

AIA Investment Management and Trust Corporation Philippines
AIA Peso Long-Term Bond Fund
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
as of September 30, 2024

FUND FACTS

Classification	Long-Term Fixed Income	Net Asset Value per Unit (NAVPU)	Php 1.1022
Launch Date	February 17, 2023	Total Fund Net Asset Value (Mn)	Php 130.26
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%	0.7616%
AIA Investment Management & Trust Corporation Philippines	HSBC	

*as a percentage of average daily NAV for the quarter valued at Php 99,754,131.93.

INVESTMENT OBJECTIVE AND STRATEGY

The Fund aims to achieve higher income and capital growth by investing in Philippine government bonds with an average portfolio duration of greater than five (5). The Fund will track the performance of the Markit iBoxx ALBI Philippines 5+ Total Return Index or IBXXPHP5 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 moderately aggressive investors with an investment horizon of more than five (5).

KEY RISKS AND RISK MANAGEMENT

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.**

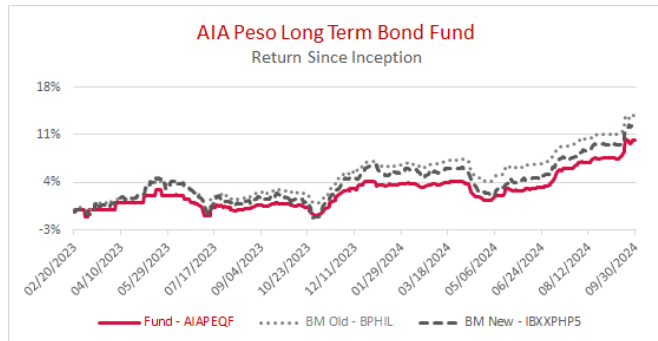
For more information, please check the official website at <https://investment.aia.com/ph/index.html> or contact (+63) 9178490195 or mayen-mf.dabbay@aia.com.

¹ Other Fees may include transaction fees.

FUND PERFORMANCE AND STATISTICS as of SEPTEMBER 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 Index 5+ [IBXXPHP5 INDEX] from Bloomberg Philippine Local Sovereign Index [BPHIL INDEX]. The IBXXPHP5 Index reflects acceptable returns on a peso-denominated medium risk long-term fixed income portfolio comprising of Philippine Government bonds with remaining tenors of at least five (5) years. Benchmark composition is rebalanced monthly. Relative to the previous benchmark, the returns are net of taxes, which is a more accurate measure of performance.

CUMULATIVE PERFORMANCE (%)²

	1 mo	3 mo	6 mo	YTD	S.I.
Fund	2.43	6.49	5.86	5.88	10.22
BM*	2.78	6.96	6.92	7.25	14.76

*Benchmark (BM) used is BPHIL INDEX from inception to April 30, 2024 and IBXXPHP5 Index from May 01, 2024.

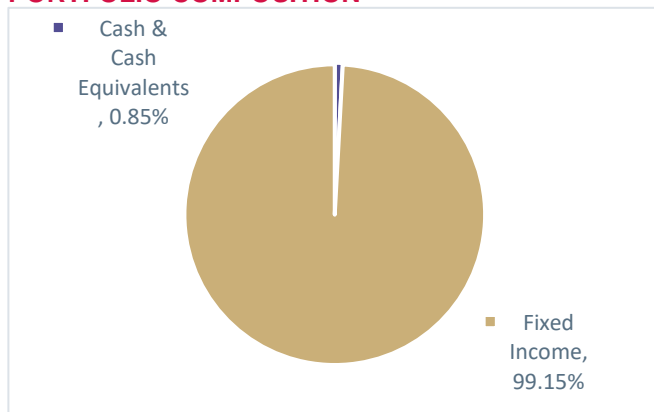
NAVPU OVER THE PAST 12 MONTHS

Highest	1.1031
Lowest	0.9900

STATISTICS

Weighted Ave. Duration³	6.74
Volatility, Past 1 Year⁴	2.74%
Tracking Error⁵	2.76%

PORTFOLIO COMPOSITION



TOP TEN HOLDINGS (%)

Security	% of Portfolio
RPGB 8 07/19/31	9.66
RPGB 6 3/4 09/15/32	6.47
RPGB 8 09/30/35	5.81
RPGB 8 1/8 12/16/35	5.70
RPGB 6 1/4 01/25/34	4.72
RPGB 6 3/4 01/24/39	4.24
RPGB 4 07/22/31	3.91
RPGB 9 1/4 11/05/34	3.91
RPGB 6 3/8 07/27/30	3.77
RPGB 6 5/8 08/17/33	3.71

RELATED PARTY TRANSACTIONS

None to disclose.

OUTLOOK AND STRATEGY

Central bank policy adjustments in the US and Philippines and inflation moderating to target led to lower interest rates in the third quarter.

Headline inflation printed lower primarily due to softer rice prices following lower import tariffs under Executive Order 62. Inflation peaked to 4.4% year-on-year (y/y) in July before declining to 1.9% in September. This brought the national average inflation to 3.4% year-to-date in September. The domestic economy expanded 6.3% y/y in 2Q24, within consensus, and higher than 5.8% in 1Q24. The improvement is mostly driven by a catch up in government spending, while consumer spending and private investment remain subdued.

In response to these favourable conditions, the Bangko Sentral ng Pilipinas (BSP) cut its policy rate by 0.25% to 6.25% and revised inflation forecasts from 3.1% to 3.3% for 2024 and to 2.9% for 2025. The BSP also reduced the reserve requirement by 250 basis points (bps) to 7%, effective October 25, with plans to cut another 200bps by next year. Meanwhile, the US Federal Reserve (Fed) kicked off its own rate cutting cycle with a hefty 50 bps cut to lower the Fed funds rate to 4.75%-5% from 5.25%-5.50% as inflation and employment cooled.

On the fiscal front, the Bureau of Treasury (BTr) successfully met demand with fully awarded bond auctions for the quarter. The BTr also announced its fourth quarter borrowings to be roughly half from previous quarter further pushing interest rates lower.

The bond index gave a positive return of 6.99% in the third quarter. Interest rates fell by 67-92 bps, ending the quarter with a flatter curve. Benchmark yields in the 2-year closed at 5.50% (down by 0.76%), 5-year at 5.57% (down by 0.86%), 10-year at 5.74% (down by 0.92%), and 20-year at 5.92% (down by 0.91%).

With a resilient economy and inflation on its descending path, settling within its long-run target of 2%-4%, the BSP is expected to continue with its monetary policy easing. This provides a supportive environment for the fixed income funds.

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 (BPHIL INDEX from inception to April 30, 2024 and IBXXPHP5 Index from May 01, 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.