

## 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 December 31, 2023

1.8220

Inception Date

December 2006

Fund Classification

Fixed Income Fund

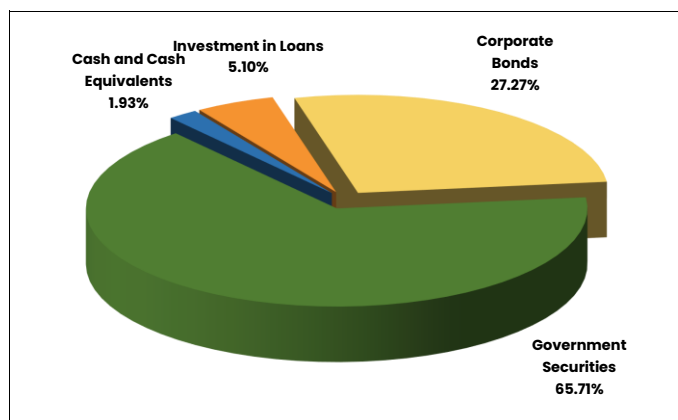
Domicile

Republic of the Philippines

Fund Currency

Philippine Peso

### PORTFOLIO COMPOSITION



### HISTORICAL PERFORMANCE

December 31, 2023

NAVPU  
1.8220

	Annual Return	Cumulative Return
One-year	4.78%	4.78%
Three-year	0.33%	1.00%
Five-year	1.27%	6.49%

### MARKET RECAP AND OUTLOOK

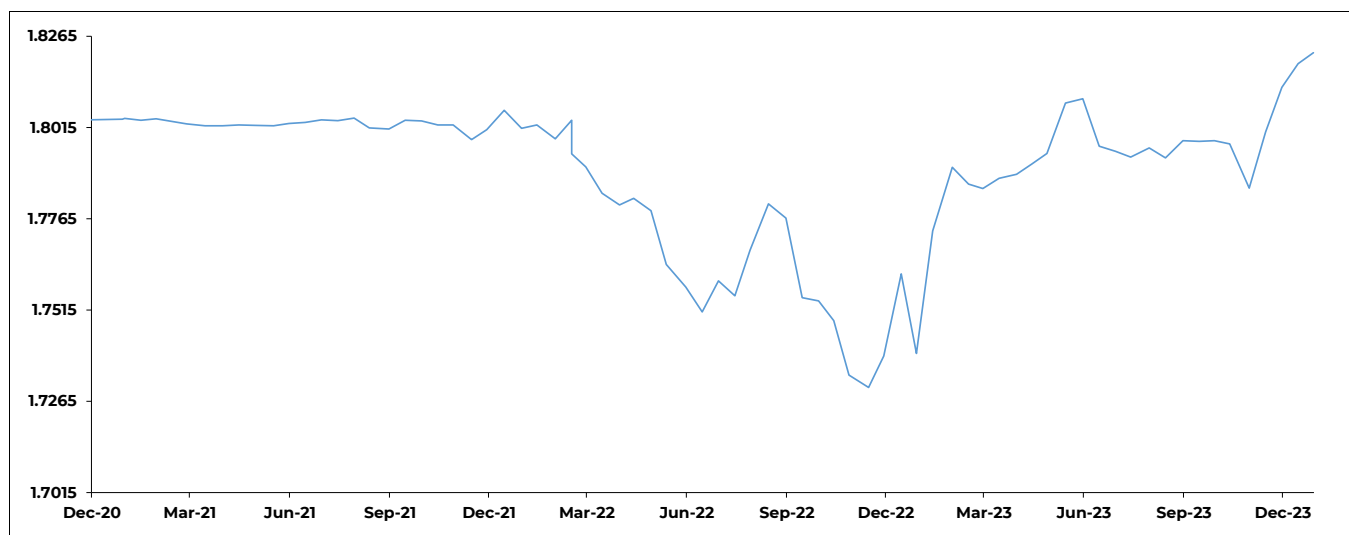
Local bond yields declined on the average of 34 basis points (bps) in December continuing its previous month's drop. Year-to-date, yields also turned downhill, plunging by 15 bps from end-2022 levels. As the market anticipated, the local central bank kept its policy rates unchanged during its final Monetary Board meeting of 2023. With hopes that inflation would decelerate further in the last month of the year and going into the new year, sentiments improved alongside optimism that 2024 would observe a much better investment façade despite the recurring external headwinds.

The Bureau of Treasury (BTr) offered its last auction for the year on December 5 and 6, for Treasury bonds (T-bonds) and Treasury bills (T-bills) respectively. The government suspended auction activity after the said dates thereafter. The Treasury laid out P20 billion worth reissued 10-year T-bonds last December 5, which fetched an average rate of 6.2240% amid total demands of P40.65 billion. Meanwhile, the BTr has partially awarded its T-bills raising P9.69 billion on low volume demand. Broken down, the Treasury awarded P4.2 billion for the re-issued 91-day debt notes, with the papers yielding an average rate of 4.9960%. Also, the government raised P2.5 billion from the re-issued 182-day securities and was quoted at an average rate of 5.2670%. Lastly, the agency borrowed P2.99 billion via its 364-day papers at an average yield of 5.7320%.

On the other hand, the BSP partially awarded its term deposit facilities (TDFs) auctioned last December 27 as bid offers reached P242.30 billion, beyond its P230 billion auction volume. Broken down, the local central bank raised P120 billion via the 7-day notes with an average rate of 6.6147%. Meanwhile, the central bank awarded P102.18 billion for the two-week bills alongside an average yield of 6.6402%. In a separate auction, the BSP borrowed P97.07 billion for the offer of its 28-day short-term securities last December 29 to settle at an average yield of 6.7655%. Conversely, the local central bank made a full award on its 56-day securities, raising P50 billion, quoted at an average rate of 6.7366%.

The start of the new year may bring forth fresh sentiments to most investors. 2023 ended in a brighter view as most market analysts expect the interest rate and inflation environment could decline towards pre-pandemic levels later in the year. Such expectations may prompt higher buying pressures from most players, especially for those who have held their asset holdings early on. Nonetheless, the BSP remained steadfast and said that interest rates may remain higher-for-longer, and the time period for such to stay there rests questionable unless new leads and rhetorics stems out the policymakers later this year. In the meantime, investors may watch over fresh releases including the January inflation print and forecasts for full-year 2023 gross domestic product (GDP).

### 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.