

PESO EQUITY FUND

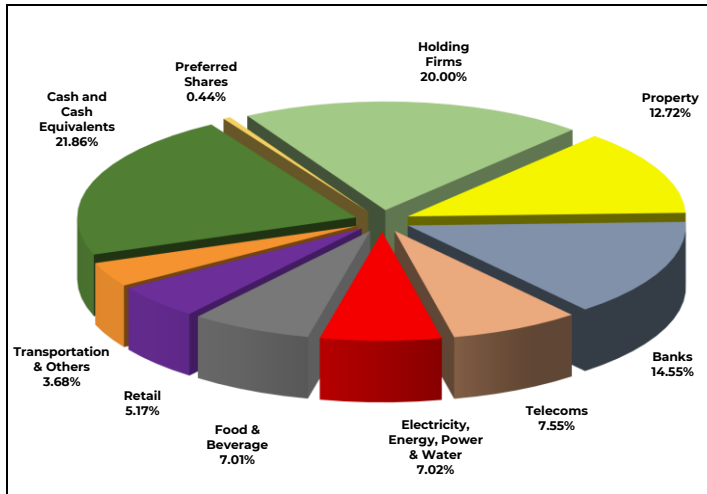
INVESTMENT OBJECTIVE

The Peso Equity Fund seeks to maximize income consistent with its policy to preserve capital and to maintain liquidity of investments through a diversified portfolio of high-quality listed equity issues – blue chips and growth stocks listed in the Philippines Stock Exchange.

KEY FIGURES

NAVPU as of September 30, 2022	1.4719
Inception Date	December 2006
Fund Classification	Equity Fund
Domicile	Republic of the Philippines
Fund Currency	Philippine Peso

PORTFOLIO COMPOSITION



TOP 10 EQUITY HOLDINGS

Company	Sector	% of the Fund
SM Investments Corporation	Holding Firms	5.98%
SM Prime Holdings, Inc.	Property	5.38%
Bank of the Philippine Islands	Banks	4.90%
BDO Unibank, Inc.	Banks	4.50%
Ayala Corporation	Holding Firms	4.49%
Ayala Land, Inc.	Property	4.35%
Metropolitan Bank & Trust Co.	Banks	3.67%
Wilcon Depot, Inc.	Retail	3.66%
PLDT, Inc.	Telecommunications	3.54%
Manila Electric Co.	Electricity, Energy, Power & Water	3.53%

HISTORICAL PERFORMANCE

September 30, 2022

NAVPU	Year-to-date Return
1.4719	-15.59%

	Annual Return	Cumulative Return
One-year	-13.16%	-13.16%
Three-year	-7.02%	-19.63%
Five-year	-5.20%	-23.43%

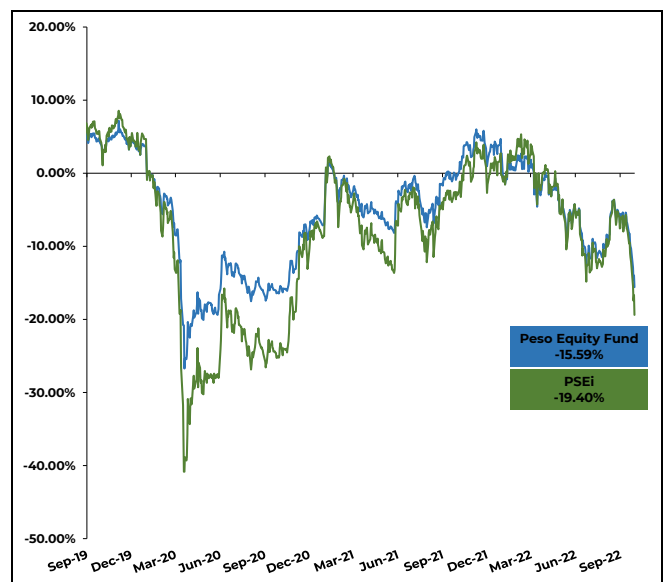
MARKET RECAP AND OUTLOOK

The Philippine Stock Exchange index (PSEi) dropped by 12.80% to close at 5,741.07 last September 30 from the 6,584 in August. Year-to-date, the local bourse ended the third quarter with a downside of 19.40% from end-2021 close. Philippine shares trailed downwards as the rising global interest rate environment coupled by the mounting fears of a recession spooked sentiment. As such, the country saw P12.85 billion in foreign outflows from the local stock market. Accordingly, the foreign selling until the end of the 3rd quarter tallied to P66.78 billion.

Early in the month, local shares endured selling activities amid the continued fears of most players towards the aggressive signals of the US Federal Reserve. The release of a stronger US GDP estimate and the unexpected rise in the consumer price index (CPI) has concerned many market players as the new data could affirm the Fed's relentless aggression in tightening policy rates for the rest of the year. The souring bets in the market deepened further after the US Federal Reserve raised borrowing costs anew and gave a hawkish outlook on rates. The US Fed's commitment to counter the inflation crisis heightened investors' worries for an impending 'hard landing' for the US economy and eventually, global growth. Nevertheless, the BSP's decision to also deliver another increase at its own policy meeting by 50 basis points (bps) for a second straight meeting provided a relief for Philippine equities. The local market also found a glimpse of enthusiasm with the improvements in country's labor figures, as well as the firm outlook of international agencies over the Philippines' economic growth this year. The country's unemployment rate dropped to 5.2% in July, the lowest level in more than two years. More so, Moody's kept the country's credit rating to "Baa2" with a "stable" outlook, as economic recovery is unlikely to be hampered by the "challenging global credit conditions". The credit watcher sees sufficient momentum to support GDP growth of 6.6% for 2022 and 6.2% for 2023, as price pressures are set to moderate as commodity prices ease from peaks recorded earlier this year. Unfortunately, the cheery atmosphere from the slew of positive fundamentals was short-lived and insufficient to reassure investors over the inflation and other market risks. Towards the end of the month, the lack of positive catalysts caused the local index to spiral below the 6,000-zone and traverse the bear territory. Investors' risk-off stance intensified along the persistent depreciation of the Peso which stirred fears of more off-cycle rate hikes and eventually, a derailed recovery from the pandemic.

Trading during the last quarter of the year may be timid as the market faces choppy swings stemming from external headwinds. We expect the PSEi to trade within the 5,600 and 6,100 as players endure with cautious stance while mulling over developments at home and abroad. Local shares may continue to track global counterparts' trend unless data reports show signs of resounding growth to cushion the blow of the global weakness. Nevertheless, players may gradually buy along the dips on the generally oversold valuation of some stocks.

FUND PERFORMANCE vs BENCHMARK



DISCLAIMER: Historical performance is not indicative of future results. The price per unit may go up or down depending on market fluctuations. The Fund is NOT a deposit product, and, as such, yields are NOT guaranteed. The performance of the fund is reflected by the Net Asset Value (NAV) computed at the end of each business day.