March 2024

PESO EQUITY FUND

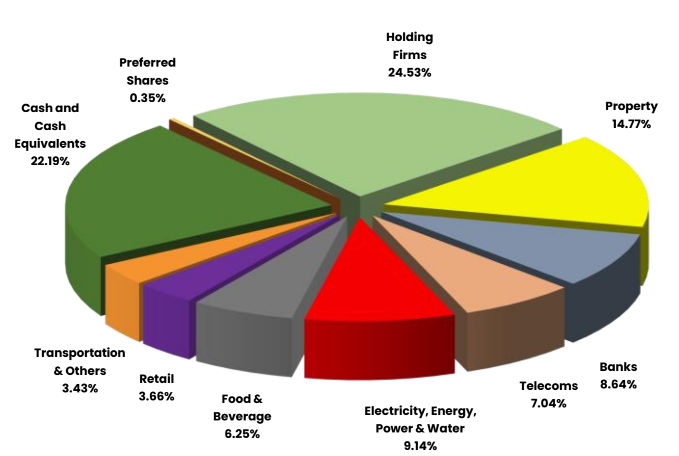
INVESTMENT OBJECTIVE

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 March 31, 2024	**1.6652**
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 FIRM	8.69%
SM Prime Holdings, Inc.	PROPERTY	7.40%
Ayala Corporation	HOLDING FIRM	4.72%
Universal Robina Corp.	FOOD, BEVERAGE & TOBACCO	4.13%
Ayala Land, Inc.	PROPERTY	3.63%
PLDT, Inc.	TELECOM	3.15%
Globe Telecom, Inc.	TELECOM	3.00%
JG Summit Holdings, Inc.	HOLDING FIRM	2.98%
BDO Unibank Inc.	BANK	2.95%
Aboitiz Equity Ventures, Inc.	HOLDING FIRM	2.95%

HISTORICAL PERFORMANCE

March 31, 2024

NAVPU	Year-to-date Return
1.6652	3.96%

	Annual Return	Cumulative Return
One-year	3.27%	3.27%
Three-year	1.24%	3.76%
Five-year	-2.04%	-9.77%

MARKET RECAP AND OUTLOOK

The Philippine Stock Exchange index (PSEi) finished at 6,903.53 last March 27, narrowly declining by 0.59% from its previous month's close of 6,945. The local bourse was slightly taken aback amidst the mixed signals both at home and abroad; from ambiguous rhetorics of the interest rate direction to the peeking optimism of a ceasefire in the Middle East tensions. Although, with the index consolidating within the 6,800 and 6,900 zone, it only showcased resilience from headwinds. Year-to-date, the local index still settled with an upside of 7.03% from end-2023's finish of 6,450. In terms of foreign flows, March tallied with a net selling of P2.56 billion, overturning the two straight months of inflows. Accordingly, a smaller net inflow of P9.11 billion was registered for the first three months of the year.

Trading in March staggered with most investors staying on the sidelines while mulling for clearer signals on events in the investment façade. Early in the month, the local index commenced with buoyant runup as investors became increasingly confident that the economy is opening after a long time of tightening period from the pandemic. Moreover, the local benchmark solidified its momentum following positive cues from the US markets coupled by the robust S&P Global Philippines manufacturing purchasing managers' index (PMI) in February, which resulted with the index to briefly touch the 7,000 level anew. However, worries clouded the equities market anew after market players became cautious and took its chance to pocket profit as the Bangko Sentral ng Pilipinas (BSP) signaled that it might not be cutting its rate sooner to help tame the higher prices brought by the supply side risk amid El Niño seen to last until May this year. The pessimism in the façade strengthened after BSP Governor Eli Remolona said it was too early to cut interest rates, upsetting most market players. Overseas, the souring bets shrouded global appetite ahead the US Federal Reserve's February Federal Open Market Committee (FOMC) policy meeting given the obscurity of the policy direction alongside the sticky US inflation reading. As widely anticipated, the US central bank resolved to keep its target rate unchanged between 5.25% and 5.50% for a fifth straight meeting while maintaining a hawkish tone moving forward. Though, the US Fed sounded off optimism cutting rates before the year end despite the timing is still uncertain. Furthermore, the increasing geopolitical tension happening widely across the globe has pump fuel prices high ultimately putting pressure on commodity prices. With Ukraine's drone attack over Russia which has impede oil production for the latter, and continued sentiment over the tension happening in the middle east as peace negotiation being prolonged amid increasing casualties. Furthermore, the Organization of Petroleum Exporting Countries (OPEC) imposed oil production maintained its rig supply cuts, bringing an upshot in global oil prices to almost $90 per barrel. Despite this, the local index managed to stay afloat as companies announced strong 4th quarter and full year 2023 earnings reports, which were mostly in-line expectations. Towards the end of the month, local stocks rebounded on bargain hunting and following reports of the foreign direct investments (FDI) data for full-year 2023. The FDI net inflows dropped to $8.9 billion in 2023 yet, the net inflows exceeded the BSP's projection of $8 billion for the full year. Moreover, after the troubling statement from BSP's Remolona, the Department of Finance Secretary Ralph Recto's comment that the interest rates may be reduced by 50 basis points (bps) this year slight provided some slack and light of hope, prompting last-minute bargains before the Lenten season trading breather. Despite the push, the index failed to pierce further past the 7,000 mark with the US Fed signaling a hawkish stance alongside worries over higher consumer prices in February, bringing skepticism to some investors that a rate cut may be viable at the moment.

The start of the second quarter may remain dry with the PSEi to continue its consolidation-correction phase amidst recurring distresses offshore and at home including the enduring ambiguity in the interest rates direction globally, striding fears from geopolitical tensions, and the potential upsurge of global oil prices which may cause a resurgence in the inflation reading. However, with most players already priced in the possible upticks in prices and in the inflation in the near-term, we can expect souring sentiments to be lesser and more investors adhering to fresh rhetorics that could clarify recurring issues in the investment scene. As such, we view that the local index to trade within the 6,700 to 7,100 zone and if potential breakthroughs commence, the PSEi could even breach past the 7,200 territory.