AIA PHILAM LIFE
ELITE BALANCED FUND

June 30, 2023

Fund Description

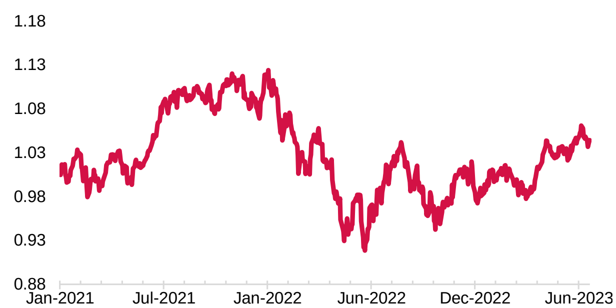
The AIA Philam Life Elite Balanced Fund seeks long-term total return (combination of capital growth and income) with moderate risk by investing in a portfolio of equities and fixed income securities. The ILP Sub-Fund's expected average direct and indirect exposure to equities will be approximately 60% 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 Performance[1]

6MOS	1YR	3YRS	5YRS	YTD	Since Inception
6.55%	9.75%	-	-	6.55%	**3.94%**

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

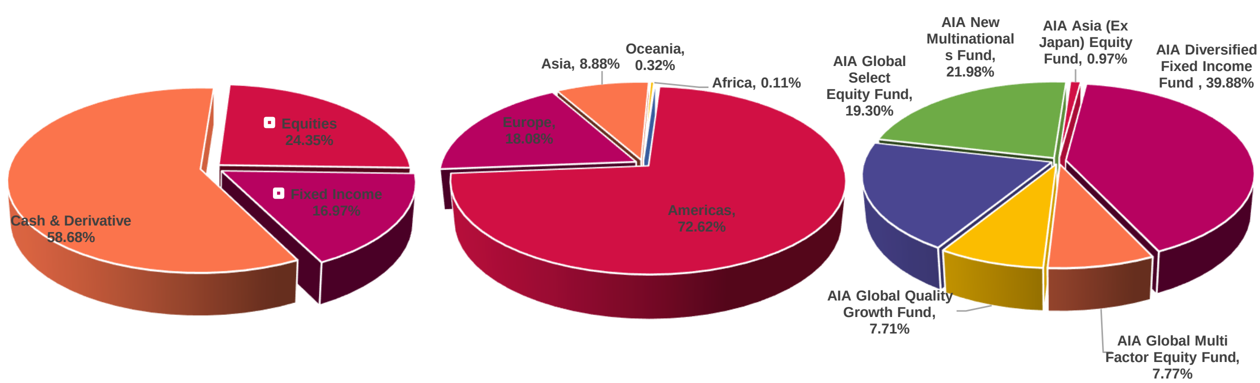
Net Asset Value Per Unit (NAVPU) Graph



Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAV	1.0394
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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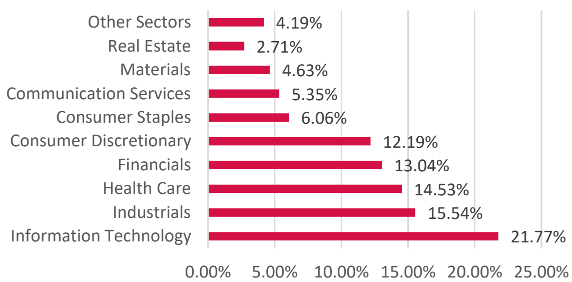
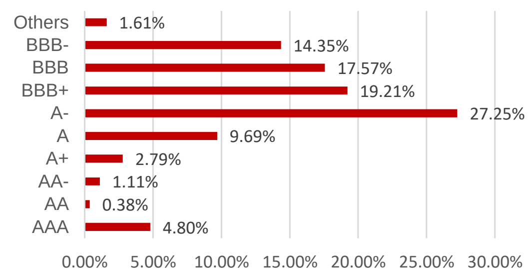
Equity: Sector Allocation



Fixed Income: Ratings Allocation



Top Holdings

Top 5 (Equities)

Microsoft Corp	2.70%
Taiwan Semiconductor Manufacturing Co Ltd	1.75%
Texas Instruments Inc	1.18%
ASML Holding NV	1.11%
Visa Inc	1.02%

Top 5 (Fixed Income)

United States Treasury NoteBond 3.625% 15/05/2026	0.83%
eBay Inc 3.45% 01/08/2024	0.63%
Equinix Inc 2.625% 18/11/2024	0.58%
United States Treasury NoteBond 4.25% 31/05/2025	0.57%
UnitedHealth Group Inc 3.7% 15/12/2025	0.51%

Commentary:

Macro Review

The US labor market remained strong with nonfarm payrolls increasing by 339,000 in April 2023 and unemployment rate came in at 3.7% in April 2023. The US manufacturing sector remained in contraction, but US services sector has been in the expansionary territory since January 2023. US headline inflation dipped to 4.0% in May 2023, a significant drop from the highs of 9.1% in 2022, but still elevated. While the Fed did not increase rates in the June 2023 FOMC, policymakers guided towards further increases in 2H 2023.

Economic momentum decelerated in Europe with both manufacturing and services PMI declining in May 2023. Economic data releases in Europe surprised to the downside in June with Citi's Economic Surprise Index for Eurozone firmly in negative territory. While the Eurozone services sector is in expansion, the Eurozone manufacturing sector is in contraction. Inflation in Eurozone dipped to 5.5% in May 2023 but still a distance from the inflation target. The ECB raised rates by 25 bps in the June 2023 monetary policy meeting.

The economic releases from China disappointed as Citi's Economic Surprise Index for China continued to decline in June 2023. Both China's manufacturing and services picked up in June 2023 although the manufacturing sector remained in contractionary territory. While the major developed economies are experiencing elevated inflation, China is experiencing muted inflation with the headline CPI coming in at 0.2% in May 2023. In fact, China producer price inflation is negative at 4.6% in May 2023, clear evidence that China is undergoing a different macro cycle compared to the other major developed economies.

Market Review

Global equities rebounded in June as risk appetite improve with the resolution of the US debt ceiling. Cyclical sectors such as Consumer Discretionary and Industrials led the rally in June while the defensive sectors lagged. The equity showed signs of broadening as the mid-cap and small cap equity indices outperformed the large cap equity index. In terms of styles, growth and momentum outperformed while minimum volatility and high dividend lagged. Across the major geographic regions, US equities had a strong June while Asia ex Japan and China equities were the laggards.

Fixed Income markets had a mixed June. Treasuries were down in June as US 10 year yield increased by 19 basis points in June 2023 and ended 1H 2023 at 3.84%. High yield outperformed investment grade in May and within the high yield complex, Asia high yield outperformed US high yield. Leveraged loans index enjoyed another positive month in June, bringing the 1H 2023 return to 6%.

Commodities rallied in June 2023. Growth sensitive commodities such as oil and copper were up about 3% in June 2023. Gold was down in June despite the Dollar Index registering a 1% decline.

Portfolio Review

Elite Balanced Fund:
• The portfolio delivered a return of 1.32% for the month, underperforming the benchmark by 0.85%
• Actions taken over the month include reducing the magnitude of the underweight to equities, changing the intra equity allocation by reducing AIA Global Multi-Factor Equity Fund and AIA New Multinationals Fund and increasing AIA Global Select Equity Fund and AIA Global Quality Growth Fund

Underlying SICAV funds
• In terms of absolute performance, all the underlying funds delivered positive absolute returns for the month
• In terms of relative performance, all the main underlying funds underperformed the respective benchmarks for the month. AIA Asia ex Japan Equity Fund, which the Elite Funds have a modest allocation, outperformed its benchmark

Outlook

The investment landscape is one of the most challenging seen in decades. The economy needs to contend with the fastest rate hike in cycle and the largest ever quantitative tightening. Over the medium term, the risk reward for risk assets is asymmetric. There is lots of room for disappointment. If the labour market remains resilient, inflation is likely to remain sticky and the Fed will not have the headroom to cut rates. In turn, that translates to a de-factor tightening and risk assets could be impacted. On the other hand, if a recession eventually hits the economy, risk assets would also do well in that environment.

Over the short term, while there are signs of weakness as exemplified by the US banking sector stress, current economic releases do not suggest that US is about to enter a recession imminently. The US manufacturing sector is showing signs of weakness but that is counterbalanced by a resilient services sector. The US labour market remains strong and wage growth is healthy. In addition, the Q1 2023 US corporate earnings season has been encouraging and as at 30 June 2023, Factset reports that analysts are projecting the S&P 500 to deliver earnings growth of 0.9% and revenue growth of 2.4% for CY 2023. In such an environment, investors should not preclude the scenario of risk assets holding up over the short term.

Given the confluence of forces pulling asset markets in different directions, for the Elite portfolios, the focus is to construct a well-diversified portfolio. The Elite portfolios remain underweight equities. Within the equity allocation of the Elite portfolios, we have increased allocation to strategies that either have the potential to outperform during down markets or have demonstrated the ability to do well should the current environment persist. We continue to watch the markets carefully and will emphasize bi-directional risk management for the Elite portfolios.