



January 2025

## 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 January 31, 2025

1.4335

Inception Date

December 2006

Fund Classification

Equity Fund

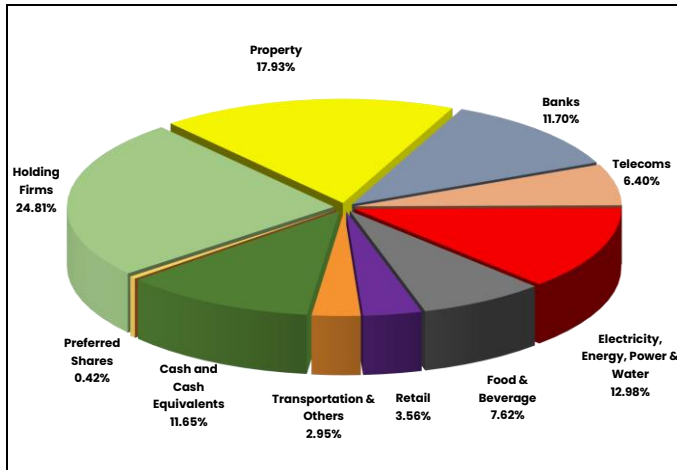
Domicile

Republic of the Philippines

Fund Currency

Philippine Peso

### PORTFOLIO COMPOSITION



### TOP 10 EQUITY HOLDINGS

Company	Sector	% of the Fund
SM Investments Corporation	HOLDING FIRM	7.11%
SM Prime Holdings, Inc.	PROPERTY	6.84%
Ayala Corporation	HOLDING FIRM	6.73%
BDO Unibank Inc.	BANK	5.88%
Aboitiz Power Corporation	ELECTRICITY, ENERGY, POWER, WATER	4.26%
PLDT, Inc.	TELECOM	4.16%
Aboitiz Equity Ventures, Inc.	HOLDING FIRM	4.01%
Ayala Land, Inc.	PROPERTY	3.37%
GT Capital Holdings, Inc.	HOLDING FIRM	3.31%
Metropolitan Bank and Trust Company	BANK	3.16%

### HISTORICAL PERFORMANCE

January 31, 2025

NAVPU	Year-to-date Return
1.4335	-8.47%

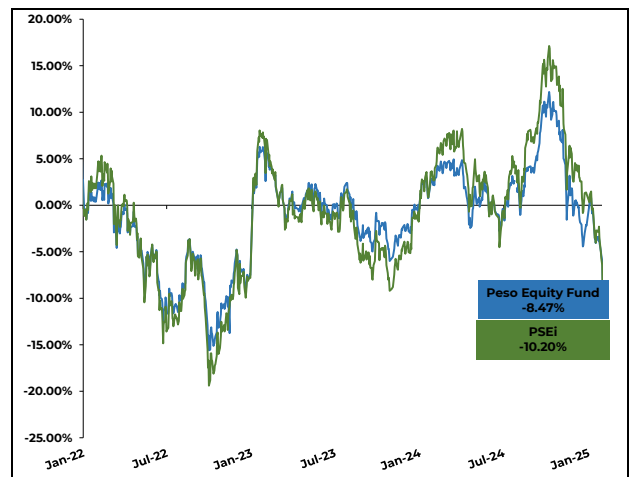
	Annual Return	Cumulative Return
One-year	-12.64%	-12.64%
Three-year	-6.80%	-19.03%
Five-year	-3.77%	-17.48%

### MARKET RECAP AND OUTLOOK

The Philippine Stock Exchange index (PSEI) concluded the first month of 2025 in the red to close at 5,862.59, plunging by 10.20% from end-2024 level of 6,529. The local index spiraled to its worst close in 27 months since it plunged to its 5,853-trough last October 12, 2022. Markedly, the pitfall to the 5,800-zone put the local market back in the bear territory coming from 2024's peak of 7,605. The sentiments endured to be murky with most investors taken aback or scurrying with caution along recurring uncertainties varying from Trump's reinstatement in the White House to flaky outturns of the local gross domestic product (GDP). Accordingly, foreign flows recorded a net outflow of P6.67 billion in January alone, reversing the P4.46 billion inflows seen in the comparable month a year ago.

The flipping of the year was a challenging start for local and foreign investors. The previous and vibrant 'January effect' did not materialize as trading was fully dominated by feeble appetite and selling pressures. Early in the month, an aversive mood pervaded as the December inflation reading settled at 2.9%, higher than the 2.5% recorded in the previous month due to the ongoing high cost of fuel and energy. Philippine shares continued to slide tracking the movement in Wall Street as strong US economic data raised doubts about potential Federal Reserve rate cuts. Aside from this, the Federal Reserve's rate-cut cycle may be impacted by inflation worries about Mr. Trump's objectives. The reality of US President-elect Donald Trump's election victory with aggressive tariffs and deportations of immigrants hit hard, with Fed officials speculating that the incoming administration's plans may slow economic growth and increase unemployment and US central bank officials voicing new inflation concerns. Hopes fairly resurfaced as global markets cheered the ceasefire agreement between Israel and Hamas. Though, the optimism was short-lived as the equity's façade succumbed to profit-taking ahead of US President-elect Donald Trump's official reinstatement in the White House. At his inauguration, President Donald Trump pledged a "golden age" for the US. He said that he would create an "External Revenue Service" to level tariffs against other countries' goods to support build American "prosperity". Moreover, the news of the US Fed putting a pause over its policy normalization path signaled a potential disturbing concern in the economy and its inflationary prospects this year. The US central bank resolved to keep its federal funds rate within a range of 4.25%-4.50%, taking a breather from the pedal of reduction since the last quarter of 2024. The downfall continued with more disheartening sentiments after the outturn of the full-year GDP print settled at 5.6%, missing the 6.0% to 6.5% government target. The month concluded in bloodbath trading to cascade substantially by almost 300-points due to persisting risks coupled by players selling activities in time with the rebalancing of the PSEI, with the entry of Chinabank Corp. (CBC) and AREIT, Inc. (AREIT) along the removal of Nickel Corp. (NICKL) and Wilcon Depot, Inc. (WLCON).

The local index may potentially trade within the 6,000 – 6,500 mark in the coming month amid dovish remark coming from the local central bank coupled by perturbing concerns overseas. BSP Governor Eli Remolona Jr. alluded anticipations of a monetary policy easing of 25 basis points in the first half of the year and another 25 basis points in the second half. Even though the index dipped to its fresh 52-week low, we anticipate local economic releases coupled by the earnings result season would influence the market and even uplift sentiments if optimistic outcomes surface. Players may take caution yet favorable results from the latest inflation, unemployment and rhetoric from the BSP could fuel momentum. The upcoming releases for the full-year corporate earnings may also provide optimism for selecting robust and sound public companies. Given heightened global uncertainties, particularly tied to US politics under Trump's regime, the near term may not be ideal for aggressive positioning in local equities resulting to timid and lukewarm trading activities.



**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.