

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 30, 2026

Inception Date

Fund Classification

1.9525

December 2006

Fixed Income Fund

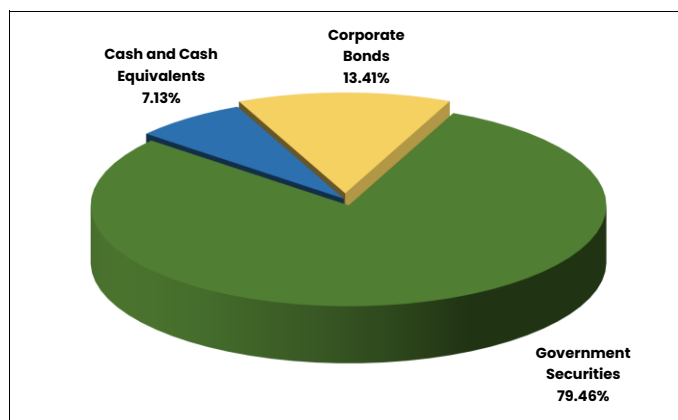
Domicile

Fund Currency

Republic of the Philippines

Philippine Peso

PORTFOLIO COMPOSITION



HISTORICAL PERFORMANCE

January 30, 2026

NAVPU	Year-to-date Return
1.9525	0.56%

	Annual Return	Cumulative Return
One-year	4.33%	4.33%
Three-year	2.93%	9.04%
Five-year	1.60%	8.24%

MARKET RECAP AND OUTLOOK

Local bond yields on average declined by 10 basis points (bps) versus end-2025 levels in the month of January, marked by a general downward trend across almost all tenors, which reflects rising bond prices. For the month, the Philippine Peso bond market delivered a mixed performance characterized by a significant rally in short-term yields and rising pressure on the long end of the curve. At the start of the month, yields fell as investors cheered a low December inflation print of 1.8%, fueling expectations for aggressive rate cuts. However, as the month progressed, the 10-year benchmark yield inched up to roughly 6.05% while the 2-year yield held steady at 5.30%. This "bear steepening" was driven primarily by heavy supply pressure as the Bureau of the Treasury (BTr) aggressively reissued long-dated bonds and tapped the international market for \$2.75 billion in dual-tranche global bonds. Local sentiment was also dampened by a "floodgate" infrastructure corruption scandal and a weak Q4 2025 GDP report, which led to de-risking among institutional players. Expectations for the Bangko Sentral ng Pilipinas (BSP) in 2026 remain centered on a "measured" easing cycle, though the path has become more clouded. While the BSP started the year with a dovish tone due to inflation staying within the 2%-4% target, Governor Remolona later expressed uncertainty regarding the timing of further cuts.

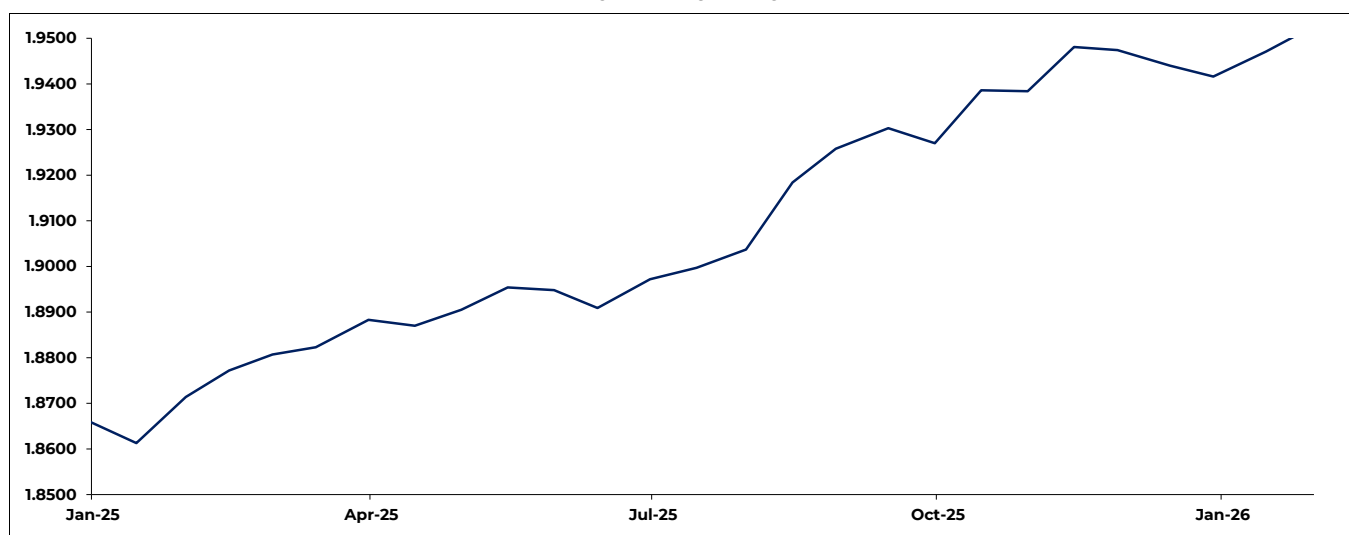
Throughout the month, the BTr raised a total of P147.6 billion worth of Treasury bills (T-bills) as demand for fixed-income securities picked up despite the cautious dovish outlook. The Bureau fully awarded its auctioned Treasury bills (T-bills) last January 26, raising a total of P37.8 billion as tenders surged to P155.97 billion. For the 91-day Treasury bills, the average rate for the awarded security was 4.6660%, with P12.60 billion awarded. The 182-day Treasury bills were awarded at an average rate of 4.7510%, with P12.60 billion awarded. Lastly, the 364-day Treasury bills fetched an average rate of 4.8270%, with P12.60 billion awarded.

BTr's bond auction in January resulted in P176.6 billion in funds raised as a result of influx in demand. In its latest sale last January 27, the Treasury raised P56.6 billion in a split auction of 7-year and 20-year reissued bonds and an additional TAP auction of another 7-year bonds. Broken down, the 7-year reissued bond with a remaining maturity of 2.5 years saw strong demand of P102.74 billion, exceeding the original offered P30 billion, with rates averaging 5.3240% opting for the BTr to raise another P15 billion in TAP facility of the same tenure. Also, the Bureau raised P11.60 billion from the auction of 20-year T-bonds with a remaining maturity of 18.3 years at an average yield of 6.5720%.

Meanwhile, the BSP's offering of its term deposit facilities (TDF) accumulated P413.89 billion from its auctions during the month. On January 28, the weekly Term Deposit Facility (TDF) auction concluded with P83.90 billion raised from the offered 7-day TDF at a weighted average accepted yield of 4.4973%. Throughout the month, the central bank did not offer 14-day securities.

In the month ahead, the prospects for Peso bonds are cautiously optimistic, with a likely "sideways to lower" movement in yields. The market is anticipating a relief rally if the BSP signals a more definitive dovish pivot during its February policy meeting to support the government's 5.0%-6.0% growth target. Short-tenor notes are expected to outperform as liquidity remains ample, while long-term yields may continue to face resistance near the 6.10% level until there is more clarity on the national government's fiscal spending plans and the resolution of the ongoing political noise. Investors will likely focus on "carry" strategies, favoring the 5-to-7-year "belly" of the curve, while remaining vigilant of any fresh volatility in the USD/PHP exchange rate.

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.