoY increase in June 2025, underscoring weak domestic demand. However, CPI rose 0.4% MoM, exceeding expectations and reversing the previous month's decline. Meanwhile, producer prices (PPI) fell 3.6% YoY, missing economists' forecast of a 3.3% decline. This marked the 34th consecutive month of deflation, with overcapacity, trade uncertainty, and extreme weather contributing to persistent price pressures.

Market Review

Global equities continued to rally in July 2025 building on the rally in the second quarter of 2025. Across the major geographic regions in USD terms, Asia equities led, while India equities lagged in July 2025. For the month ending July 2025, Information Technology, Energy and Utilities led while Consumer Staples, Materials and Health Care lagged. For July 2025, in terms of investment styles, Growth led while Minimum Volatility lagged.

The fixed income markets had mixed returns in July 2025. US investment grade corporate bonds and US high yield corporate bonds delivered positive returns, however US treasuries fell in July 2025. US 10-year yield increased in July 2025, reversing a significant part of the decline in the 10-year yield that was experienced in June 2025. US high yield and US investment grade credit spreads both tightened in July 2025, with high yield credit spread tightening more than investment grade credit spread.

Broad commodities markets were down in July 2025. Gold as well as Copper were down in July 2025, while Oil posted a positive return. The US Dollar appreciated against both DM currencies and Asia currencies in July 2025.

Portfolio Review

Elite Balanced Fund:

- The fund delivered positive PHP returns, outperforming its benchmark for the month of Jul 2025.
- In terms of currency movements, USD appreciated against the PHP for the month.

SICAV funds

- In terms of absolute performance, AIA Global Quality Growth Fund, AIA Global Select Equity Fund, AIA Global Multi-Factor Equity Fund and AIA Diversified Fixed Income Fund delivered positive USD returns while AIA New Multinationals Fund delivered negative USD returns for the month of Jul 2025.
- In terms of relative performance, AIA Global Select Equity Fund, AIA Global Multi-Factor Equity Fund, AIA Global Quality Growth Fund and AIA Diversified Fixed Income Fund outperformed while AIA New Multinationals Fund underperformed their respective benchmarks for the month of Jul 2025.

Outlook

We are moderately constructive on the outlook for risk assets over the medium term. Peak tariff concerns could be behind us, though policy uncertainty remains a risk factor. The US economy remains resilient, Chinese policy makers have pivoted to defend growth, and Europe and Japan are likely to pursue fiscal stimulus. US earnings season has been strong thus far, with earnings surprising to the upside. While investor sentiment is constructive, equity positioning remains below historical norms.

With President Trump at the helm, policy uncertainty is likely to remain elevated and there could be bouts of volatility as market participants react to policy measures announced by the US administration. Stewardship via active management and disciplined risk management is key to navigate the ever-evolving investment landscape.

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