

# AIA PHILAM LIFE ELITE CONSERVATIVE FUND

April 28, 2023

## Fund Description

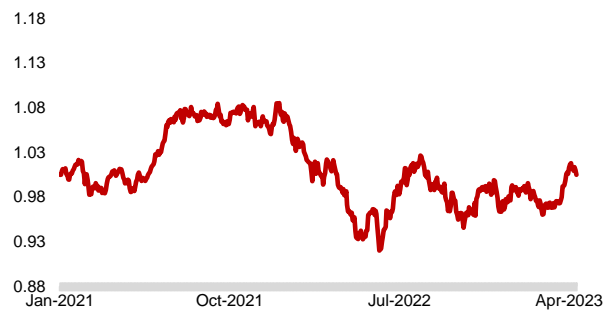
The AIA Philam Life Elite Conservative Fund seeks long-term total return (combination of capital growth and income) and at the same time minimize short term capital risk by investing in a portfolio of equities and fixed income securities. The ILP Sub-Fund's expected average direct and indirect exposure 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
4.72%	4.44%	-	-	4.03%	-0.02%

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

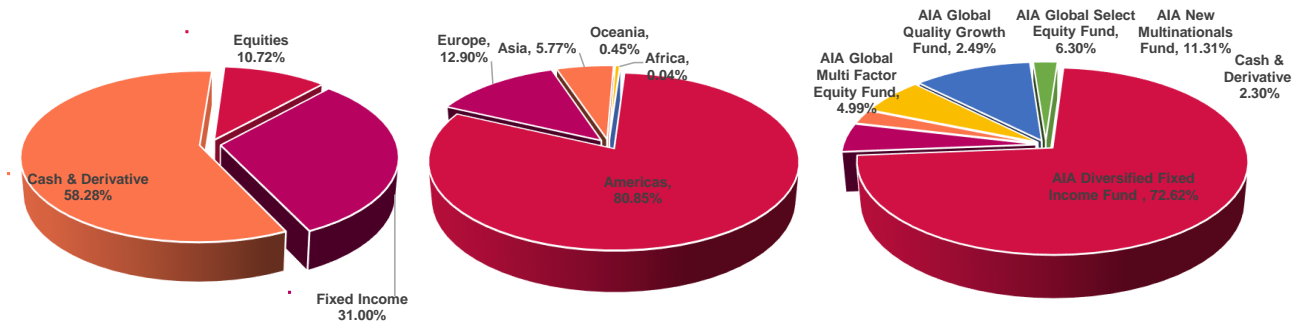
## Net Asset Value Per Unit (NAVPU) Graph



## Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAV)	0.9998
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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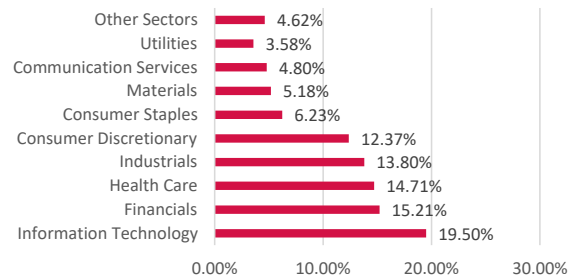


**HEALTHIER, LONGER,  
BETTER LIVES**

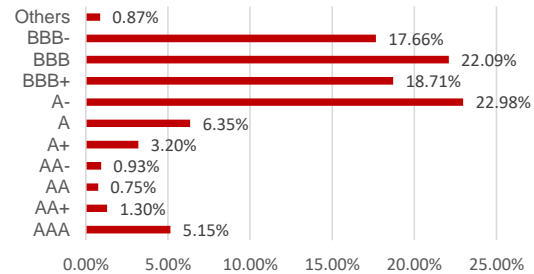
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## Equity: Sector Allocation



## Fixed Income: Ratings Allocation



## Top Holdings

### Top 5 (Equities)

Microsoft Corp	1.19%
Taiwan Semiconductor Manufacturing Co Ltd	0.67%
Novartis AG	0.46%
Visa Inc	0.46%
National Grid PLC	0.44%

### Top 5 (Fixed Income)

General Motors Financial Co Inc 6.05% 10/10/2025	0.70%
Apple Inc 3.25% 08/08/2029	0.70%
Boeing CoThe 3.2% 01/03/2029	0.61%
United States Treasury NoteBond 2.875% 15/05/2032	0.61%
United States Treasury Bond 2.75% 31/05/2029	0.61%

## Commentary:

### Market Review

Global equities traded higher in April as markets reacted positively to the swift responses taken by central banks to provide liquidity and stabilise markets to avoid risk of contagion from the recent banking crisis. The increased in lending standards amongst banks, coupled with ongoing jitters in the banking industry, may put a cap on the hawkish attitude of central banks to slow down the pace of their interest rate hikes and take a more balanced approach in their monetary policies in the months ahead.

The recent acquisition of First Republic Bank (FRC) by JPMorgan Chase & Co (JPM) has also given some respite to regional banks and won praises by regulators and the Treasury Department who used the opportunity to reassure consumers and markets that the US financial system is on solid footing and remains sound.

As at the midpoint of the Q1 2023 US corporate earnings season, majority of the companies that have reported their earnings have beaten analyst expectations with positive earnings surprises reported by companies in multiple sectors led by Information Technology (IT), Consumer Discretionary, Energy, Industrials and Communication Services. The MSCI World Index gained 1.75% while MSCI Emerging Markets Index lost -1.13% for the month of April.

In Fixed Income, while markets have calmed down slightly after wild swings in March following the collapse of three US banks, there are plenty of uncertainties that will keep volatility abnormally high in the quarters ahead. This includes the sticky inflation, lingering market stress linked to the Banking sector as well as the risk of the US hitting its debt ceiling. The Bloomberg Barclays Global Aggregate Corporate Total Return index gained 1.18% for the month.

### Portfolio Review

#### Elite Conservative Fund:

- The portfolio gained 2.58% for the month, underperforming its benchmark by 0.68%.
- With the exception of AIA Global Quality Growth Fund and AIA Asia ex Japan Equity Fund, all underlying funds delivered positive absolute performance in line with markets.
- In terms of relative performance, all underlying funds underperformed the respective equity and bond components of the benchmark.

### Outlook

It is increasingly likely that the lending conditions will be tightened further in coming months because of the routs amongst US regional banks. Coupled with excess inventory build ups adding pressure to corporate profitability, it raises the odds of a recession before the end of the year in Developed Market economies. Volatility is likely to remain elevated across asset classes due to a combination of risk factors.

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 reopening is starting to reflect in activity indicators. We remain underweight equities (with a preference towards Asia Ex-Japan equities) while maintaining the view that the Fed will not look to cut interest rates this year even as peak Fed Fund Rates (FFR) nears. We had turned tactically neutral on bonds after the fall in yields and heightened rates volatility with Silicon Valley Bank's (SVB) failure.

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