

# AIA PHILAM LIFE ELITE CONSERVATIVE FUND

December 27, 2024

## Fund Description

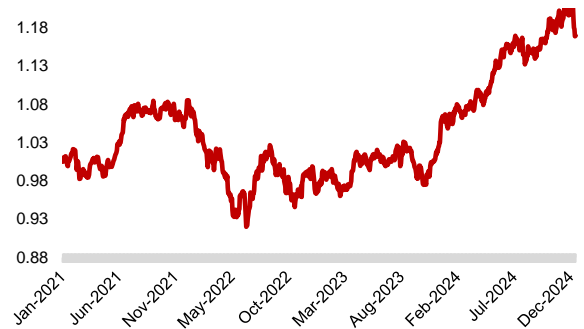
The AIA Philam Life Elite Conservative Fund seeks long-term total return (combination of capital growth and income) and at the same time minimize short term capital risk by investing in a portfolio of equities and fixed income securities. The ILP Sub-Fund's expected average direct and indirect exposure to equities will be approximately 30% over the long-term, however this exposure may vary from time to time. The other 70% will be invested in fixed income or money market instruments.

## Historical Performance<sup>1</sup>

| 6MOS  | 1YR    | 3YRS  | 5YRS | YTD    | Since Inception |
|-------|--------|-------|------|--------|-----------------|
| 1.47% | 10.09% | 7.83% | -    | 10.09% | 16.43%          |

<sup>1</sup>Returns are net of fees. Past performance is not indicative of future returns

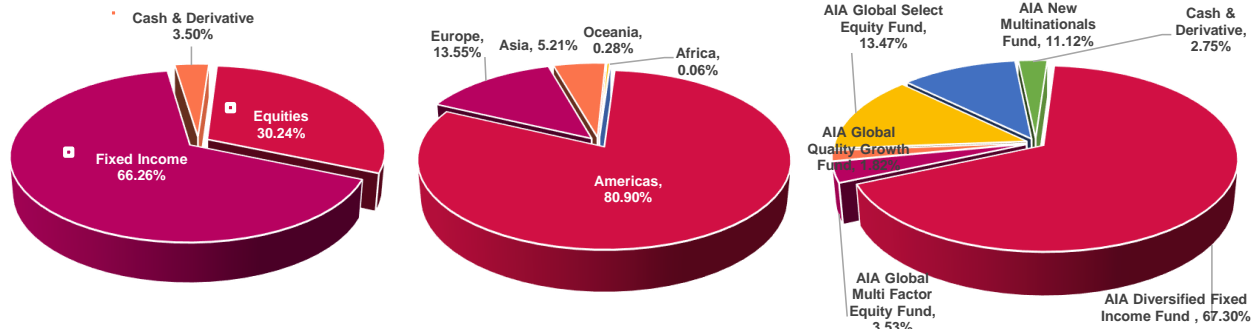
## Net Asset Value Per Unit (NAVPU) Graph



## Key Figures and Statistics

|                                |                   |
|--------------------------------|-------------------|
| NET ASSET VALUE PER UNIT (NAV) | 1.1643            |
| INCEPTION DATE                 | 18 January, 2021  |
| FUND CLASSIFICATION            | Fixed Income Fund |
| RISK PROFILE                   | Conservative      |
| FUND CURRENCY                  | Philippine Peso   |
| DOMICILE                       | Philippines       |

## Regional & Asset Allocation



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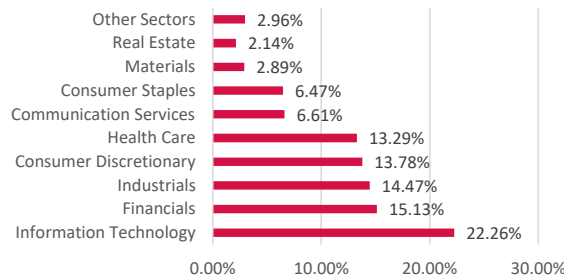
**Risk Warning:** Past performance is not indicative of future results. Our investment management services relate to a variety of investments, each of which can fluctuate in value. The value of portfolios we manage may fall as well as rise, and the investor may not get back the full amount originally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



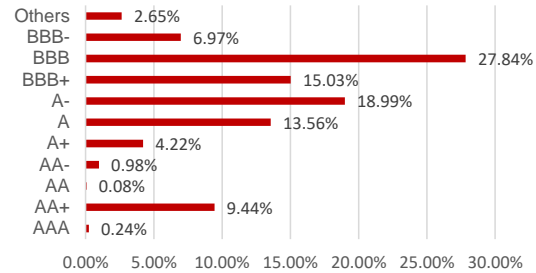
**HEALTHIER, LONGER,  
BETTER LIVES**

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ELITE CONSERVATIVE FUND  
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**Equity: Sector Allocation**



**Fixed Income: Ratings Allocation**



**Top Holdings**

**Top 5 (Equities)**

|   |       |
|---|-------|
| Microsoft Corp                            | 1.44% |
| Taiwan Semiconductor Manufacturing Co Ltd | 0.89% |
| Meta Platforms Inc                        | 0.62% |
| Novo Nordisk A/S                          | 0.60% |
| Visa Inc                                  | 0.58% |

**Top 5 (Fixed Income)**

|  |       |
|--|-------|
| United States Treasury NoteBond 4.25% 15/11/2034 | 1.83% |
| United States Treasury NoteBond 3.5% 30/09/2029  | 1.62% |
| Deutsche Bank AGNew York NY 5.414% 10/05/2029    | 0.68% |
| UnitedHealth Group Inc 3.7% 15/12/2025           | 0.61% |
| United States Treasury NoteBond 4% 31/07/2029    | 0.59% |

**Commentary:**

**Macro Review**

The US economy remained resilient with the Atlanta Fed nowcasting model indicating positive growth over the course of December 2024. The US manufacturing sector showed signs of picking up for the second consecutive month though remained in contractionary territory. Citi's Economic Surprise Index for the US dipped in December 2024 and ended the month slightly negative. US inflation for December 2024 increased and continued to pick up for the third consecutive month. The Federal Reserve cut rates by 25 basis points in the December 2024 FOMC meeting, bringing the total number of rate cuts in 2024 to 100 basis points.

In December 2024, the Eurozone manufacturing continued to stay sluggish in contractionary territory. Eurozone Services PMI rebounded in December 2024 and returned to expansionary territory. Citi's Economic Surprise Index for Eurozone continued to stay in negative territory in December 2024. Inflation in Eurozone increased in December 2024 for the third consecutive month.

In December 2024, China's manufacturing PMI continued to be in expansionary territory for the third consecutive month. China's non-manufacturing PMI increased in December 2024 and has been in expansionary territory for the whole of 2024. Inflation in China remained sluggish, and December 2024 saw consumer inflation dip for the fourth consecutive month. Producer price inflation continued to be negative in December 2024 and has been in deflation since October 2022. Citi's Economic Surprise Index for China continued to stay in positive territory in December 2024.

**Market Review**

Global equities dipped in December 2024, though still ended the year up in double digits. For the month ending December 2024, Communication Services, Consumer Discretionary and Information Technology led while Materials, Energy and Utilities lagged. For December 2024, in terms of investment styles, Growth led while Value lagged. For December 2024, across the major geographic regions in USD terms, Asia equities led, while Europe equities lagged.

The fixed income markets fell in December 2024. US Treasuries, Investment Grade and High Yield indices all were down in December 2024. Treasuries index was down as US 10-year yield increased significantly in December 2024. Credit spreads expanded in December 2024 with High Yield spreads expanding more than Investment Grade spreads.

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

**Portfolio Review**

**Elite Conservative Fund:**

- The fund delivered negative PHP returns for the month of December but positive PHP returns YTD December 2024, outperforming its benchmark on the month but underperforming YTD December 2024.
- In terms of currency movements, USD appreciated against the PHP for the month

#### SICAV funds

- In terms of absolute performance, AIA New Multinationals Fund, AIA Global Multi-Factor Equity Fund, AIA Global Quality Growth Fund, AIA Global Select Equity Fund and AIA Diversified Fixed Income Fund delivered negative USD returns for the month of December.
- In terms of relative performance, AIA Global Multi-Factor Equity Fund, AIA Global Select Equity Fund and AIA Diversified Fixed Income Fund outperformed while AIA New Multinationals Fund and AIA Global Quality Growth Fund underperformed their respective benchmarks for the month of December.

#### 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 be higher than that of 2024. On monetary policy, liquidity conditions are expected to be supportive as central banks around the globe are easing monetary policy. The Federal Reserve is on a rate cut cycle. 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.

Investors have enjoyed 2 years of double digit returns in equity markets. Our assessment is that we remain in an equity bull market though the pace of increase in 2025 is expected to be more muted compared to the previous 2 years. While the past 2 years has seen Magnificent 7 stocks dominate the stock market, the earnings growth differential between the Magnificent 7 stocks and the rest of the stock market is expected to decline in 2025. This could provide the setup for the stock market advance to be more broad-based and less concentrated. As 2025 unfolds, volatility could rise in view of the uncertainty on the policy measures that the new US Administration would embark on as President-elect Trump begins his second term as US President.

In such an environment, Elite Fund's top-down (via AIA Stewardship) and bottom up (via best-in-class active managers) active management are poised to be important levers to steer the portfolio to achieve its investment objectives.

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