

AIA PESO MONEY MARKET FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT AS OF JUNE 30, 2024

FUND FACTS

Classification	Money Market	Net Asset Value per Unit (NAVPU)	Php 1.0555
Launch Date	February 17, 2023	Total Fund Net Asset Value (Mn)	Php 2,678.83
Minimum Investment	Php 1,000	Dealing Day	Daily up to 12nn
Additional Investment	Php 100	Redemption Settlement	3 business days
Minimum Holding Period	None	Early Redemption Fee	none

FEES*

Trustee Fees:	Custodianship Fees:	Other Fees ¹ :
0.2105%	0.005%	0.0449%
AIA Investment Management & Trust Corporation Philippines	HSBC	

*as a percentage of NAV as of quarter end

INVESTMENT OBJECTIVE AND STRATEGY

The fund aims to provide liquidity and stable income by investing in peso-denominated money market and fixed-income instruments with remaining terms to maturity of not more than three (3) years and has a weighted average portfolio life of one (1) year or less. The fund will track the performance of the Markit iBoxx ALBI Money Market or IBXXCHOG Index by replicating the characteristics of the benchmark.

CLIENT SUITABILITY

A client profiling process should be performed prior to participating in the Fund to guide the prospective investor if the Fund is suited to his/her investment objectives and risk tolerance. Clients are advised to read the Plan Rules of the Fund, which may be obtained from the Trustee, before deciding to invest.

This fund is suited for conservative investors with an investment horizon no more than one (1) year.

RISK CONSIDERATIONS

You should not invest in this Fund if you do not understand or are not comfortable with the accompanying risks.

- **Credit Risk.** Refers to the risk of losses that an investor is exposed to due to a borrower's failure to pay the principal and/or interest on instruments such as bonds, loans, or other forms of securities. The borrower's inability to fulfil its financial obligations may be due to adverse changes in its financial condition thus, lowering the credit quality and/or price of the security.
- **Counterparty Risk.** Refers to the risk of a counterparty defaulting on a contract to deliver its obligation in cash, securities or even services.
- **Liquidity Risk.** Refers to the risk of losses that an investor is exposed to due to the inability to convert assets into cash immediately or when the conversion is possible but only at a lower price. Such may be caused by holding securities with small or few outstanding issues, inadequate buyers, infrequent trading activity or underdeveloped capital market.
- **Market Risk.** Refers to the risk of losses that an investor is exposed to due to the unanticipated change in the prices of securities or macroeconomic variables that influence the financial markets.
- **Interest Rate Risk.** Refers to the risk of loss that an investor is exposed to due to changes in interest rates. The purchase and sale of fixed income securities, for example, may result in a loss because the price of the security may decline if interest rates rise.
- **Reinvestment Risk.** Refers to the risk that an investor is exposed to the possibility of getting lower returns or earnings upon reinvestment of maturing funds and/or interest earnings.

- **THE UITF IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORP (PDIC).**
- **RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/ FLUCTUATIONS ONLY.**
- **WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES WILL BE SOLELY FOR THE ACCOUNT OF THE CLIENT.**
- **THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE.**

For more information, please check the official website at <https://investment.aia.com/ph/index.html> or contact (+63)9610451549 or mayen-mf.dabbay@aia.com.

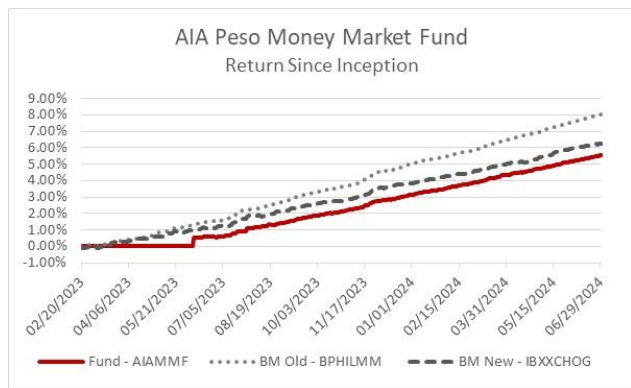
¹ Other Fees may include transaction fees.



FUND PERFORMANCE AND STATISTICS as of JUNE 30, 2024

(Purely for reference purposes and is not a guarantee of future results)

NAVPU GRAPH



* Effective May 01, 2024 - new benchmark is Markit iBoxx ALBI Philippines Money Market [IBXXCHOG INDEX] from Bloomberg Philippine Sovereign Bond Index Money Market [BPHILMM INDEX]. The IBXXCHOG Index reflects acceptable returns on a peso-denominated low risk fixed income portfolio comprising of fixed-income securities with remaining maturity of three (3) months to one (1) year. Relative to the previous benchmark, it is net of taxes, which is a more accurate measure of performance.

CUMULATIVE PERFORMANCE (%)²

	1 mo	3 mo	6 mo	YTD	S.I.
Fund	0.36	1.19	2.35	2.35	5.55
BM*	0.34	1.38	2.81	2.81	7.91

*Benchmark (BM) used is BPHILMM INDEX from inception to April 30, 2024 and IBXXCHOG INDEX from May 01, 2024 to June 30, 2024.

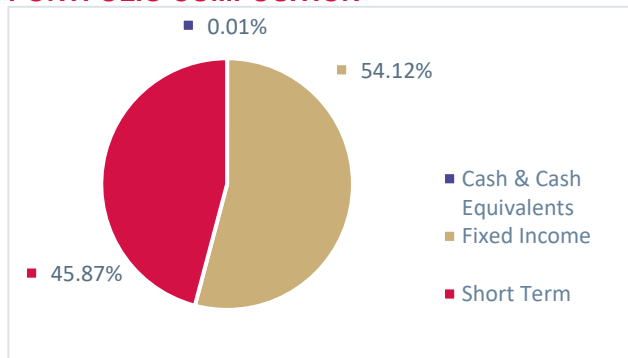
NAVPU OVER PAST 12 MONTHS

Highest	1.0555
Lowest	1.0000

STATISTICS

Weighted Ave. Duration³	0.45
Volatility, Past 1 Year⁴	0.52%
Tracking Error⁵	0.53%

PORTFOLIO COMPOSITION



TOP TEN HOLDINGS

Security	% of Portfolio
RPGB 4 1/4 04/07/25	17.09
RPGB 5 3/4 04/12/25	15.59
RPGB 4 1/4 10/17/24	12.52
RPGB 4 1/8 08/20/24	8.93
BSPBIL 0 08/06/24	8.43
BSPBIL 0 08/20/24	5.70
RPTB 0 01/15/25	5.35
BSPBIL 0 07/23/24	4.64
RPTB 0 03/19/25	4.42
BSPBIL 0 07/09/24	3.75

OUTLOOK AND STRATEGY

Resilient economic data in the US and sustained inflationary pressures in the Philippines led to higher interest rates in the second quarter. An unexpected change in the Federal Reserve's (Fed) rhetoric in April prompted a reassessment of interest rate expectations. Locally, US dollar strength pushed yields to retrace yearend 2023 levels.

Headline inflation continued to print higher on increased food and energy prices amid a cooling core. Inflation accelerated to 3.8% year-on-year (y/y) in April before declining to 3.7% in June. This brought the average inflation rate to rise 3.5% y/y in the first half of the year from 3.3% y/y in the first quarter.

The domestic economy grew 5.7% y/y or 1.3% quarter-on-quarter (q/q) in the first quarter, missing 5.9% consensus despite posting a solid performance. The above-average growth in exports and recovery in government spending offset sluggish personal consumption and weak investment spending from prolonged inflation and high interest rates.

To abate the rising costs, the government announced lower tariffs on imported rice in June. As a result, the Bangko Sentral ng Pilipinas (BSP) significantly revised down its annual inflation forecasts for 2024 and 2025 to 3.1% from 3.8% and 3.7%, respectively, on its 27 June Monetary Board meeting. The BSP kept its key interest rate unchanged at 6.50% but shifted to a dovish tone and signalled intentions to cut interest rates as early as August.

Meanwhile, the Bureau of Treasury started rejecting higher bid yields in bond auctions in May, only partially fulfilling its borrowing requirements in the second quarter. The dovishness of the BSP and easing of domestic bond supply pressures capped the upward trend in yields in June.

The money market index gave a 1.38% return in the second quarter. Interest rates rose by 10-55 basis points (bps), ending the quarter with a steeper curve. The benchmark 10-year peso rate ended 41 bps higher at 6.65%.

With BSP policy rate cuts in the horizon, local bond prices are expected to recover in the second half of 2024. Prospects of monetary policy accommodation and easing inflation pressures provide a favorable backdrop for the fixed income funds.

RELATED PARTY TRANSACTIONS

None to disclose.

² Returns are net of fees.

³ Duration measures the expected change in the portfolio's bond prices to a 1% change in interest rates.

⁴ Volatility measures the degree to which the Fund fluctuates vis-à-vis its own average return over a period of time (standard deviation of returns).

⁵ Tracking Error is the volatility of the returns of the Fund over and below the returns of its corresponding benchmark (BPHILMM INDEX from inception to April 30, 2024 and IBXXCHOG INDEX from May 01, 2024 to June 30, 2024) (standard deviation of excess returns of the Fund vis-à-vis its benchmark). The lower the Tracking Error, the closer the Fund's composition is vis-à-vis its benchmark. A Tracking Error equal to 0% means the Fund is fully replicated to its benchmark.

