

PESO FIXED INCOME FUND

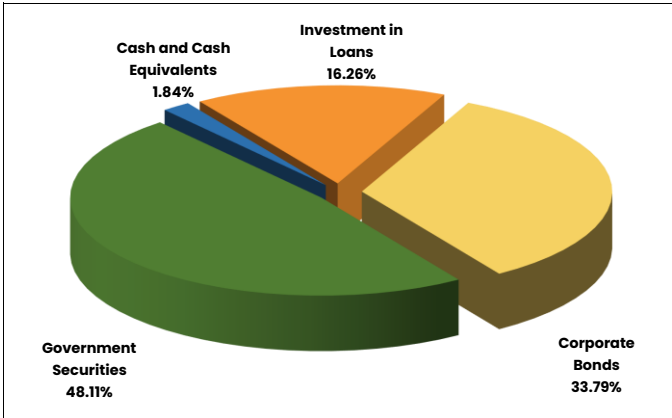
INVESTMENT OBJECTIVE

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 April 30, 2024	1.8115	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 on average climbed by 47 basis points (bps) in April compared to the previous month's levels. Year-to-date, Philippine securities' rates were also up by 74-bps in comparison to end-2023 yields. The persisting uptrend of the inflation environment continued to haunt the investment façade, with the higher transport costs and food prices being the main reasons for the uptick. With this, the Bangko Sentral ng Pilipinas (BSP) extended its pause on any rate adjustments as inflation has yet to show a more convincing downtrend that would prompt an easing action. The Monetary Board has left the target reverse repurchase rate untouched at 6.50%, which was the highest in almost 17 years. Recall, BSP Governor Eli Remolona Jr. previously said the central bank would stay hawkish or in favor of keeping borrowing rates high in the face of persistent price pressures that may upset inflation expectations.

The Bureau of Treasury (BTr) raised P15 billion in its latest Treasury bills (T-bills) auction last April 29. The offering was met with robust demand, totaling to of P51.20 billion. Broken down, the BTr borrowed P5 billion via the 92-day T-bills, with the papers yielding an average rate of 5.8690%. The government also awarded a total of P5 billion for the 183-day securities and was quoted at an average rate of 5.9880%. Lastly, the agency raised P5 billion from the 365-day debt papers on rates of 6.0810%.

Meanwhile, the government saw mixed results in the offering of its Treasury bonds (T-bonds) in April. On April 2, the government borrowed P30 billion via the reissued seven-year bonds, which were awarded at an average rate of 6.2990%. The BTr partially awarded the reissuance of its 9-year notes to siphon P20.63 billion, fetching an average rate of 6.4390%. Even though there is demand, the Treasury rejected all bids for the reissued 20-year securities last April 16. The 20-year re-issued term securities was auctioned last April 23 and was partially awarded with P16.63 billion at an average rate of 7.0170%. Lastly, the BTr sapped in P27.48 billion on April 30 with another reissued 20-year bonds and was quoted at an average yield of 7.0580%.

The BSP's term deposit facility (TDF) and short-term instruments persisted to be a more favored channel of investors in April. The auction of the central bank's TDF last April 24 was surprisingly met with a high demand as bids surpassed the volume offering reaching a total of P250.35 billion. Broken down, the local central bank awarded P90 billion worth of 8-day notes at an average rate of 6.5300%. Meanwhile, the BSP shored up the programmed P100 billion bid offers for the 14-day TDFs, which pegged an average yield of 6.5668%. In a separate auction, the central bank auctioned its 28-day securities last April 26 to award P110 billion alongside an average rate of 6.6804%. Likewise, the 56-day papers accumulated P60 billion from its latest offering amid a quoted average yield of 6.6643%.

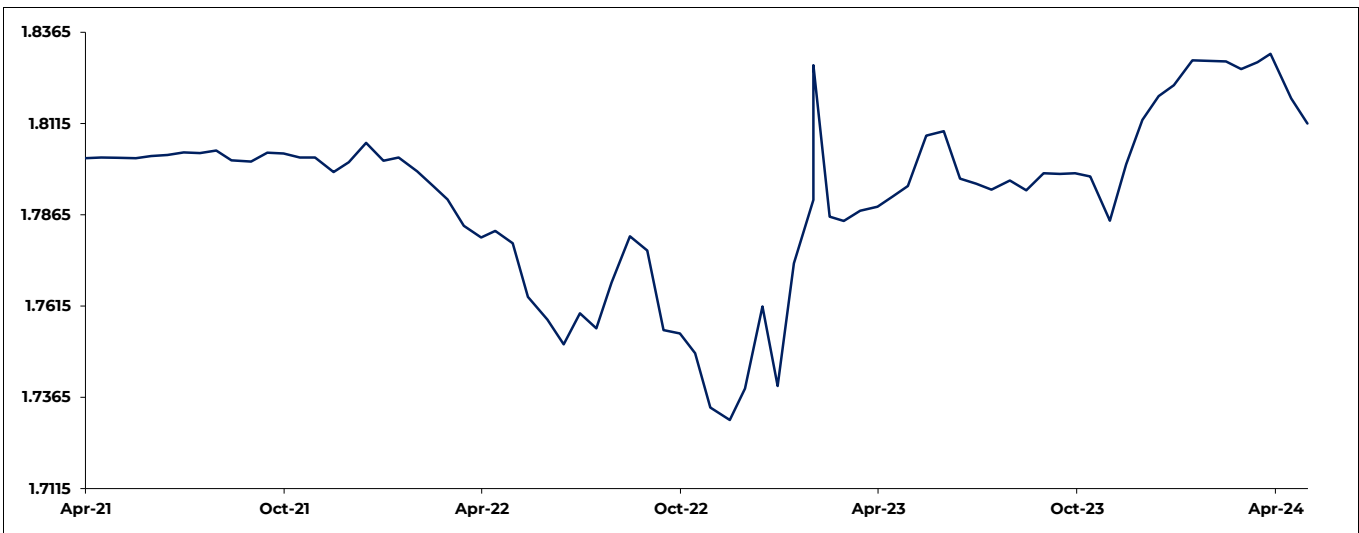
In the coming weeks, we may see local bonds' yields persist in its uptrend as most market players stay cautious. We may observe the muted trading while most await leads from key officials ahead the upcoming May Monetary Board meeting on the 13th. More so, the release of the April inflation print would also be a key catalyst, with anticipations that the data would range within 3.5% and 4.3%, hovering towards the upper end of the BSP's target and may even breach anew such targets amidst enduring high food and transport prices. The results of the 1st quarter gross domestic product would also be one of the spotlights and possibly a great upward momentum fuel if data could support hopes on the country's enduring resilience against inflationary pressures and recurring external headwinds.

HISTORICAL PERFORMANCE
April 30, 2024

NAVPU	Year-to-date Return	
1.8115	-0.58%	

	Annual Return	Cumulative Return
One-year	0.95%	0.95%
Three-year	0.17%	0.52%
Five-year	0.90%	4.57%

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.