



**The Philippine American Life and  
General Insurance Company**

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## MEDIA RELEASE

### Philam Life: A Blue Ocean for SDA Investors

Money circulating in the economy is expected to increase as the Bangko Sentral ng Pilipinas (BSP) implements the complete phase-out of the availability of Special Deposit Accounts (SDAs) to retail investors by November 30, 2013.

The SDA facility has attracted many depositors throughout the years as it offered higher returns compared to regular time deposits or savings accounts.

According to Philam Life Chief Investment Officer, Ms. Ayen Guevara, “with the implementation of this phase-out by the BSP, we can expect about P1 Trillion of the total SDA deposits to flow back into the economy. This outflow is seen to push large amounts of liquidity into the financial system that could finance economic activity and boost growth in the capital markets.”

This scenario greatly adds to the positive outlook of the Philippine investment market supported by the sustained high performance of the Philippine economy. “The Philippine economy yet again posted an aggressive expansion in the second quarter with a 7.5% GDP growth, matching the pace of China as the two fastest growing economies in Asia,” according to Ms. Guevara.

This is further supported by the country’s credit rating being upgraded investment grade by all major credit agencies – Standard & Poor’s (S&P), Moody’s, and Fitch Group.

Moving forward, our **Overseas Filipino Workers (OFWs)**, the **Business Process Outsourcing (BPO)** and **Tourism industries** are among the many industries seen to further boost the growth of the economy in the years to come. The BSP said that estimates on the growth of the OFW sector is at 5% this year, reaching \$22.5 Billion by the end of year. The BPO sector is expected to deliver an average growth of 17% per annum for the next 3 years, amounting to \$25 Billion in income by 2016 according to Information Technology and Business Process Association of the Philippines (IT-BPAP). The Tourism industry, on the other hand, targets to grow by 24% in 2014, translating to 6.8 Million more foreign arrivals, in a statement made by President Aquino.

#### Choosing the right investment vehicle to grow your money

With SDAs gone, Filipinos will most likely search for investments to put their money in. “While some depositors may think that this change would mean more difficulty in managing their money, this is actually a good opportunity to contemplate where they can invest their money and possibly maximize its growth potential”, shares Philam Life Financial Advisor Eric Nicdao.

Currently, an SDA deposit only earns 2%<sup>1</sup> while a 1-year time deposit is at 1.375% or less annually,<sup>2</sup> with inflation running at 2.7%.<sup>3</sup> This means that money in bank deposits loses its value over the long-term.

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“An individual looking for capital growth should always look for investments that offer returns higher than inflation to grow their money over time and reach their long-term financial goals,” Mr. Nicdao added.

SDA investors will most likely prioritize low risk and liquid assets in deciding where to place their money coming from SDAs. “What we want to impart to our clients is that in managing their money they should also consider proper financial asset allocation and matching for them to grow their money over time and to reach their financial goals. Money for short-term needs should be placed in short-term assets like bank deposits but money for long-term goals should be matched with long-term assets that can maximize their money’s growth potential,” Mr. Nicdao explains.

### Grow your money with Philam Life’s Money Tree

Philam Life offers Money Tree, a one-pay investment and guaranteed life insurance plan that gives higher potential returns than bank deposits and SDAs. It allows its investors to access funds expertly managed by Philam Asset Management, Inc. (PAMI) that takes advantage of the Philippines’ booming economy. PAMI funds have grown 8-17% yearly over the past 10 years.<sup>4</sup> Money Tree also gives investors a 125% guaranteed life insurance protection to secure their family’s future.

As the outlook of the Philippine economy remains to be positive and in the face of the SDA outflow, investors are highly encouraged to take part of the opportunities in today’s market through Philam Life’s Money Tree.

<sup>1</sup>BSP Special Deposit Account rates as of September 30, 2013

<sup>2</sup>Interest rate of the top 3 banks as of September 30, 2013

<sup>3</sup>September 2013 Inflation rate

<sup>4</sup>10-year annualized return of PAMI Philam Strategic Growth Fund, PAMI Philam Fund and PAMI Philam Bond Fund from September 30, 2003 until September 30, 2013.

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### About Philam Life

The Philippine American Life and General Insurance Company (Philam Life) is the country’s premier life insurance company. Established on June 21, 1947, Philam Life offers an extensive line of products in the industry that provides solutions to various financial needs including life protection, health insurance, savings, education, retirement, investment, group and credit life insurance.

Philam Life is a member of AIA Group Limited, the largest independent publicly listed pan-Asian life insurance group.

### About AIA

AIA Group Limited and its subsidiaries (collectively “AIA” or “the Group”) comprise the largest independent publicly listed pan-Asian life insurance group. It has operations in 17 markets in Asia-Pacific – wholly-owned branches and subsidiaries in Hong Kong, Thailand, Singapore, Malaysia, China, Korea,



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the Philippines, Australia, Indonesia, Taiwan, Vietnam, New Zealand, Macau, Brunei, a 97 per cent subsidiary in Sri Lanka, a 26 per cent joint venture in India and a representative office in Myanmar.

The business that is now AIA was first established in Shanghai over 90 years ago. It is a market leader in the Asia-Pacific region (ex-Japan) based on life insurance premiums and holds leading positions across the majority of its markets. It had total assets of US\$147 billion as of 31 May 2013.

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AIA meets the savings and protection needs of individuals by offering a range of products and services including retirement savings plans, life insurance and accident and health insurance. The Group also provides employee benefits, credit life and pension services to corporate clients. Through an extensive network of agents and employees across Asia-Pacific, AIA serves the holders of more than 27 million individual policies and over 16 million participating members of group insurance schemes.

AIA Group Limited is listed on the Main Board of The Stock Exchange of Hong Kong Limited under the stock code "1299" with American Depositary Receipts (Level 1) traded on the over-the-counter market (ticker symbol: "AAGIY").

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