

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.

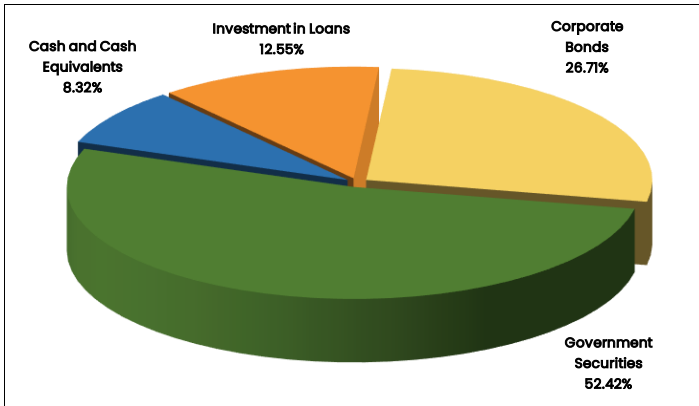
KEY FIGURES

NAVPU as of February 28, 2023
Inception Date
Fund Classification

1.7848
 December 2006
 Fixed Income Fund

Domicile
Fund Currency

Republic of the Philippines
 Philippine Peso

PORTFOLIO COMPOSITION

MARKET RECAP AND OUTLOOK

Local bond yields climbed by 21 basis points (bps) in February from last month. Most investors became cautious with the recent BSP pronouncement of another hefty 50-bps rate hike during its February Monetary Board meeting alongside the record-high inflation in January. Nevertheless, yields settled lower by 22 bps from end-2022 levels as traders banked on the country's macrofundamentals being in a good position to counter external threats.

The Bureau of Treasury (BTr) successfully awarded all its Treasury bonds (T-bonds) in February. The government raised P35 billion on February 21 on the reissued 10-year papers. As such, the papers recorded an average rate of 6.2580%. Likewise, the auction on February 28 borrowed P25 billion for the reissued 7-year debt notes. Accordingly, these notes settled with a 6.1720% average yield.

The BTr partially awarded its Treasury bills (T-bills) in an auction held last February 27, borrowing just P10 billion from the programmed P15 billion. Broken down, the Treasury did not award any 91-day T-bills even as tenders reached only P4.12 billion against the P5-billion program. Had it been awarded, the average rate would have settled at 4.8640%. Meanwhile, the government made a full award for the 182-day securities, sapping in P5 billion. As such, the T-bill was quoted at an average rate of 5.1770%. Likewise, the government borrowed P5 billion from the 364-day debt papers. In turn, the average rate fetched an average yield of 5.5770%.

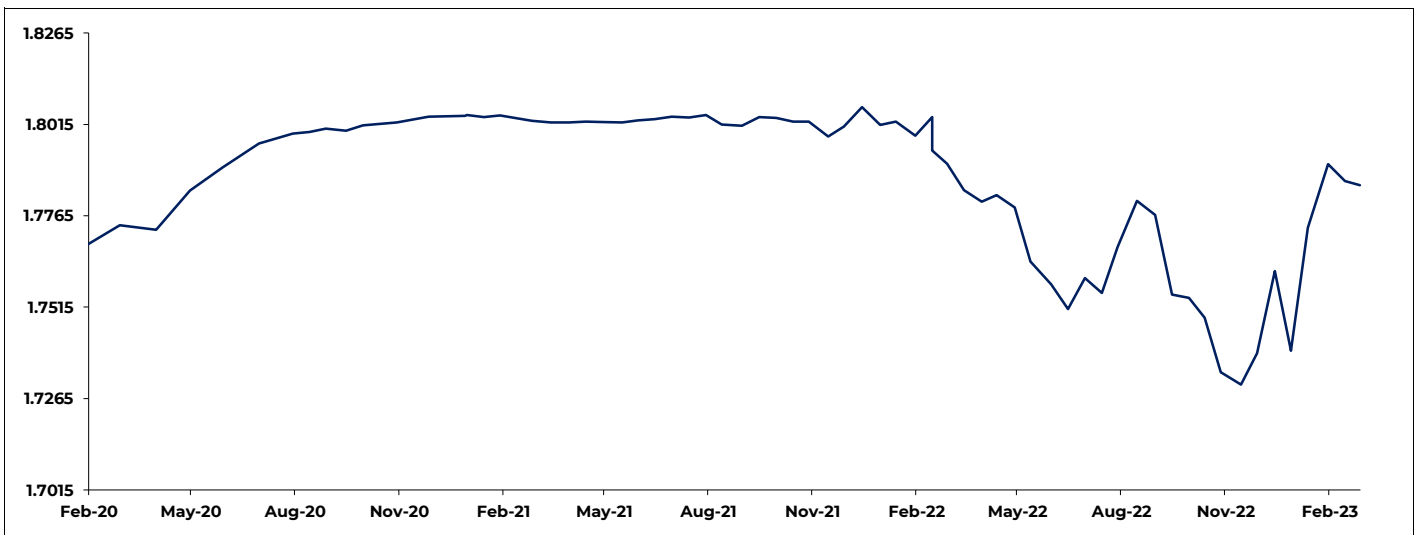
The BSP made a full award of its term deposit facilities (TDFs) last February 22 amid total bids of P324.79 billion. Broken down, the Treasury raised P150 billion via the 7-day notes with an average rate of 6.3886%. Meanwhile, the central bank awarded P130 billion alongside an average yield of 6.4180%. In a separate auction, the BSP borrowed P124.22 billion for the offer of its short-term securities last February 27, recording an average yield of 6.5560%.

The local bond market may keep trading sideways as most investors are anticipated to take cues from the local central bank. BSP Governor Felipe Medalla said the inflation rate could have peaked already and could gradually reflect modest expansion in the coming quarters. However, the policy path remains strenuous as a quarter-point rate hike is seen to be at play in the March Monetary Board meeting.

HISTORICAL PERFORMANCE
 February 28, 2023

NAVPU	Year-to-date Return	
1.7848	2.59%	

	Annual Return	Cumulative Return
One-year	-0.33%	-0.33%
Three-year	0.20%	0.61%
Five-year	1.42%	7.32%

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.