

AIA PHILAM LIFE ELITE CONSERVATIVE FUND

February 28, 2023

Fund Description

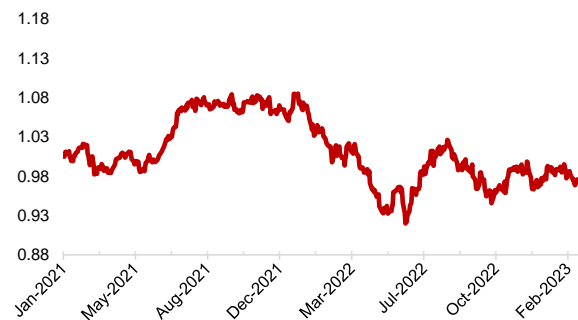
The AIA Philam Life Elite Conservative Fund seeks long-term total return (combination of capital growth and income) and at the same time minimize short term capital risk by investing in a portfolio of equities and fixed income securities. The ILP Sub-Fund's expected average direct and indirect exposure 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 Performance¹

6MOS	1YR	3YRS	5YRS	YTD	Since Inception
-2.26%	-3.79%	-	-	0.59%	-3.32%

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

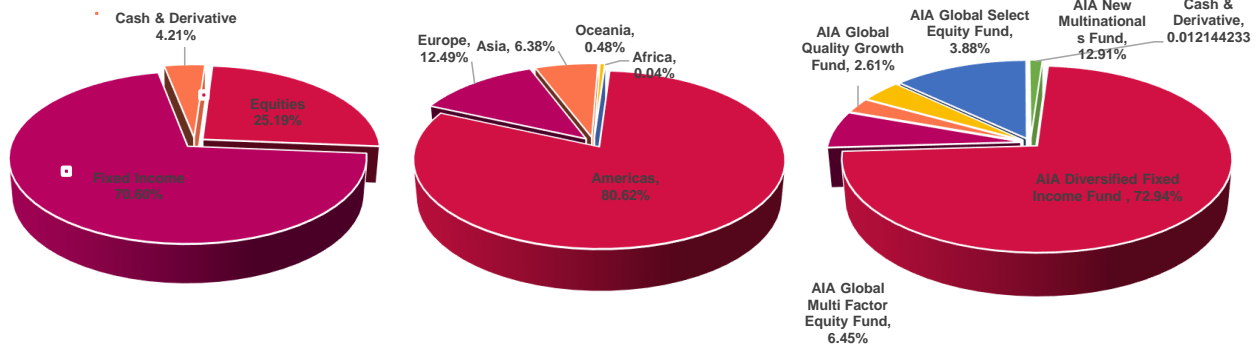
Net Asset Value Per Unit (NAVPU) Graph



Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAV)	0.9668
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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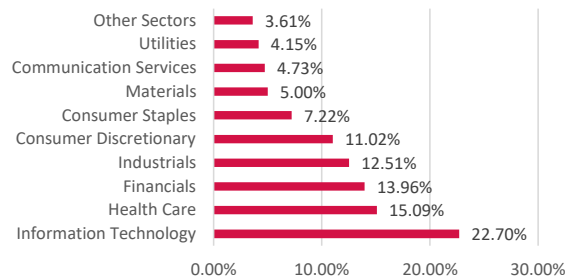


HEALTHIER, LONGER,
BETTER LIVES

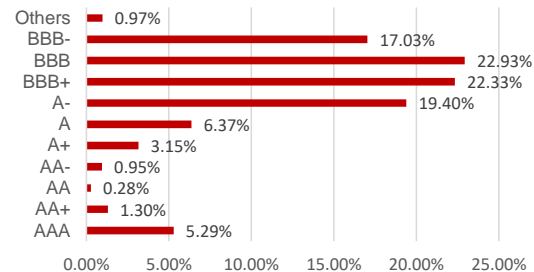
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Equity: Sector Allocation



Fixed Income: Ratings Allocation



Top Holdings

Top 5 (Equities)

Microsoft Corp	0.98%
Taiwan Semiconductor Manufacturing Co Ltd	0.76%
Texas Instruments Inc	0.57%
Visa Inc	0.55%
Novartis AG	0.53%

Top 5 (Fixed Income)

Amgen Inc 5.507% 02/03/2026	0.88%
General Motors Financial Co Inc 6.05% 10/10/2025	0.74%
Apple Inc 3.25% 08/08/2029	0.69%
Boeing CoThe 3.2% 01/03/2029	0.62%
United States Treasury NoteBond 2.875% 15/05/2032	0.60%

Commentary:

Market Review

Global equities softened in February, returning some of the previous month's gains. Robust economic data coming from the US stoked concerns that the Federal Reserve (Fed) might revert to its policy of rapid rate hikes, causing investors to reduce positions and take profits. A combination of stronger than expected US labour market, Consumer Spending and Personal Consumption Expenditure (PCE) point towards an economy that is still strong enough to withstand more policy tightening measures. The MSCI World index lost 2.40% while MSCI Emerging Markets index lost 6.48% for the month of February.

In Fixed Income, January's rally also fell in a reversal as issuances across the credit spectrum returned most of their gains amid a sharp revision in the outlook of policy rates. The realisation that policy makers are likely to stay hawkish for the coming months caused investors to dump almost every financial asset, seeking safety in cash. While stronger data eased concerns about an imminent recession in the near term, it heightened the risk of policy errors and tighter monetary conditions. The Bloomberg Barclays Global Aggregate Corporate Total Returns Bond index lost 3.21% for the month.

Portfolio Review

Elite Conservative Fund:

- The portfolio lost 1.63% for the month, outperforming its benchmark by 0.06%.
- All underlying funds delivered negative absolute performance in line with markets.
- In terms of relative performance, with the exception of AIA Diversified Fixed Income Fund and AIA Global Quality Growth Fund, all other underlying funds outperformed the respective equity and bond components of the benchmark.

Outlook

We expect a high degree of volatility and uncertainty for global equities in 2023, as persistently high inflation and interest rate rises may lead to a rough landing for the global economy. Global Fixed Income markets head into 2023 with hopes of a long-awaited shift to a new interest rate paradigm, but the transition is unlikely to be smooth.

On the macro front, we think US growth will stall and corporate profits will continue to decline leading to higher unemployment rates as well as 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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