

AIA PHILAM LIFE ELITE BALANCED FUND

January 31, 2023

Fund Description

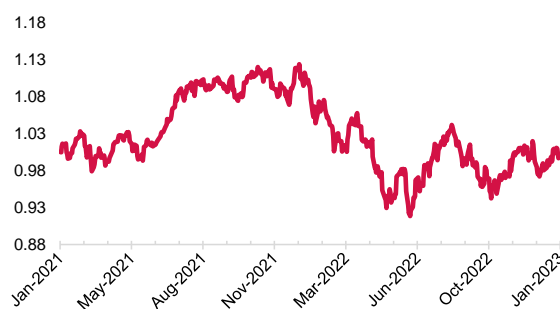
The AIA Philam Life Elite Balanced Fund seeks long-term total return (combination of capital growth and income) with moderate risk by investing in a portfolio of equities and fixed income securities. The ILP Sub-Fund's expected average direct and indirect exposure to equities will be approximately 60% 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
-0.48%	-4.95%	-	-	2.59%	0.08%

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

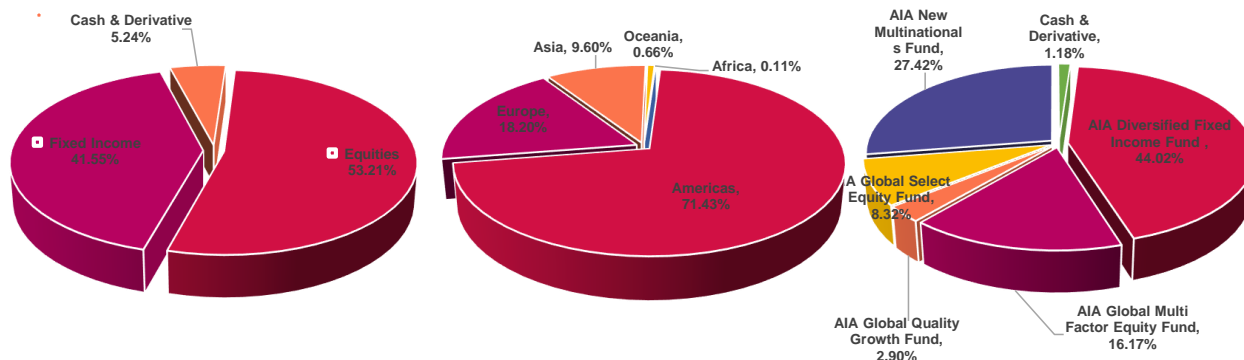
Net Asset Value Per Unit (NAVPU) Graph



Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAV)	1.0008
INCEPTION DATE	18 January, 2021
FUND CLASSIFICATION	Balanced Fund
RISK PROFILE	Moderate
FUND CURRENCY	Philippine Peso
DOMICILE	Philippines

Regional & Asset Allocation



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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.

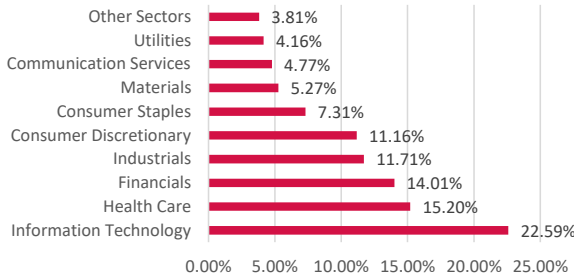
Risk Warning: Past performance is not indicative of future results. Our investment management services relate to a variety of investments, each of which can fluctuate in value. The value of portfolios we manage may fall as well as rise, and the investor may not get back the full amount originally invested.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



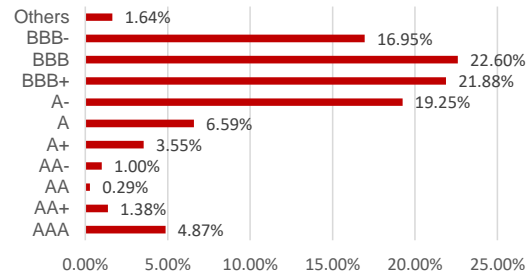
HEALTHIER, LONGER,
BETTER LIVES

**AIA PHILAM LIFE
ELITE BALANCED FUND
January 31, 2023**

Equity: Sector Allocation



Fixed Income: Ratings Allocation



Top Holdings

Top 5 (Equities)

Microsoft Corp	2.03%
Taiwan Semiconductor Manufacturing Co Ltd	1.76%
Novartis AG	1.21%
Visa Inc	1.21%
Home Depot Inc/The	1.18%

Top 5 (Fixed Income)

General Motors Financial Co Inc 6.05% 10/10/2025	0.45%
Apple Inc 3.25% 08/08/2029	0.43%
Boeing CoThe 3.2% 01/03/2029	0.38%
United States Treasury NoteBond 2.875% 15/05/2032	0.38%
United States Treasury Bond 2.75% 31/05/2029	0.37%

Commentary:

Market Review

Global equities started the year strong. Slowing inflation in US and Europe raised hopes that central banks can end their interest rate hikes soon. The surprisingly quick end to China zero-Covid policy also gave market a boost, raising expectation of a Chinese economy recovery. The MSCI World index gained 6.1% while MSCI Emerging Markets index gained 9.2% for the month of January.

In Fixed Income, the Federal Reserve (Fed) unanimously approved a 25-basis point (bps) hike in their January meeting, slowing the pace of its increase in a sign that progress is gradually being made in its battle against inflation. Far from declaring victory, their stance remains that "inflation has eased somewhat but remains elevated", signalling more rate hikes to come in 2023, although at a slower pace. Fed Chair Powell also warned market watchers that "the job is not fully done" and the current labour market still remains too tight. The Bloomberg Barclays Global Aggregate Corporate Bond index gained 3.7% for the month.

Portfolio Review

Elite Balanced Fund:

- The portfolio gained 2.59% for the month, underperforming its benchmark by 1.16%.
- Positive absolute performance from all underlying funds contributed to performance.
- In terms of relative performance, with the exception of AIA Global Multi-Factor Equity Fund, AIA New Multinationals Fund and AIA Diversified Fixed Income Fund, all other underlying funds outperformed their respective benchmark.

Outlook

We think 2023 will be "a year of inflections" - inflections through a macro recovery, a Fed "pivot" and a turnaround in asset class performance compared to 2022. But every inflection point must first come with a weakening phase. On the macro front, we think US growth will stall, corporate profits will decline, and associated cost cutting should lead to higher unemployment rates, translating to a higher probability of a recession sometime near the middle of the year. Equity valuations, on the other hand, may test lower before recovering some ground in the latter half of 2023.

The Elite portfolios continue to place a tactical exposure to Asia Ex-Japan equities as its undemanding valuation offers a good entry point and China's end to its covid policy seems positive. We remain underweight equities (with a preference towards Asia Ex-Japan equities) while adopting a more constructive view on fixed income and advocate a neutral position towards Investment Grade bonds.

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