



BPI



2024 FUND PERFORMANCE REPORT

BPI AIA Life Assurance Corp. (BPI AIA)
Variable Unit-Linked Funds Annual Report
and Statement of Assets and Liabilities
(BPI AIA-ALAI)



MESSAGE FROM THE CEO

Dear Policyholder,

In 2024, the financial markets experienced significant changes. Key factors included major political and economic shifts worldwide, adjustments in central banks' policies, and big technological advances.

In the Philippines, inflation remained high in the first half of the year, affecting the demand for local bonds. However, by June 2024, inflation began to improve, leading to lower interest rates by the Bangko Sentral ng Pilipinas (BSP). This, along with similar moves by the US Federal Reserve, helped boost local bond prices in the third quarter.

The Philippine Peso had a volatile year against the US Dollar, starting at 55.67, hitting highs of 59.00, and finally settling at 57.85 by year-end.

The Philippine Stock Exchange Index (PSEI) also saw large swings. It performed well early in the year, with an 8.20% return by March 2024. Despite fluctuations, it peaked at 17.10% in October, but later dropped to a 1.20% price return (4.10% total return) by year-end, affected by concerns over Trump's US election win and its potential inflation impact.

Global equity markets, however, had a much better year. With expectations of lower inflation and interest rate cuts, global stocks, particularly US equities, rallied strongly. The S&P 500 Index had a return of 23.30%, and the global equity market index gained 17.0%.

Despite the challenges and volatility in the financial markets throughout 2024, all our funds achieved positive returns, demonstrating the strength and resilience of our investment strategies.

Peso Funds	2024 Return	AUM (in '000)
ALFM Peso Bond Fund	3.18%	23,036
Philippine Stock Index Fund	3.18%	2,851
Dollar Funds		
ALFM Dollar Bond Fund	3.01%	188

We look forward to further improvements in market performance in the months ahead, supported by the favorable outlook for 2025.

Thank you for choosing BPI AIA as your partner in financial security.

Sincerely,


Karen Custodia
Chief Executive Officer



MARKET REVIEW





GENERAL MARKET OVERVIEW

2024 saw a complex mix of shifting political environments, evolving monetary policies, technological advancements, and geopolitical challenges, that resulted in a dynamic yet volatile global financial backdrop.

Locally, both fixed income and equity markets posted gains for most of the year, driven by falling inflation, a strengthening Philippine Peso (PHP), and easing monetary policies. However, the prospect of higher inflation due to a Trump 2.0 presidency led to market de-risking. In the last two months of the year, bond yields surged and the Philippine Stock Exchange Index (PSEI) saw declines from their lofty gains during the third quarter of the year.

As of December 31, 2024:

- The 10-Year US Treasury yield initially reached a low of 3.6% in September, before closing the year at 4.5%.
- The 10-Year PHP benchmark yield initially rose to 7.0% in April; slipped to a low of 5.6% in September before closing the year at 6.1%.
- The USD/PHP depreciated overall in 2024 and experienced a wide trading range driven by various macroeconomic factors throughout the year.
- The PSEI gained, ending higher by +4.1% and reversing straight losses in the four years prior.
- The S&P 500 Index closed to a record finish by ending the year higher by +25.0%.



DOMESTIC FIXED INCOME

Market Recap: Domestic fixed income investments ended FY2024 on a positive note, with the Local Currency Bond Index returning +4.32%, driven by attractive accrual income over the course of the year. Security yields climbed higher towards the tail-end of the year as investors tempered their rate cut expectations after (1) Philippine and US inflation started to reaccelerate, (2) the BSP and Fed signalled gradual policy easing ahead, and (3) concerns over the possible inflationary impact of Trump's proposed policies re-emerged. Nonetheless, despite the increase in yields in the latter part of the year, attractive accrual income still provided support to the returns in the local bond space.

Outlook: We maintain a positive view on domestic fixed income primarily for the attractive accrual income. However, we remain wary of potential volatility on the longer end of the yield curve amid uncertainties stemming from policies under a second Trump presidency which could pose upside risks to inflation and monetary policy outlook.

DOMESTIC EQUITIES

Market Recap: The Philippine Stock Exchange Index managed to post modest gains and returned +4.10% in FY2024, despite the volatility driven by local and international developments.

Early gains were driven by (1) easing inflation, (2) resilient corporate earnings, and (3) the BSP's first policy rate cut. Going to the latter half of FY2024, the market rallied to a near five-year high amid renewed optimism driven by (1) the BSP and the Fed's continued policy easing, (2) a surprise RRR cut, and (3) stronger-than-expected 2Q24 local economic growth. However, gains were reversed at the tail-end of the year amid net foreign outflows after Trump's victory in the US presidential election sparked concerns over the potential inflationary impact of his proposed policies. Additionally, escalating geopolitical tensions and the weakening of the Philippine peso further dampened market sentiment.

Outlook: We continue to see volatility in the near term amid lingering geopolitical risks, uncertainties over Trump's proposed US policies, thin market liquidity, and a weaker local currency. Nonetheless, in the long run, we remain constructive on domestic equities as the resilient macroeconomic backdrop, further rate cuts, and resilient corporate earnings would help lift sentiment for the asset class. We see value in large-cap, high dividend paying names, typical of defensive companies.

INTERNATIONAL FIXED INCOME

Market Recap: International fixed income investments posted gains, with the FTSE World Government Bond Index rising by +1.49% in FY2024. This was driven by yields declining in the short end after the US Federal Reserve pivoted towards a looser monetary policy stance. Given signs of a cooling labor market and easing inflation, the Fed reduced its policy rate by a total of 100 bps to the 4.75-5.00% range last year. However, gains were capped by heightened concerns over US inflation potentially reaccelerating due to escalating geopolitical tensions and US President Trump's proposed policies. Additionally, a slew of strong US economic data also tempered the Fed and the market's rate cut expectations. As of December, the US Federal Reserve reduced its initial four 25-bp rate cut projections to only two in FY2025. Nonetheless, high accrual income continued to provide support to the asset class despite the rise in yields in the latter part of the year.

Outlook: We expect accrual income to continue supporting the asset class. Moreover, we expect yields to normalize, with short-term rates falling on continued policy easing. However, we remain cognizant of risks that add to the volatility in the long end of the yield curve such as the potential reacceleration in inflation and increasing debt levels in the US.

INTERNATIONAL EQUITIES

Market Recap: International equity indices hit new highs in FY2024, registering double-digit returns, with the MSCI World index up by 23.91%. Early optimism was driven by robust corporate earnings, particularly from the "magnificent seven" companies.

Gains were further supported by inflation materially easing, which led the US Fed to begin its easing cycle in 3Q24. Later in the year, Donald Trump's re-election as US president reignited investor confidence in the US market, fueled by anticipated benefits of his proposed tax cuts on US corporate earnings. However, returns were tempered by concerns over stalling disinflation and emerging inflationary risks tied to Trump's proposed tariffs and geopolitical tensions. Resilient economic and labor market data toward year end prompted investors to temper their rate cut expectations, aligning with the Fed's revised guidance of two 25-bp rate cuts in FY2025, down from initially four.

Outlook: US exceptionalism will continue in FY2025, benefiting from steady economic growth and continued monetary policy easing. Historically, rate-cut cycles have bolstered profitability and investor confidence by reducing borrowing costs. Additionally, Trump's proposed tax cuts are anticipated to enhance earnings across sectors, including smaller-cap companies. We believe the tech sector remains a key growth driver, supported by increasing data usage and advancements in artificial intelligence, which benefit both large-cap and broader tech stocks. Markets may also favor non-tech sectors like financials, benefiting from deregulation under Trump's administration and a stronger economy. However, we remain cognizant of risks coming from rich valuations, slower-than-expected rate cuts, uncertainties surrounding Trump's policies, and lingering geopolitical tensions.





BPI AIA-ALAI FUNDS

STATEMENT OF ASSETS AND LIABILITIES

as of December 31, 2024

BPI AIA (FORMERLY AYALA LIFE) PESO VARIABLE FUNDS

In PHP Equivalent

	Philippine Stock Index Fund	ALFM Peso Bond Fund
ASSETS		
Cash and cash equivalents	-	-
Financial assets at FVPL*	2,915,712	23,624,811
Loans and receivables	5,789	98,219
Accrued income	-	-
Total Assets	2,921,501	23,723,030

LIABILITIES

Accounts payable and accrued expenses	70,504	687,235
Total Liabilities	70,504	687,235

Net Asset Value (NAV)	2,850,997	23,035,795
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BPI AIA (FORMERLY AYALA LIFE) DOLLAR VARIABLE FUND

in USD Equivalent

		ALFM Dollar Bond Fund
ASSETS		
Cash and cash equivalents		-
Financial assets at FVPL*	\$	190,792
Loans and receivables	\$	1,843
Accrued income		-
Total Assets	\$	192,635

LIABILITIES

Accounts payable and accrued expenses	\$	4,351
Total Liabilities	\$	4,351

Net Asset Value (NAV)	\$	\$ 188,284
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*Fair Value through Profit or Loss

Based on 2024 unaudited financial statements

ALFM PESO BOND FUND

BPI AIA Life Assurance Corp. (formerly known as Ayala Life Assurance, Inc.) has established two (2) separate variable accounts under its peso denominated variable life insurance products, namely Wealth Link Peso and Express Unit Link Peso.

One of the separate variable accounts, whose fund inception date is July 15, 2008, is invested primarily in the ALFM Peso Bond Fund, Inc. (ALFM Peso), an open-end investment company duly registered with the SEC. The ALFM Peso aims to generate a steady stream of income through investments in a diversified portfolio of Philippine Peso denominated, high-grade fixed income instruments.

FUND REVIEW

The Fund returned 0.12% for the month of December 2024, underperforming its benchmark by 15 basis points. Year-to-date, return amounted to 3.18%, underperforming its benchmark by 134 basis points. The fund will maintain its current duration given the potential for higher inflation in the long term particularly, beginning next year. Investors in the bond fund must be prepared to withstand short-term volatility as higher investment value is normally achieved over the medium- to long-term.

FUND PERFORMANCE OF THE SEPARATE VARIABLE ACCOUNT INVESTED IN THE ALFM PESO ^a

2024 Return	3.18%
2023 Return	3.38%
2022 Return	0.91%
2021 Return	0.88%
2020 Return	3.71%
2019 Return	4.20%
3 Year Return (annualized)	2.48%
5 Year Return (annualized)	2.40%
Return since Inception	78.37%

- a** Returns are calculated based on Net Asset Value per Unit
Past performance is not indicative of future performance.

PORTFOLIO STATISTICS

Net Asset Value (NAV in PHP thousands) ^b	23,036 ^c
Net Asset Value per Unit	402.92

b NAV is net of 1.0% fund management charge

c Based on Dec 31, 2024 Unaudited Financial Statement

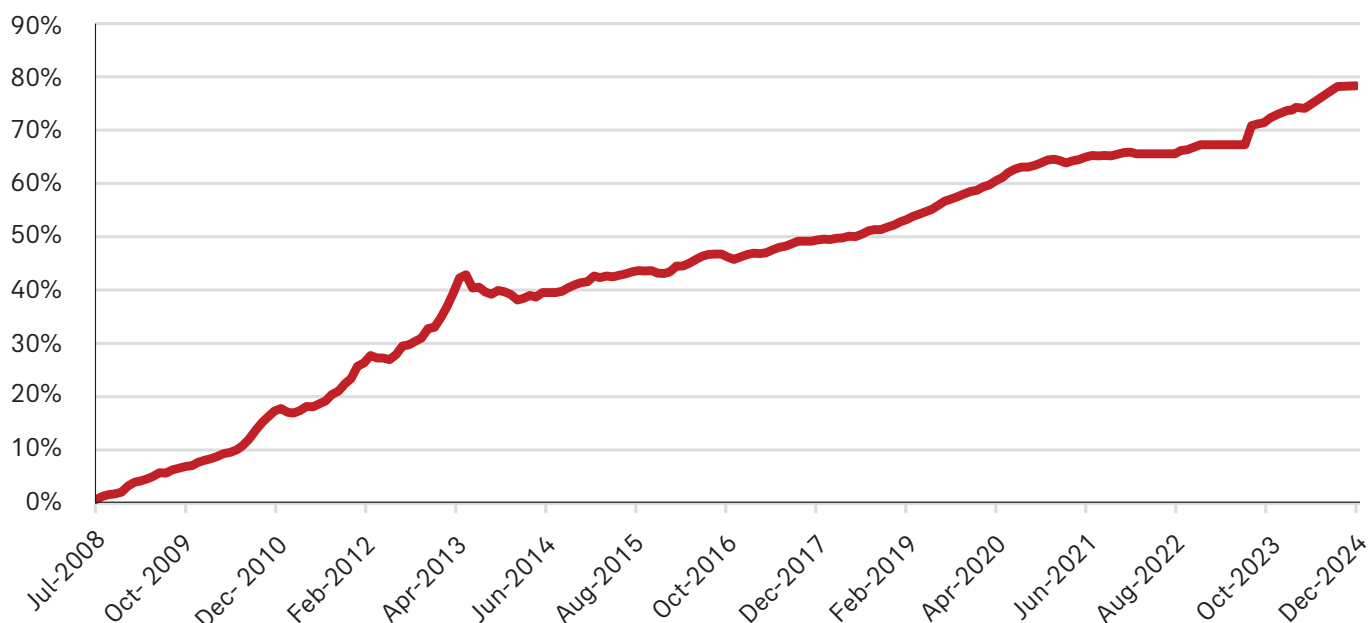
PORTFOLIO COMPOSITION

Allocation	% of Fund
Government	46.76
Corporates	50.90
Preferreds	1.57
Cash, Time Deposits, and Other Receivables - Net of Liabilities	0.77

TOP HOLDINGS - ALFM PESO BOND FUND

Name	Maturity	%
Retail Treasury Bond	2029	7.79
Fixed Rate Treasury Bond	2044	5.31
Fixed Rate Treasury Bond	2032	4.31
Ayala Corporation Bond	2025	3.73
Aboitiz Equity Ventures Bond	2027	3.45

ALFM PESO BOND FUND Return Since Inception ^d



d Fund returns are calculated based on Net Asset Value per Unit

PHILIPPINE STOCK INDEX FUND

BPI AIA Life Assurance Corp. (formerly known as Ayala Life Assurance, Inc.) has established two (2) separate variable accounts under its peso denominated variable life insurance products, namely Wealth Link Peso and Express Unit Link Peso.

The other separate variable account, whose fund inception date is July 15, 2008, is invested primarily in the Philippine Stock Index Fund Corporation (PSIF), an open-end investment company duly registered with the SEC. The PSIF aims to achieve investment returns that track the performance of the Philippine Stock Exchange Composite Index (PSEi).

FUND REVIEW

The Fund returned -1.11% for the month of December 2024, outperforming its benchmark by 18 basis point. Year-to-date return amounted to 2.61%, outperforming its benchmark by 139 basis points.. The Fund will continue to track the Philippine Stock Exchange Index (PSEi).

FUND PERFORMANCE OF THE SEPARATE VARIABLE ACCOUNT INVESTED IN PSIF ^a

2024 Return	2.61%
2023 Return	0.21%
2022 Return	-6.93%
2021 Return	0.38%
2020 Return	-8.08%
2019 Return	5.26%
3 Year Return (annualized)	-1.45%
5 Year Return (annualized)	-2.46%
Return since Inception	192.38%

- a** Returns are calculated based on Net Asset Value per Unit
Past performance is not indicative of future performance.

PORTFOLIO STATISTICS

Net Asset Value (NAV in PHP thousands) ^b	2,851 ^c
Net Asset Value per Unit	770.13

- b** NAV is net of 1.0% fund management charge
c Based on Dec 31, 2024 Unaudited Financial Statement

PORTFOLIO COMPOSITION

Allocation	% of Fund
Equities	99.07
Cash, Time Deposits, and Other Receivables - Net of Liabilities	0.93

TOP HOLDINGS - PHILIPPINE STOCK INDEX FUND

Name	% of Fund
SM Investments Corporation	14.49%
Int'l Container Terminal Services, Inc.	10.97%
BDO Unibank, Inc.	9.18%
Bank of the Philippine Islands	8.66%
SM Prime Holdings, Inc.	7.39%

PHILIPPINE STOCK INDEX FUND Return Since Inception ^d



d Fund returns are calculated based on Net Asset Value per Unit

ALFM DOLLAR BOND FUND

BPI AIA Life Assurance Corp. (formerly known as Ayala Life Assurance, Inc.) has established a separate variable account under its dollar denominated variable life insurance products, namely Wealth Link Dollar and Express Unit Link Dollar.

The separate variable account, whose fund inception date is July 15, 2008, is invested primarily in the ALFM Dollar Bond Fund, Inc. (ALFM Dollar), an open-end investment company duly registered with the SEC. The ALFM Dollar aims to achieve capital preservation through a steady stream of income by investing in a diversified portfolio of fixed income instruments issued by foreign and local entities.

FUND REVIEW

The Fund returned 0.06% for the month December 2024, underperforming its benchmark by 35 basis points. Year-to-date return amounted to 3.01%, underperforming its benchmark by 308 basis points.. The fund manager looks to trim portfolio duration given potential volatility as the US enters a new political regime. Though inflation is still expected to ease, policy changes may pose upside risk to the prices of goods and services. Investors in the bond fund must be prepared to withstand short-term volatility as higher investment value is normally achieved over the medium- to long-term.

FUND PERFORMANCE OF THE SEPARATE VARIABLE ACCOUNT INVESTED IN ALFM DOLLAR ^a

2024 Return	3.01%
2023 Return	3.17%
2022 Return	-1.96%
2021 Return	1.19%
2020 Return	3.34%
2019 Return	4.45%
3 Year Return (annualized)	1.38%
5 Year Return (annualized)	1.73%
Return since Inception	64.30%

^a Returns are calculated based on Net Asset Value per Unit

PORTFOLIO STATISTICS

Net Asset Value (NAV in USD thousands) ^b	188 ^c
Net Asset Value per Unit	510.14

b NAV is net of 1.25% fund management charge

c Based on Dec 31, 2024 Unaudited Financial Statement

PORTFOLIO COMPOSITION

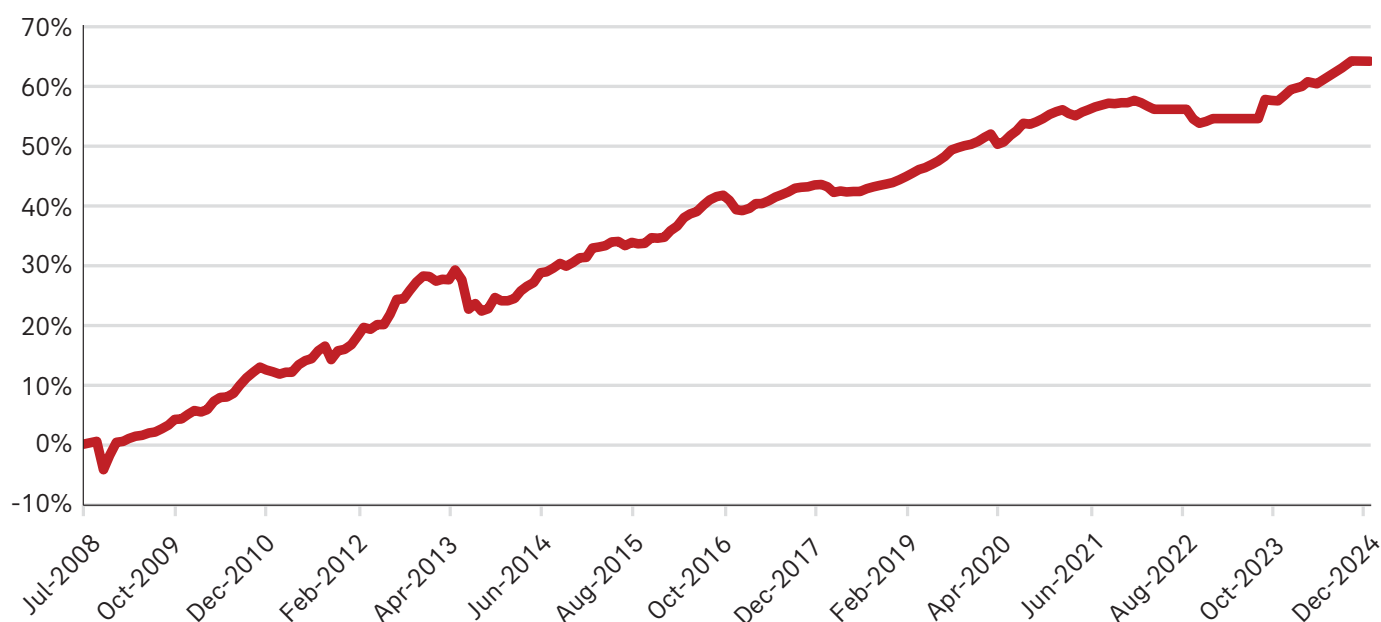
Allocation	% of Fund
Government	34.65
Corporates	63.00
Fixed Income Funds	0.54
Cash, Time Deposits, and Other Receivables - Net of Liabilities	1.81

TOP HOLDINGS - ALFM DOLLAR BOND FUND

Name	Maturity	%
Ayala Corporation Bond	2071	8.18%
Aboitiz Equity Ventures, Inc. Bond	2030	7.82%
First Pacific Bond	2027	5.88%
JG Summit Holdings Bond	2030	5.47%
Manila Water Corp Bond	2030	5.46%

ALFM DOLLAR BOND FUND

Return Since Inception ^d



d Fund returns are calculated based on Net Asset Value per Unit

DISCLOSURE STATEMENT

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Opinions: Any opinions expressed in this document may be subject to change without notice. We are not soliciting or recommending any action based on this material.

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ABOUT BPI AIA

BPI AIA LIFE ASSURANCE CORP. (BPI AIA) is a strategic alliance between two leading companies in the country: AIA Philippines Life and General Insurance Company (formerly AIA Philam Life) and Bank of the Philippine Islands (BPI). AIA Philippines is the premier life insurance company in the Philippines and the market leader for over 70 years. BPI is a leading commercial bank in the country with over 170 years of experience in the local banking industry and an extensive branch network of more than 700 branches and 1,500 ATMs.

BPI AIA's professional and expertly trained Bancassurance Sales Executives are assigned in BPI branches nationwide to render financial advisory services that address customers' financial and protection needs.

With the combined expertise and resources of these two trusted companies, BPI AIA policyholders are assured that their insurance is backed by financial strength and stability.



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