AIA Global Dynamic Income-Paying Fund - Peso

October 31, 2024

Fund Description

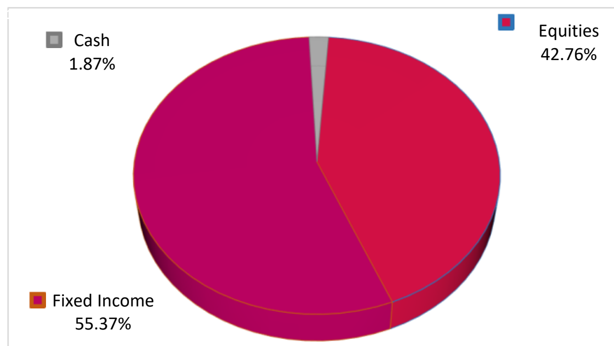
The AIA Dynamic Income Fund seeks to provide regular target income and total return over the long term by investing in variety of income generating asset classes including but not limited to fixed income securities, equities, covered call options and collective investments . Indirect exposure to these asset classes will be achieved primarily through investments in units or shares of the Collective Investment Schemes establis hed by AIA including AIA Investment Funds that are managed either by AIA Investment Management or reputable third -party investment managers with proven track records and a disciplined systematic security selection approach to deliver long-term capital growth.

Historical Performance[1]

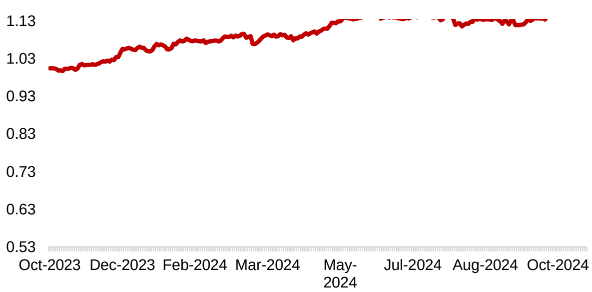
6MOS	1YR	3YRS	5YRS	YTD	Since Inception
4.45%	15.56%	-	-	8.78%	14.68%

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

Fund Allocation



Net Asset Value Per Unit (NAVPU) Graph



Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAVPU)	1.1468
INCEPTION DATE	20 October, 2023
FUND CLASSIFICATION	Multi Asset Fund
RISK PROFILE	Moderately Adventurous
FUND CURRENCY	Philippine Peso
DOMICILE	Philippines

Top Holdings

Top 5 (Equities)	
Apple Inc	1.66%
NVIDIA Corp	1.62%
Microsoft Corp	1.56%
Amazon.com Inc	0.94%
Meta Platforms Inc	0.65%

0	% of Portfolio
United States Treasury NoteBond 4.625% 30/06/2026	1.33%
Deutsche Bank AGNew York NY 5.414% 10/05/2029	0.43%
UnitedHealth Group Inc 3.7% 15/12/2025	0.39%
United States Treasury NoteBond 3.5% 30/09/2029	0.38%
United States Treasury NoteBond 4% 31/07/2029	0.37%

Commentary:

Macro Review

The US economy remained resilient with the Atlanta Fed nowcasting model forecasting positive GDP growth. In October 2024, Nonfarm Payrolls registered its lowest reading since December 2020, though the October 2024 data release could have been impacted by hurricanes. Unemployment rate in October 2024 was similar to September 2024 and Average Hourly Earnings edged up. The US manufacturing sector continued to be sluggish and sunk deeper into contractionary territory in October 2024. However, Services PMI stayed in expansionary territory in October 2024 and increased for the third consecutive month. Citi's Economic Surprise Index for the US continued to improve in October 2024, inflecting from the lows in July 2024. US inflation for October 2024 rebounded from September, halting the steady progress towards the target inflation rate.

In October 2024, the Eurozone manufacturing PMI increased compared to September, but still remained in contraction territory. In contrast, the Eurozone services PMI remained in expansionary territory and the October 2024 reading increased compared to September. Citi's Economic Surprise Index for Eurozone recovered strongly in October 2024 and ended the month in positive territory. Inflation in Eurozone increased in October 2024 compared to September 2024. Policymakers cut rates in the October 2024 ECB meeting.

After the raft of policy announcements in September, investors waited for more concrete measures especially on the fiscal front from Chinese policymakers. China's parliament meeting in early November will be closely watched by investors. In October 2024, China's manufacturing PMI bounced back to expansionary territory, after having been in contractionary territory for five consecutive months. China's non-manufacturing PMI also increased in October 2024 and was in expansionary territory. In October 2024, consumer inflation in China decreased from the previous month. Producer price inflation dipped further in negative territory and has been in negative territory since October 2022. Similar to US and Eurozone, Citi's Economic Surprise Index for China recovered strongly in October 2024 and ended the month in positive territory.

Market Review

Global equities declined in October 2024, halting the run of 5 consecutive months of positive returns. For the month ending October 2024, Financials, Communication Services and Energy led while Materials, Consumer Staples and Health Care lagged. In terms of investment styles, Momentum and Growth led while Quality and High Dividend Yield lagged. Across the major geographic regions, US equities led, while India equities lagged.

The fixed income markets also declined in October 2024. US Treasuries, Investment Grade and High Yield indices all were down in October 2024. Treasuries index declined as US 10-year yield increased significantly in October 2024. Credit spreads compressed in October 2024 with High Yield spreads compressing more than Investment Grade spreads.

The commodities markets were mixed in October 2024. Copper was down while Oil and Gold were up in October 2024. The US Dollar appreciated against both DM currencies and Asia currencies in October 2024.

Portfolio Review

• The fund delivered positive PHP returns for the month of October 2024 and the inception to date period.

• In terms of absolute performance for the month of October 2024, AIA Equity Income Fund, AIA Diversified Fixed Income Fund and AIA High Yield Bond Fund delivered negative USD returns.

• In terms of relative performance for the month of October 2024, AIA Equity Income Fund, AIA Diversified Fixed Income Fund and AIA High Yield Bond Fund underperformed their respective benchmarks.

Outlook

The outlook for equities over the medium term remains constructive. On the fundamentals front, the US economy remains resilient and earnings growth in 2025 is expected to remain positive. On the policy front, central banks around the globe are easing monetary policy. The Federal Reserve embarked on the rate cut cycle in September 2024 with a 50-basis points rate cut. In addition, Chinese policy makers have also embarked on monetary easing and the Politburo has indicated plans to increase public spending to support economic growth.

Our assessment is that we are likely in an equity bull market. Equities has embarked on a strong run Year to October 2024 and the rally further extended with the removal of political uncertainty as there was a clear outcome from the US election. It will not be unexpected for equities to take a breather over the short term as the market digests the developments and checks the exuberance in certain segments of the market.