

**PESO FIXED INCOME FUND**

**INVESTMENT OBJECTIVE**

The Peso Fixed Income Fund seeks to generate regular interest income, consistent with its policy to preserve capital and maintain liquidity of investment through a diversified portfolio of high-grade bonds and evidence of debt of solvent corporations and institutions.

**KEY FIGURES**

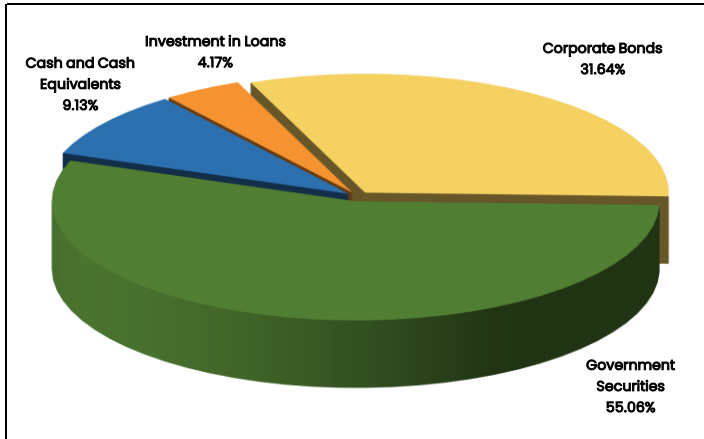
**NAVPU as of September 30, 2022**  
**Inception Date**  
**Fund Classification**

**1.7540**  
 December 2006  
 Fixed Income Fund

**Domicile**  
**Fund Currency**

Republic of the Philippines  
 Philippine Peso

**PORTFOLIO COMPOSITION**



**MARKET RECAP AND OUTLOOK**

Local bond yields significantly rose by 68 basis points (bps) in end-September from the previous month, echoing the market's concerns over the interest rate environment. On a year-to-date basis, the average yields of local bonds jumped by 222 bps from end-2021 levels. As widely expected, the Bangko Sentral ng Pilipinas (BSP) raised its key interest rates further to 4.25% during its September Monetary Board meeting amid a weakening peso and rising commodity prices. The latest decision followed a similar 50 bps-increment in August. The bank's announcement was almost at par with the aggressive policy tightening of major central banks across the globe and the alarming uptrend of the inflation environment.

The Bureau of Treasury (BTR) saw mixed results during the sale of its Treasury bonds (T-bonds) in September. Early in the month, the government rejected any bid offers for the reissued 3.5-year debt notes on September 6 even as the total bids reached P40.73 billion. On September 13, the government raised P35 billion through the fresh 10-year securities and settled at a coupon rate of 6.7500%. Likewise, the Treasury borrowed P35 billion from its offer of reissued 7-year securities, bringing the average yield for the bonds on offer of 6.5880%. The BTR rejected all bids last September 28 for the reissued 20-year securities despite bids reached P49.99 billion.

The government made a partial award for the auction of its Treasury bills (T-bills) last September 27. The Treasury borrowed just P3.35 billion to only award the 182-day securities at an average rate of 3.9580%. On the other hand, the Treasury rejected all bids for 91-day T-bills with tenders for the tenor hitting just P4.6 billion and below the P5-billion program. The BTR also refused to award 364-day debt papers, with demand only reaching P4.06 billion against the P5 billion on the auction block.

The BSP made a full award for the term deposit facilities (TDFs) last September 28 with the auction sapping P296.50 billion tenders from the P280 billion planned offering. Broken down, the BSP borrowed P170 billion for the 7-day notes with an average yield of 4.2959%. Meanwhile, the 14-day papers awarded P110 billion alongside an average rate of 4.3428%. In a separate auction sale, the BSP's short-term 28-day were also fully awarded last September 30, the central bank awarded P140 billion an average rate of 4.5301%.

In the coming weeks, traders may remain vigilant while waiting for fresh leads from the local central bank's policy move, and ahead of the release of the September inflation rate. Analysts project the latest data to accelerate further, reflecting the risk that apparently haunts the market. Nevertheless, the resounding outlook of international agencies for the country's growth outlook may abate market participants' worries.

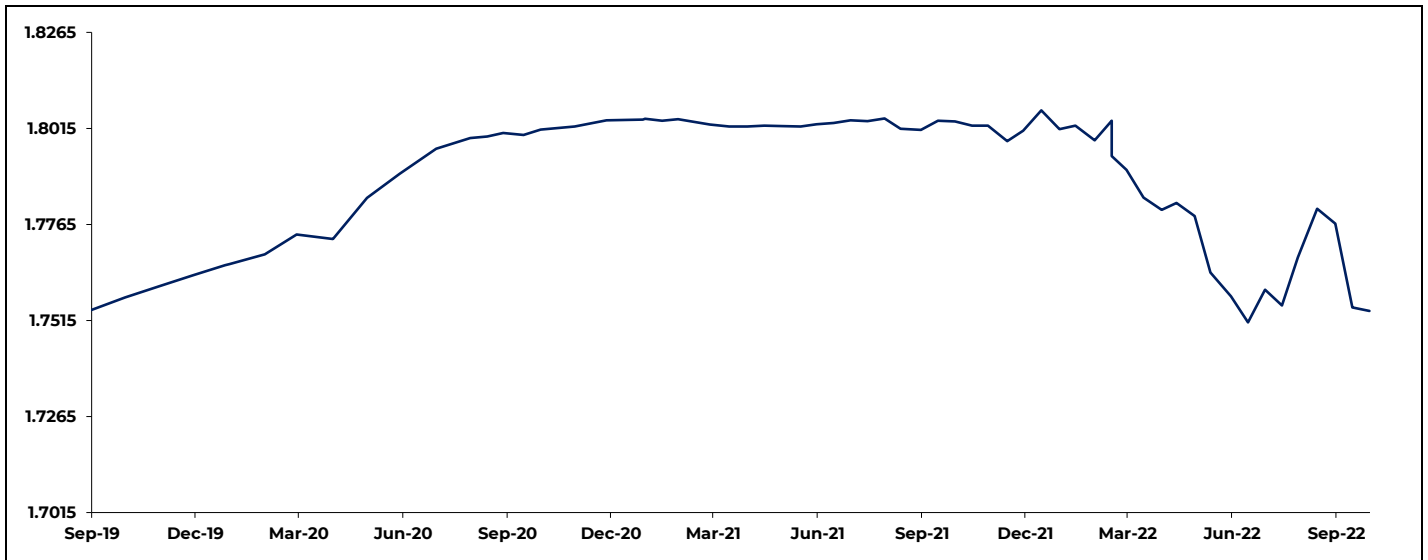
**HISTORICAL PERFORMANCE**  
 September 30, 2022

NAVPU	Year-to-date Return	
1.7540	-2.63%	

	Annual Return	Cumulative Return
One-year	-2.73%	-2.73%
Three-year	-0.07%	-0.20%
Five-year	1.18%	6.05%

**FUND PERFORMANCE**



**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.