

# AIA PHILAM LIFE ELITE CONSERVATIVE FUND

JANUARY 31, 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>

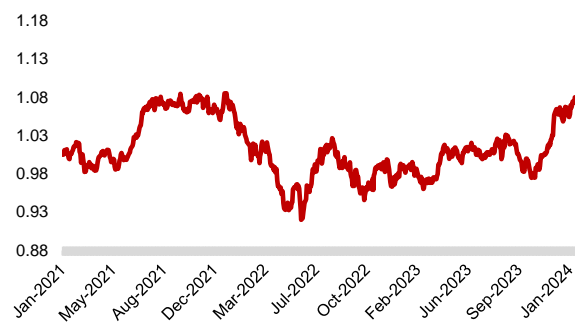
6MOS	1YR	3YRS	5YRS	YTD	Since Inception
6.64%	9.29%	7.98%	-	1.56%	7.41%

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

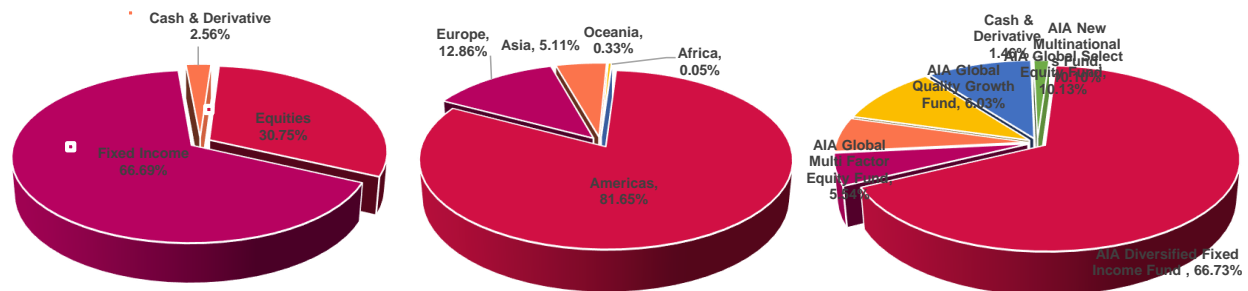
## Key Figures and Statistics

NET ASSET VALUE PER UNIT (NAV)	1.0741
INCEPTION DATE	18 January, 2021
FUND CLASSIFICATION	Fixed Income Fund
RISK PROFILE	Conservative
FUND CURRENCY	Philippine Peso
DOMICILE	Philippines

## Net Asset Value Per Unit (NAVPU) Graph



## Regional & Asset Allocation



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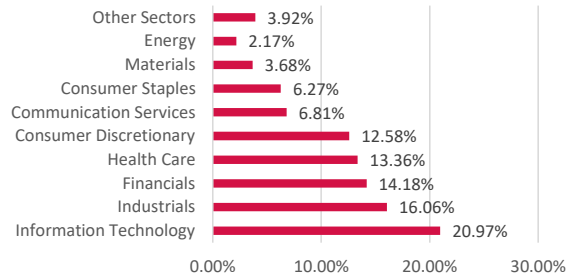
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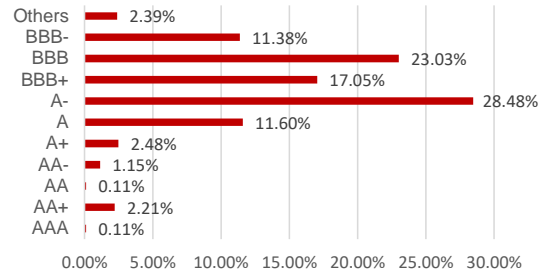
**HEALTHIER, LONGER,  
BETTER LIVES**

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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	1.29%
Taiwan Semiconductor Manufacturing Co Ltd	0.84%
Recruit Holdings Co Ltd	0.51%
Texas Instruments Inc	0.51%
Alphabet Inc	0.46%

**Top 5 (Fixed Income)**

eBay Inc 3.45% 01/08/2024	1.03%
Morgan Stanley 1.164% VRN 21/10/2025	1.01%
Equinix Inc 2.625% 18/11/2024	0.96%
UnitedHealth Group Inc 3.7% 15/12/2025	0.84%
TMobile USA Inc 5.375% 15/04/2027	0.74%

**Commentary:**

**Macro Review**

The US labor market delivered another upside surprise in January 2024 with nonfarm payrolls coming in stronger than expected. For January 2024, the US manufacturing sector remained in contraction territory and the US services sector remained in expansionary territory. Broadly, economic releases surprised on the upside for January 2024 and Citi's Economic Surprise Index ended January 2024 in positive territory. US inflation for December 2023 hovered above the target inflation rate. The Federal Reserve held rates steady at the January 2024 FOMC meeting.

Economic growth in Europe remained challenged with both manufacturing and services PMI in the contractionary zone for January 2024. Citi's Economic Surprise Index for Eurozone continued to trend up and is near flat at the end of January 2024. Inflation in Eurozone continued to ease in January 2024, descending from the highs reached earlier in 2022. ECB held the main refinancing operations rate steady in the January 2024 monetary policy meeting.

China's economic growth remained challenged. For January 2024, China's manufacturing sector remain mired in contractionary territory. China is experiencing deflation with both headline consumer price inflation and producer price inflation coming in negative in January 2024. 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 January 2024 and was up the third consecutive month. The Communication Services and Information Technology sectors led the rally while the Materials and Utilities sectors lagged. Large cap equities outperformed small cap equities in January 2024. In terms of investment styles, momentum, quality and growth led while value and high dividend yield lagged. Across the major geographic regions, US equities outperformed while Asia equities continued to lag.

The fixed income market took a pause in January 2024 after a strong end to 2023. Treasuries declined as US 10-year yield increased in January 2024. While US high yield spread widened in January, its higher carry provided an offset to the negative impact from the spread widening. US investment grade corporate bond ended January 2024 slightly down.

The broad commodities benchmark was flat in January 2024. Oil was up in January 2024 as geopolitical tensions catalysed a rally. Gold was down in January 2024 alongside strength in the USD against both DM and Asian currencies.

## Portfolio Review

### Elite Conservative Fund:

- The fund was up 1.56% for the month, underperforming its benchmark by 6 bps

### SICAV funds

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

### Outlook

Fundamentals remain resilient with labour market remaining tight and earnings growth inflecting from the 2022 lows. Based on Factset's report, analysts forecast that earnings growth will continue its positive trajectory in 2024. The outlook for equities over the medium term remains constructive. However, the recent new high in US equities was accompanied with divergences in price action against breadth. As such, the asset allocation for the Elite Funds is modestly overweight equities.

On the intra asset level, Elite's equity sub-portfolio is anchored by AIA New Multinationals Fund and AIA Global Select Equity Fund, which provide growth and quality exposures to the Elite Fund. The Elite equity sub-portfolio also has exposure in the value investment style which could do well should the equity rally broaden out to include sectors and investment styles which have lagged in 2023. The equity rally is likely to be on more solid footing if the rally broadened out to include other sectors or styles that have lagged in 2023, and earnings growth continues its positive trend.

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