

**AIA Investment Management and Trust Corporation Philippines**  
**AIA Peso Long-Term Bond Fund**  
**KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT**  
**as of December 31, 2024**

## FUND FACTS

Classification	Long-Term Fixed Income	Net Asset Value per Unit (NAVPU)	Php 1.0855
Launch Date	February 17, 2023	Total Fund Net Asset Value (Mn)	Php 140.67
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 <sup>1</sup> :
0.2105%	0.005%	0.7133%
AIA Investment Management & Trust Corporation Philippines	HSBC	

\*as a percentage of average daily NAV for the quarter valued at Php 108,954,874.75

## 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.**

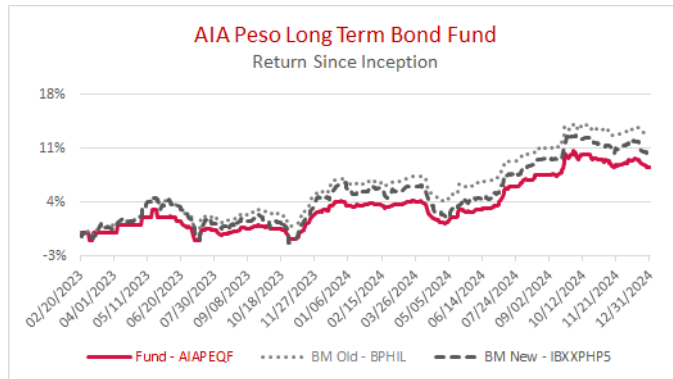
For more information, please check the official website at <https://investment.aia.com/ph/index.html> or contact (+63) 9178490195 or [mayen-mf.dabbay@aia.com](mailto:mayen-mf.dabbay@aia.com).

<sup>1</sup> Other Fees may include transaction fees.

## FUND PERFORMANCE AND STATISTICS as of DECEMBER 31, 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+ [IBXPHP5 INDEX] from Bloomberg Philippine Local Sovereign Index [BPHIL INDEX]. The IBXPHP5 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 (%)<sup>2</sup>

	1 mo	3 mo	6 mo	YTD	S.I.
<b>Fund</b>	-0.45	-1.52	4.88	4.27	8.55
<b>BM*</b>	-1.00	-2.08	4.73	5.02	12.37

\*Benchmark (BM) used is BPHIL INDEX from inception to April 30, 2024 and IBXPHP5 Index from May 01, 2024.

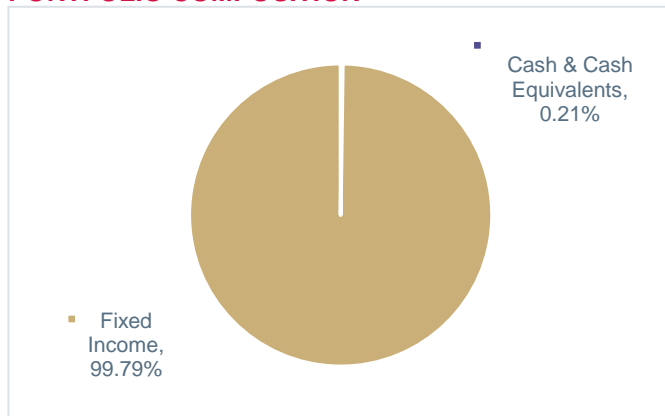
### NAVPU OVER THE PAST 12 MONTHS

Highest	1.1064
Lowest	0.9900

### STATISTICS

Weighted Ave. Duration <sup>3</sup>	6.72
Volatility, Past 1 Year <sup>4</sup>	2.77%
Tracking Error <sup>5</sup>	3.16%

### PORTFOLIO COMPOSITION



### TOP TEN HOLDINGS (%)

Security	% of Portfolio
RPGB 8 07/19/31	10.86
RPGB 6 3/4 09/15/32	6.29
RPGB 6 1/4 01/25/34	5.89
RPGB 8 09/30/35	5.25
RPGB 8 1/8 12/16/35	5.17
RPGB 6 3/4 01/24/39	4.74
RPGB 4 07/22/31	4.40
RPGB 8 1/8 11/24/42	4.33
RPGB 6 5/8 08/17/33	4.10
RPGB 4 7/8 01/20/32	3.59

### RELATED PARTY TRANSACTIONS

None to disclose.

### OUTLOOK AND STRATEGY

Global event risks took centre stage in the fourth quarter due to tariff threats, inflationary-tax cut program, and immigration policies under a Trump 2.0 presidency. These factors caused volatility and sent local bond yields higher despite central bank policy rate cuts in the US and Philippines, as well as local inflation prints staying within target levels.

Philippine inflation prints for October, November and December were 2.3%, 2.5% and 2.9%, respectively, which remained firmly within the Bangko Sentral ng Pilipinas (BSP)'s target range of 2%–4%. In response, the BSP initiated two more rate cuts of 25 bps each, bringing the policy rate down to 5.75%. However, the BSP cautioned that the balance of risks to inflation have shifted to the upside and further reiterated that it will take “baby steps” in reducing policy rates and will consider the balance between inflation risks and growth. Meanwhile, the US Federal Reserve (Fed) also cut policy rates twice by 25bps each, one in November and another in December to help bolster its labor market. Similarly, the Fed signalled a more cautious stance on the "extent and timing" of future rate cuts, given ongoing geopolitical tensions and policy uncertainties of the next US administration. On the fiscal front, the Bureau of Treasury (BTr) successfully met demand with fully awarded bond auctions for the quarter.

The bond index gave a negative return of 2.13% in the 4<sup>th</sup> quarter. Interest rates rose by 18-56 bps, ending the quarter with a flatter curve. Benchmark yields in the 2-year closed at 6.04% (up by 0.54%), 5-year at 6.10% (up by 0.53%), 10-year at 6.18% (up by 0.44%), and 20-year at 6.10% (up by 0.18%).

The 2025 outlook for local bonds is positive but cautious. Bond yields are expected to go down as the BSP reduces rates to support growth, while inflation is expected to stay between 2% and 4%. We nevertheless expect volatility to persist in the near term as inflation pressures linger. Wage increases, adjustments in utility rates, and external shocks such as geopolitical tensions or inflationary U.S. policies are risks to our view. We will stay low in duration position in the short-term and look to gradually increase it to overweight.

<sup>2</sup> Returns are net of fees.

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

<sup>4</sup> 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).

<sup>5</sup> 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 IBXPHP5 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.