

PESO FIXED INCOME FUND

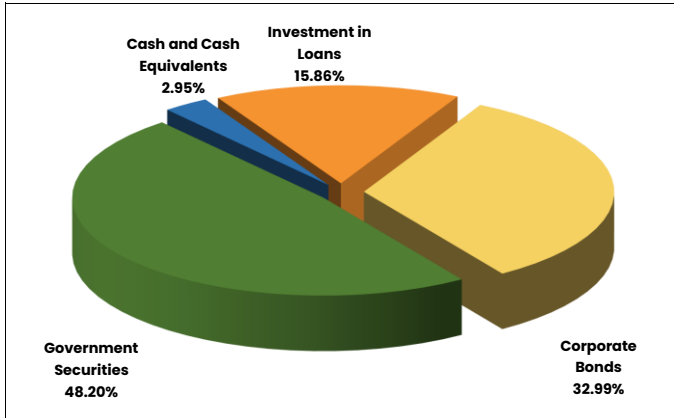
INVESTMENT OBJECTIVE

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 March 31, 2024	1.8306	Domicile	Republic of the Philippines
Inception Date	December 2006	Fund Currency	Philippine Peso
Fund Classification	Fixed Income Fund		

PORTFOLIO COMPOSITION



MARKET RECAP AND OUTLOOK

Local bonds' yields averagely declined by 3 basis points (bps) in March from the previous month as the market was left with doubts that the Bangko Sentral ng Pilipinas (BSP) will start cutting rates in near months despite signals of interest rate cuts later this year. Year-to-date however, yields inched up by 27 bps from end-2023 levels. One of the main culprits for the tepid demand was the February inflation rate as the latest data picked up to 3.4%, higher than the 2.8% print in January. Sentiments turned dry as the data was speculated to impede the imminent tuning down of key benchmark rates in the near-term. In the latest remark of BSP Governor Eli Remolona Jr., he reiterated relaxing the interest rates is still too soon amidst the current sticky inflation scenario with the upside risks of the El Niño phenomenon and the potential upsurge in global oil prices. However, the statement of Department of Finance Secretary and BSP Monetary Board member Ralph Recto that the BSP may still reduce interest rates by 50 bps has fueled some confidence.

The Bureau of Treasury (BTr) raised P15 billion in its latest Treasury bills (T-bills) auction last March 25. The offering was met with robust demand, totaling to of P50.51 billion. Broken down, the BTr borrowed P5 billion via the 91-day T-bills, with the papers yielding an average rate of 5.7100%. The government also awarded a total of P5 Billion 182-day securities and was quoted at an average rate of 5.8800%. Lastly, the agency raised P5 billion from the 364-day debt papers on rates of 5.9820%.

Likewise, the Treasury saw positive results on its Treasury bonds (T-bonds) offering for March to siphon a total of P120 billion. On March 5, the government borrowed P30 billion via the reissued seven-year bonds, which were awarded at an average rate of 6.2700%. The BTr also awarded P30 billion for its reissuance of 10-year debt papers last March 12, fetching an average rate of 6.2270%. The 20-year re-issued term securities was successfully auctioned last March 19, borrowing P30 billion alongside 6.1890% average yield. Lastly, another P30 billion was awarded for the reissued 7-year bonds with an average rate of 6.2370%.

The BSP's term deposit facility (TDF) and short-term instruments continued to baffle in March as it fell short of offered securities. During its latest auction last March 27, the local central bank awarded P141.99 billion from the P200 billion tenders for its week-long facility at an average rate of 6.5422%. Meanwhile, the BSP shored up the programmed P100 billion bid offers for the 14-day TDFs, which pegged an average yield of 6.5903%. In a separate auction, the central bank auctioned its 28-day securities to award P70 billion alongside an average rate of 6.7558%. Likewise, the 56-day papers accumulated P30 billion from its latest offering amid a quoted average yield of 6.7253%.

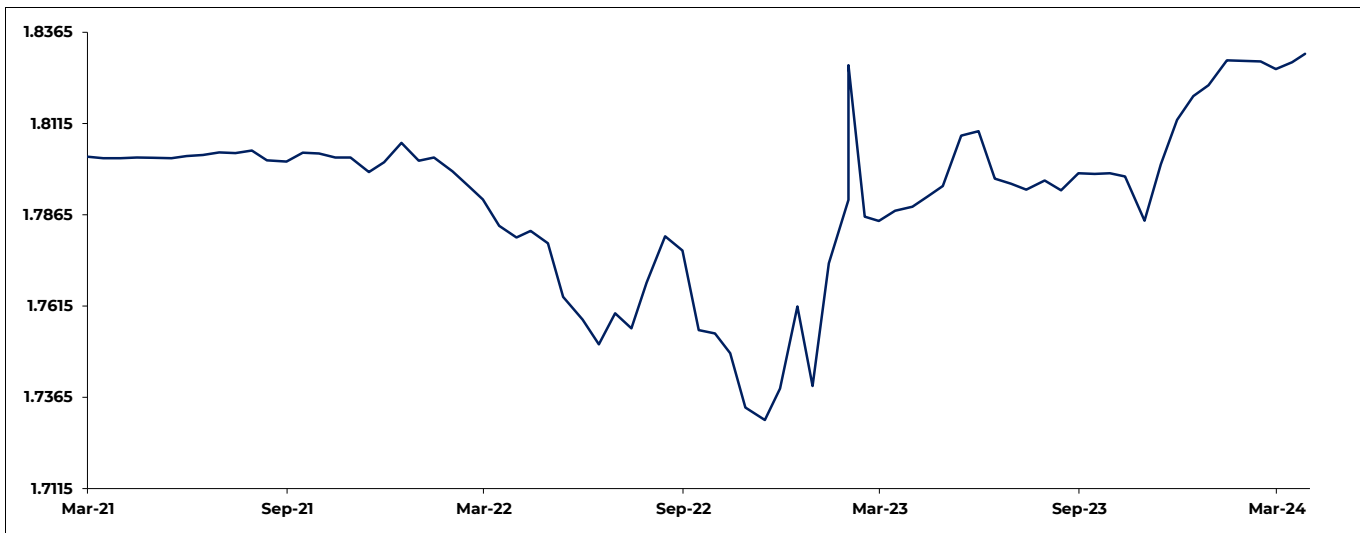
For the month of April, local yields could edge higher ahead of these key risk events along with further upward pressure from the BTr's duration-heavy borrowing schedule for the second quarter. The apprehensive and cautious approach of most investors may endure while traders monitor new macroeconomic releases and key remarks from the central bank and other key officials. With the El Niño season, we may expect the periodic uptick on most commodities to take full throttle resulting to prospects of upshot in the local inflation print, though this may already be priced in by most investors. Without clarity on the policy rate cut schedule, the market may remain drifting, with yields of most securities skewed upward.

HISTORICAL PERFORMANCE
March 31, 2024

NAVPU	Year-to-date Return	
1.8306	0.47%	

	Annual Return	Cumulative Return
One-year	2.34%	2.34%
Three-year	0.53%	1.59%
Five-year	1.17%	6.01%

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.