

## 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 January 31, 2025

Inception Date

Fund Classification

1.8714

December 2006

Fixed Income Fund

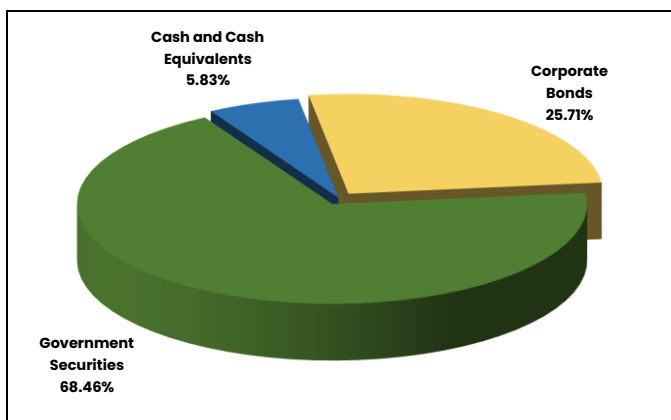
Domicile

Fund Currency

Republic of the Philippines

Philippine Peso

### PORTFOLIO COMPOSITION



### HISTORICAL PERFORMANCE

January 31, 2025

NAVPU	Year-to-date Return
1.8714	0.30%

	Annual Return	Cumulative Return
One-year	2.40%	2.40%
Three-year	1.34%	4.06%
Five-year	1.14%	5.81%

### MARKET RECAP AND OUTLOOK

Local bond yields on average declined by 20 basis points versus end-2024 levels. Market appetite has flocked towards the fixed income space amidst hopes of a continuing effort of the Bangko Sentral ng Pilipinas (BSP) to fine-tune its key policy rates along the complimentary and favorable inflation print despite the disarray in the general economic landscape. The latest inflation print settled at 2.9% in January, unchanged from the December rate, indicating the moderate pushover of commodity prices. On the other hand, the local GDP print has dismayed the investing public as it earmarked a full-year outturns tally of 5.6%, missing the 6.0% to 6.5% government target goal for 2024. The slew of mixed results for the local economic landscape has pointed towards the higher odds of enduring normalization of interest rates by the local central bank, resulting to the durable inclination of the market to the bond market vis-à-vis its equities counterpart.

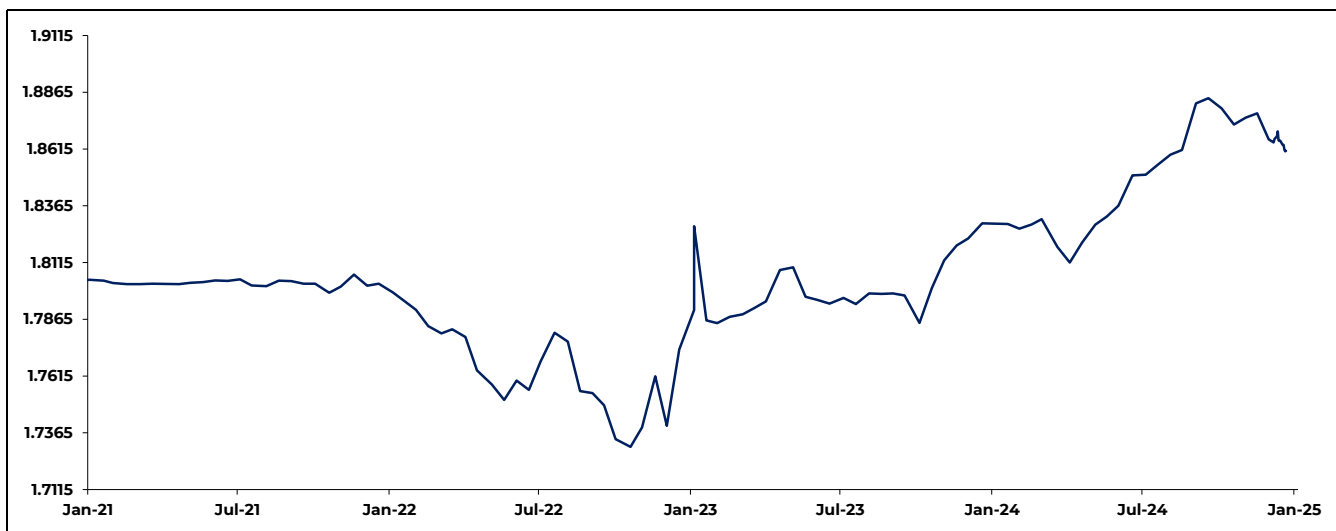
The BTr borrowed a total of P104.4 billion from the auction of its Treasury bills (T-bills) in the month. The Treasury has fully awarded its auctioned Treasury bills (T-bills) last January 31, raising a total of P27.6 billion as tenders ballooned to P90.50 billion. Broken down, the government borrowed a total of P9.8 billion worth of 91-day debt notes, fetching an average rate of 5.1130%. Meanwhile, the BTr raised a total of P9.8 billion worth of 182-day notes, settling at a quoted average yield of 5.4880%. Lastly, the Treasury has raked in P8 billion worth of 364-day securities alongside the papers quoted at an average rate of 5.7240%.

Also, the bureau has accumulated P105 billion worth of Treasury Bonds (T-bonds). Last January 7, the treasury awarded P30 billion worth of 7-year securities on an average rate of 6.0600%. While the January 14 auction garnered another P30 billion worth of 10-year bonds with a higher mean yield of 6.2490%. On January 21, the bureau also accepted P30 billion worth of 10-year T-bonds granting on rates averaged at 6.2500%. On its last auction for the month held January 28 BTr accepted bids on its issued 7-year securities fully awarding the offered P15 billion on rates quoted at around 5.8940%. Along with this, the bureau also auctions off another P5 billion worth of 25-year securities from its TAP facility on mean rates of 6.3750%.

Meanwhile, the BSP's offering of its term deposit facilities (TDF) accumulated P1.06 trillion from its auction on the month. During its latest auction last January 30, the central bank awarded P238.75 billion worth of one-week and two-week securities. BSP fully awarded its one-week paper granting P120 billion of the P131.65 billion amount tendered at yields around 5.7801%. Meanwhile from its offered P120 billion, BSP awarded P18.75 billion 13-day TDF with rates averaged at 5.8274%. On another auction last January 31, the central bank also fully awarded P70 billion worth of 28-day security of the P88.32 billion bid among investors as accepted yields were at 5.8119%. While the demand for 56-day paper fell short of the P100 billion volume offered and granted the P97.64 billion demand for the week as rates averaged at 5.8048%.

This February, we may anticipate continuing strength in the fixed income space along rowing expectations that the BSP will cut interest rates in the first Monetary Board Meeting on February 13. With the lingering woes overseas, many players may take sanctuary to the less risky assets and take opportunities in the swings of securities' yields. Nonetheless, players may still keep a keen eye over fresh remarks from key monetary authorities for guidance on the policy direction both at home and abroad.

### 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.