



**The Philippine American Life and
General Insurance Company**

15F - 18F Philam Life Head Office
Net Lima Building, 5th Avenue cor. 26th Street
Bonifacio Global City, Taguig 1634
Philippines
T: (632) 521 6300 / (632) 526 9200
E: philamlife@aia.com
W: philamlife.com

Customer Hotline: (632) 528 2000

MEDIA RELEASE

Philam Life Remains Positive on Growth of the Philippine Equity Market

Philam Life continues to be positive about the Philippine equity market despite the volatility that the country has experienced recently. This is backed by the strong fundamentals of the Philippine economy and expectation of continued growth of corporate earnings being the main determinant of stock prices.

Philam Life Head of Equity Fund Management Eduardo Banaag is confident that the net income of local companies will continue to grow as a result of the country's growing economy.

"The recent volatility in the local stock market was caused by offshore investors' decision to take profit, spurred by higher yields on U.S. treasuries," Banaag said. "This exit of foreign funds has also resulted in a weaker peso as dollars were being brought offshore. But we expect them to come back."

Brian Murray, AIA Group's Head of Economic Research, echoed Banaag's conviction that the Philippine economy is still poised for economic growth, with international investors setting their sights on the Philippines. This he expressed during the recent global economic outlook on July 17 at the Financial Executives of the Philippines (FINEX) Mid-Year Economic Briefing.

He said that the Philippines has a strong engine for growth supported by good governance, high local consumer spending and low inflation levels. Murray also added that moving forward, the Philippines has a stable economic outlook and its overall trajectory is good.

Bright Future

With the expectation that corporate earnings will continue to grow together with the good economy, stocks prices will follow suit. Corporate earnings are seen to grow around 16% this 2013 according to Banaag.

In addition, Foreign Direct Investments (FDI) and businesses are expected to come in as international investors now perceive the Philippines as a safe country to invest in with its investment grade status. "For the end of year, we expect the PSEi to gain around 15%-17% from 2012 and continue on rising for 2014," Banaag added.

Banaag said that while index stocks are only seen to rise further by around 2% until year-end, Philam Life will not limit itself to investing in index stocks and may look into non-index stocks to seek better returns for their funds.

Welcoming Opportunities

News on the Special Deposit Accounts (SDA) access limit imposed by the Banko Sentral ng Pilipinas (BSP) is a welcome development for investment markets. The access limit, which aims to decrease money stored in BSP by the end of year, is expected to increase money circulation in the economy. The BSP expects about Php1 Trillion of the total SDAs to flow back into the economy.

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Former investors of SDAs may be forced to look into putting their money in other investment instruments as they search for better yields in this currently low interest rate environment. Money from SDAs may now find its way into bond and equity investments.

Growing your Money

“Investors should be looking for different financial instruments to grow their money. The current deposit rates give only 1.5% for one-year time deposit and 0.25% for savings accounts. With inflation currently at 2.8%, keeping all your money in this kind of short-term instruments means it’s actually losing value rather than growing,” shares Gina Goco-Morales, Sales and Marketing Head of Philam Asset Management, Inc. (PAMI).

Philam Life together with PAMI take advantage of the fast-paced economy and positive market outlook by offering Unit-Linked Products (ULPs) and alternative financial instruments to help Filipinos grow their money over the long-term and ride on the growth of the Philippine economy.

One such product is Money Tree, a one-pay investment and life insurance plan. With a minimum initial investment of only Php125,000, Money Tree gives customers the opportunity to invest in funds expertly managed by PAMI that take advantage of the Philippines’ booming economy. PAMI funds have historically grown 9% to 21% annually since 2003. It also offers life insurance protection to secure the future of one’s family.

Philam Life, the country’s premier life insurance company, offers an extensive line of products in the industry that provides solutions to various financial needs including life protection, health insurance, savings, education, retirement, investment, group and credit life insurance.

PAMI is a leader in asset management in the Philippines. Over the years, PAMI funds have provided consistently high and stable returns to its investors. PAMI has also received multiple recognitions both from international and local investments organization proving its investment expertise and ability to deliver impressive fund performance.

Philam Life and PAMI are members of AIA Group Limited, the largest independent publicly listed pan-Asian life insurance group in the world.

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About Philam Life

The Philippine American Life and General Insurance Company (Philam Life) is the country’s premier life insurance company. Established on June 21, 1947, Philam Life offers an extensive line of products in the industry that provides solutions to various financial needs including life protection, health insurance, savings, education, retirement, investment, group and credit life insurance.

Philam Life is a member of AIA Group Limited, the largest independent publicly listed pan-Asian life insurance group.

About AIA

AIA Group Limited and its subsidiaries (collectively “AIA” or “the Group”) comprise the largest independent publicly

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listed pan-Asian life insurance group. It has operations in 16 markets in Asia-Pacific – wholly-owned branches and subsidiaries in Hong Kong, Thailand, Singapore, Malaysia, China, Korea, the Philippines, Australia, Indonesia, Taiwan, Vietnam, New Zealand, Macau, Brunei, a 97 per cent subsidiary in Sri Lanka and a 26 per cent joint-venture in India.

The business that is now AIA was first established in Shanghai over 90 years ago. It is a market leader in the Asia-Pacific region (ex-Japan) based on life insurance premiums and holds leading positions across the majority of its markets. It had total assets of US\$134,439 million as of 30 November 2012.

AIA meets the savings and protection needs of individuals by offering a range of products and services including retirement savings plans, life insurance and accident and health insurance. The Group also provides employee benefits, credit life and pension services to corporate clients. Through an extensive network of agents and employees across Asia-Pacific, AIA serves the holders of more than 25 million individual policies and over 13 million participating members of group insurance schemes.

AIA Group Limited is listed on the Main Board of The Stock Exchange of Hong Kong Limited under the stock code “1299” with American Depositary Receipts (Level 1) traded on the over-the-counter market (ticker symbol: “AAGIY”).

MEDIA CONTACT:

Ces J. Fontanilla

PR and Events Head
Philam Life

Tel. No. (02) 526-9337

Mobile: 0927-5241337

Email: Ces-J.Fontanilla@aia.com