AIA Global Dynamic Income-Paying Fund - Peso

September 30, 2024

Fund Description

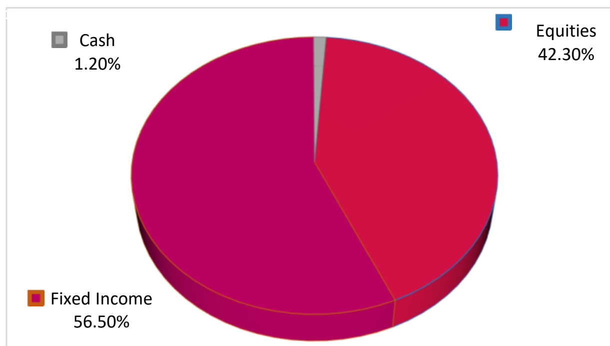
The AIA Dynamic Income Fund seeks to provide regular target income and total return over the long term by investing in variety of income generating asset classes including but not limited to fixed income securities, equities, covered call options and collective investments. Indirect exposure to these asset classes will be achieved primarily through investments in units or shares of the Collective Investment Schemes established 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]

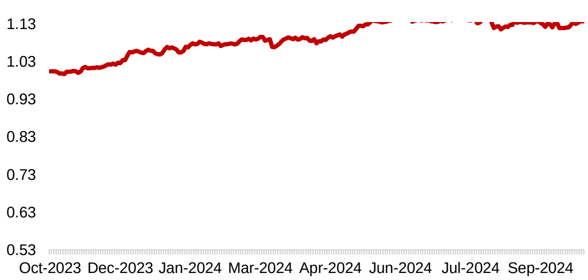
6MOS	1YR	3YRS	5YRS	YTD	Since Inception
4.36%	-	-	-	7.45%	13.27%

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

Fund Allocation



Net Asset Value Per Unit (NAVPU) Graph



Top Holdings

Top 5 (Equities)	
Microsoft Corp	1.36%
NVIDIA Corp	1.29%
Apple Inc	1.15%
Amazon.com Inc	0.83%
Alphabet Inc	0.70%

Top 5 (Fixed Income)	% of Portfolio
United States Treasury NoteBond 4.625% 30/06/2026	1.33%
Morgan Stanley 1.164% VRN 21/10/2025	0.47%
UnitedHealth Group Inc 3.7% 15/12/2025	0.38%
United States Treasury NoteBond 4% 31/07/2029	0.38%
United States Treasury NoteBond 4.625% 15/05/2054	0.35%

Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAVPU)	1.1327
INCEPTION DATE	20 October, 2023
FUND CLASSIFICATION	Multi Asset Fund
RISK PROFILE	Moderately Adventurous
FUND CURRENCY	Philippine Peso
DOMICILE	Philippines

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Commentary:

Macro Review

The US economy remained resilient with upward revision to personal income and savings rate. In September 2024, Nonfarm Payrolls continued to be positive, increasing to a 6-month high and beating consensus estimate. Unemployment rate also edged down in September 2024, and decreased for a second consecutive month. The US manufacturing sector continued to be sluggish and has been in contractionary territory for six consecutive months. However, services PMI stayed in expansionary territory in September 2024 and increased for the second consecutive month. Citi's Economic Surprise Index for the US continued to improve in September 2024 and ended the month just below positive territory. US inflation for September 2024 continued to decrease, though remained above the target inflation rate. Policymakers cut rates by 50 basis points in the September 2024 FOMC meeting.

The Eurozone economy showed signs of the economy slowing. In September 2024, the Eurozone manufacturing PMI decreased further in contraction territory while the services PMI also decreased though remained in expansionary territory. Citi's Economic Surprise Index for Eurozone in September 2024 continued to languish in negative territory. Inflation in Eurozone dipped below 2% in September 2024. Policymakers cut rates in the September 2024 ECB meeting.

There was a decisive shift in policy stance by Chinese policymakers in September 2024. The Chinese policymakers delivered monetary easing polices and also signaled plans to increase public spending. The latest raft of actions by Chinese policymakers were decisive and coordinated, in contrast to previous less comprehensive attempts to stimulate the economy. In September 2024, China's manufacturing PMI remained in contractionary territory and has been in contractionary territory for five consecutive months. In September 2024, consumer inflation reading in China declined from the previous month. Producer price inflation continue to dip further in negative territory and has been in negative territory since October 2022. Broadly, China's economic releases came in weaker than consensus estimates as Citi's Economic Surprise Index for China continued to languish firmly in negative territory.

Market Review

Global equities continued to rally in September 2024, and has delivered 5 consecutive months of positive returns. For the month ending September 2024, Consumer Discretionary, Utilities, Materials and Communication Services led while Health Care, Consumer Staples and Financials lagged. In terms of investment styles, Growth outperformed while Quality underperformed. Across the major geographic regions, Asia equities led, while Europe equities lagged.

The fixed income markets also delivered positive returns in September 2024. US Treasuries, Investment Grade and High Yield indices all delivered positive returns in September 2024. Corporate bonds outperformed Treasuries. Treasuries index was up as US 10-year yield declined in September 2024. Credit spreads compressed in September 2024 with High Yield spreads compressing more than Investment Grade spreads.

The broad commodities markets delivered positive returns in September 2024. Gold and Copper were up while Oil was down in September 2024. The US Dollar fell against both DM currencies and Asia currencies in September 2024.

Portfolio Review

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

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

• In terms of relative performance for the month of September 2024, AIA Equity Income Fund outperformed but 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. Central banks around the world 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, the Chinese policy makers have also embarked on monetary easing and the Politburo has indicated plans to increase public spending to support economic growth.

The US economy remains resilient and earnings growth in 2025 is expected to remain positive. On the inflation front, there are positive developments as inflation is falling and this gives the Federal Reserve the capacity to further cut rates to support growth. In terms of indicators, post the Fed rate cut, risk appetite has improved with high beta stocks outperforming low volatility stocks, equity breadth improving and signs that the rally is broadening out. The Global Dynamic Income Paying Fund is positioned to be overweight equities.