

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 August 31, 2023
1.5558
Inception Date

December 2006

Fund Classification

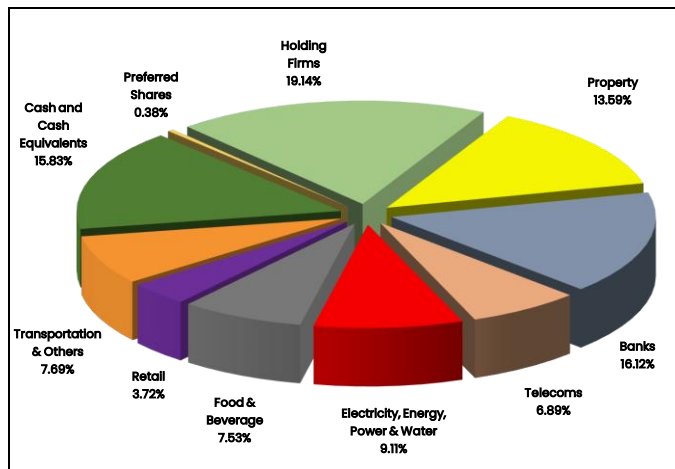
Equity Fund

Domicile

Republic of the Philippines

Fund Currency

Philippine Peso

PORTFOLIO COMPOSITION

TOP 10 EQUITY HOLDINGS

Company	Sector	% of the Fund
Bank of the Philippine Islands	Banks	6.26%
SM Investments Corporation	Holding Firms	6.15%
SM Prime Holdings, Inc.	Property	5.82%
Ayala Land, Inc.	Property	4.74%
BDO Unibank, Inc.	Banks	4.62%
International Container Terminal Services, Inc.	Transportation	4.19%
Ayala Corporation	Holding Firms	4.01%
Metropolitan Bank & Trust Co.	Banks	3.92%
Manila Electric Co.	Electricity, Energy, Power & Water	3.91%
Globe Telecom, Inc.	Telecommunications	3.33%

HISTORICAL PERFORMANCE
August 31, 2023

NAVPU	Year-to-date Return
1.5558	-3.52%

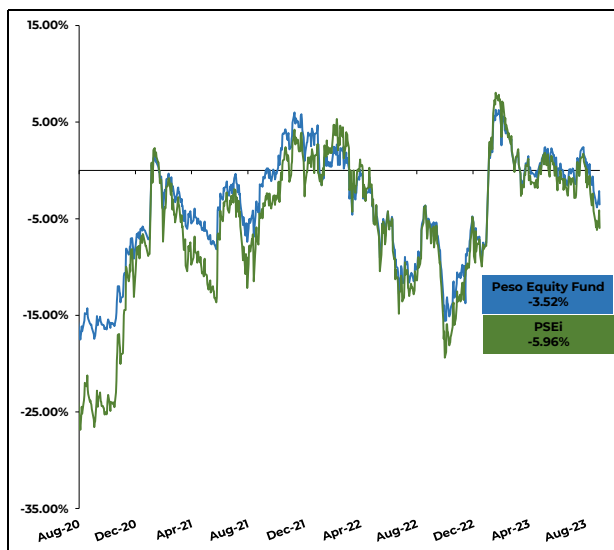
	Annual Return	Cumulative Return
One-year	-4.33%	-4.33%
Three-year	0.56%	1.69%
Five-year	-3.27%	-15.31%

MARKET RECAP AND OUTLOOK

The Philippine Stock Exchange index (PSEI) declined by 6.31% to close at 6,175.25 last August 31 from end-July finish of 6,591.47. The equities market plunged further into the red after recent developments at home and abroad. The index pummeled to the 6,100 zone amid the cautiousness to aversion of most players from the risk market. As such, August concluded with foreign selling of P7.37 billion, resulting in a higher net outflow of P15.52 billion for the eight-month period.

Early in the month, local stocks fell despite the release of slowing down of the July inflation rate. Analysts noted that trading was almost upbeat on anticipation of a further cooling down of the inflation environment but the continuing rhetorics of Bangko Sentral ng Pilipinas (BSP) Governor Eli Remolona of openness to more policy tightening dampened market confidence. Moreover, the selling pressures were also attributed with the PSEI rebalancing as most investors adjusted weight for some of their asset holdings. Markedly, the index drastically edged downward amid the pessimistic tone of most traders from the reports of Fitch Ratings unexpectedly downgrading the United States' credit rating of AAA to a notch lower at AA+. With this, most players opted to spontaneously flee to the relatively safer markets to mitigate further losses. Local stocks declined further to track the drop across the ASEAN region alongside growing concerns over China's deteriorating property sector. Fears heightened with the worsening property market slump in China as the latest data release showed bank loans slid, while consumer and producer prices both declined. The brewing uncertainties along the disappointing Philippine economic growth in the second quarter of 4.3% and the remarks of JP Morgan regarding the default risk of some big property companies in China further scarred the deteriorating market confidence. Markedly, the decision of the BSP to keep interest rates unchanged was insufficient to provide buying confidence and overturn the pessimism in the façade. Towards the end of the month, local stocks continued to rupture towards lower territories after US Treasury yield reached its 16-year peak. The latest reports showed that the US 10-year Treasury yield rose to 4.366%, notably the highest level since November 2007. Notably, a long-awaited technical rebound was observed with many stocks dipped into oversold territory in sync with the market's appetite from China's strategic initiatives to revitalize its economy by lowering its central bank's benchmark interest rates. News on the lower-than-expected US job openings and consumer confidence have further uplifted appetite as these developments reinforced the prospects of a tightening pause from the US Fed at its September meeting. However, the budding rally was short-lived following the MSCI rebalancing.

The PSEI may continue to consolidate at current levels as most players remain cautious after the remarks of US Fed Governor Jerome Powell during the Jackson Hole symposium. The US central bank may continue raising interest rates amid the still elevated inflation environment. The release of some macro-fundamentals may fuel optimism, showing the local economy's resilience against external headwinds. Nonetheless, policy direction of most central banks will keep a crucial role for traders' sentiments amid tightening actions remain at play in the coming meetings. With this, we view the index to trade within the 6,000 and 6,400 zone amid the lackluster release of positive developments both domestic and internationally.

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.