

AIA PHILAM LIFE ELITE BALANCED FUND

DECEMBER 29, 2023

Fund Description

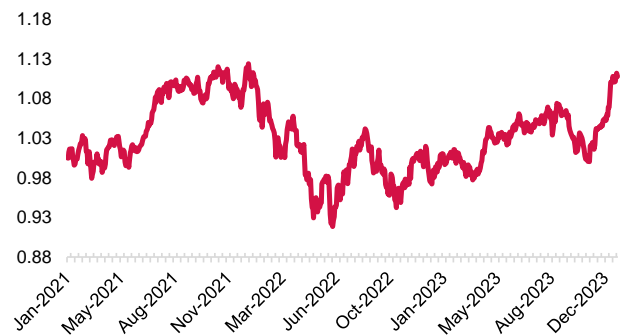
The AIA Philam Life Elite Balanced Fund seeks long-term total return (combination of capital growth and income) with moderate risk by investing in a portfolio of equities and fixed income securities. The ILP Sub-Fund's expected average direct and indirect exposure to equities will be approximately 60%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



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

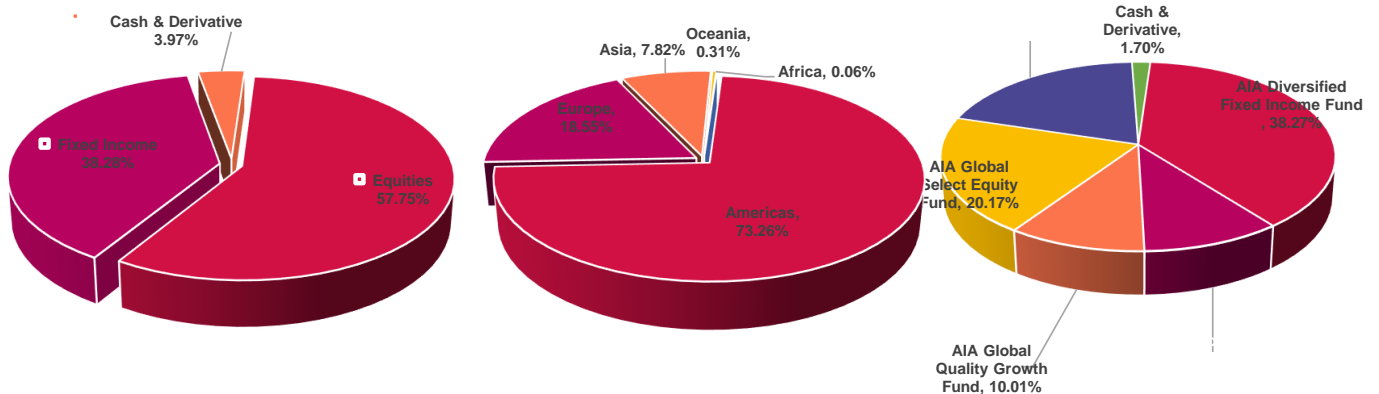
Net Asset Value Per Unit (NAVPU) Graph



Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAV)	1.103
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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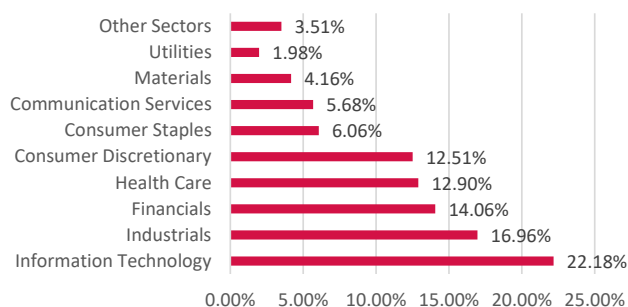
Risk Warning: Past performance is not indicative of future results. Our investment management services relate to a variety of investments, each of which can fluctuate in value. The value of portfolios we manage may fall as well as rise, and the investor may not get back the full amount originally invested. 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.



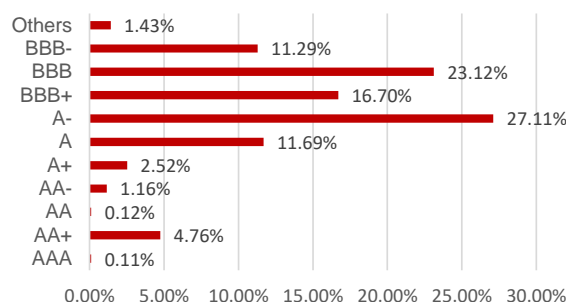
HEALTHIER, LONGER,
BETTER LIVES

**AIA PHILAM LIFE
ELITE BALANCED FUND
DECEMBER 29, 2023**

Equity: Sector Allocation



Fixed Income: Ratings Allocation



Top Holdings

Top 5 (Equities)

Microsoft Corp	2.67%
Taiwan Semiconductor Manufacturing Co Ltd	1.63%
Texas Instruments Inc	1.05%
Recruit Holdings Co Ltd	1.02%
ASML Holding NV	1.02%

Top 5 (Fixed Income)

eBay Inc 3.45% 01/08/2024	0.60%
Morgan Stanley 1.164% VRN 21/10/2025	0.58%
Equinix Inc 2.625% 18/11/2024	0.55%
United States Treasury NoteBond 4.375% 31/08/2028	0.52%
UnitedHealth Group Inc 3.7% 15/12/2025	0.49%

Commentary:

Macro Review

The US labor market remained resilient with continued increase in nonfarm payrolls and relatively low unemployment rate in December 2023. In addition, for December 2023, the US manufacturing sector remained in contraction and the US services sector remained in expansionary territory. Citi's Economic Surprise Index remained in positive territory in December 2023, though off its highs year-to-date reached in July 2023. US inflation for December 2023 remained above the target inflation rate. The Federal Reserve held rates steady at the December 2023 FOMC meeting.

Economic growth in Europe remained challenged with both manufacturing and services PMI in the contractionary zone for December 2023. Citi's Economic Surprise Index for Eurozone remained in negative territory though off the year-to-date lows reached in July 2023. Inflation in Eurozone rebounded from the lows in December 2023, though significantly off the highs reached in 2022. ECB held the main refinancing operations rate steady in the December 2023 monetary policy meeting.

China's economic growth remained challenged. For December 2023, China's manufacturing sector dipped further back in contractionary territory and was the lowest level in 6 months. China is experiencing deflation with headline CPI coming in at -0.3% and producer price inflation coming in at -2.7% in December 2023. With the muted economic backdrop in China, market participants will be looking to the policymakers for more concrete measures to support the economy.

Market Review

Global equities continued to rally in December 2023 and was up the second consecutive month. December 2023 saw a broad-based rally as the Industrial sector outperformed the benchmark and made new highs. Small cap equities outperformed large cap equities in December 2023. In terms of investment styles, value and small size led while minimum volatility lagged. Across the major geographic regions, Europe equities outperformed while Chinese equities continued to lag.

There was also broad-based strength in the fixed income markets in December 2023. Treasuries rallied in December as US 10-year yield continued to decline in December 2023. US investment grade led the rally amongst the fixed income complex in December and outperformed High Yield.

The broad commodities market was down in December 2023. There was divergence in performance of the growth sensitive commodities such as copper and oil where copper was up while oil was down. Gold appreciated in December. Asia currencies and the developed economy currencies broadly appreciated against the USD in December.

Portfolio Review

Elite Balanced Fund:

- The fund was up 5.17% for the month, outperforming its benchmark by 74 bps

SICAV funds

- In terms of absolute performance, all the core underlying SICAV funds delivered positive absolute returns for the month
- In terms of relative performance, AIA New Multinationals Fund, AIA Global Select Equity Fund, AIA Global Quality Growth Fund and AIA Global Multi-Factor Equity Fund outperformed the respective benchmarks for the month. AIA Diversified Fixed Income Fund underperformed its benchmark for the month.

Outlook

The macro backdrop for 2024 is more positive compared to 2023 as the headwind of monetary policy tightening could transition to the tailwind of loosening financial conditions. At the point of writing, the Fed Fund Target Rate is above the US inflation rate, thus opening the door for rate cuts by the Federal Reserve if the central bank's focus shifts to protecting economic growth. Oil prices remain in a downtrend despite actions taken by OPEC+ on supply cuts. Muted oil prices could provide impetus for inflation to decline further from current levels, and that could boost risk assets.

Fundamentals support a more positive market outlook compared to 2023. Earnings trajectory has resumed its uptrend. Market internals are also confirming the recent advance with cyclical equities outperforming defensive equities and market breadth improving. Turning to technicals, cross asset price action is constructive with equity volatility muted and credit spreads contained. In addition, the start of a Fed cutting cycle is typically bullish for equities, unless the rate cut cycle is followed by a recession. In terms of valuations, equity valuations are not cheap, driven by the "Magnificent 7" AI related stocks which have contributed to the bulk of the equity gains. However, stripping out the "Magnificent 7" stocks, valuations of the other names in the US equity market are not as stretched. Should rapid rate cuts indeed materialize in 2024, there could be catch up from sectors and investment styles which have lagged in 2023 such as small cap and value stocks, and catalyze the next leg of the equity rally.

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