

PESO FIXED INCOME FUND

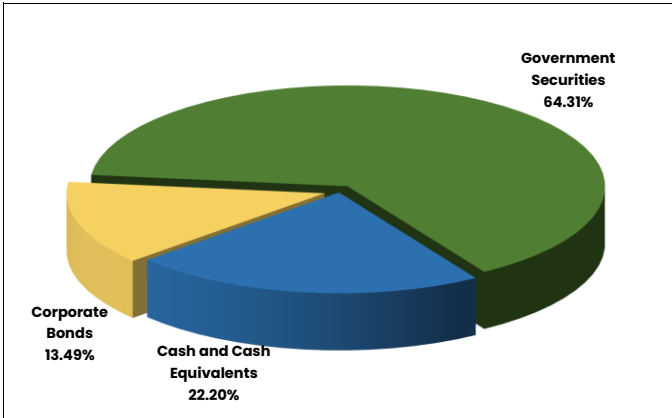
INVESTMENT OBJECTIVE

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, 2026	1.8970	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 bond yields on average rose by 56 basis points (bps) versus end-2025 levels in the month of March, marked by a general upward trend across almost all tenors, which reflects lowering bond prices. Government securities faced significant pressure as the yield curve shifted higher, driven by a sharp escalation in geopolitical tensions and a surge in global oil prices that weighed on the domestic inflation outlook. Early in the month, a cautious market stance and a weakening Philippine peso beyond the 60-per-dollar psychological mark initially pushed yields upward as investors sought higher premiums to offset energy-driven risks, with the 10-year benchmark testing the 7% level. However, the narrative saw a slight moderation toward the end of the period; while the curve remained elevated compared to February, yields turned mixed as hopes for US-Iran diplomacy, cooling immediate fears and allowing some demand to return to short- and medium-term bonds.

Throughout the month, the BTr raised a total of P82.03 billion worth of Treasury bills (T-bills). Despite the central bank's decision to maintain interest rates, demand showed signs of caution, leading to a partial award in the most recent session. On March 23, the Bureau raised P21.71 billion out of its total offering, even as tenders reached P36.75 billion. The results per tenor are as follows. For the 91-day Treasury bills, the Bureau accepted P9 billion at an average rate of 5.0040%, with total tenders reaching P16.61 billion. The 182-day Treasury bills took in P9 billion at 5.0320% from total tenders of P13.83 billion, while the 364-day Treasury bills accepted P3.71 billion at an average yield of 5.1660% out of the P6.31 billion in bids received.

BTr's bond auctions for March resulted in P55.23 billion in total funds raised. In its latest 25-year Treasury bond auction, the Bureau partially awarded P5.57 billion of the P10.00 billion offered at an average rate of 7.4000%, despite total bids reaching P13.76 billion. This selective awarding highlights a tone-down in demand for long-term duration risk, as the market's "higher-for-longer" outlook led to thinner interest in the primary bond market and a widening gap between Bureau thresholds and investor yield demands.

Meanwhile, the BSP's term deposit facilities (TDF) accumulated P320 billion throughout the month. In its latest operation on March 25, the BSP fully awarded its P70 billion 7-day TDF at a weighted average yield of 4.2308% as bids surged to P84.71 billion. While the long-term bond market remained tepid, the strong interest in the TDF indicates that liquidity remains high, with market participants preferring shorter-term, flexible positions while waiting for clearer signals on the direction of inflation and future rate movements.

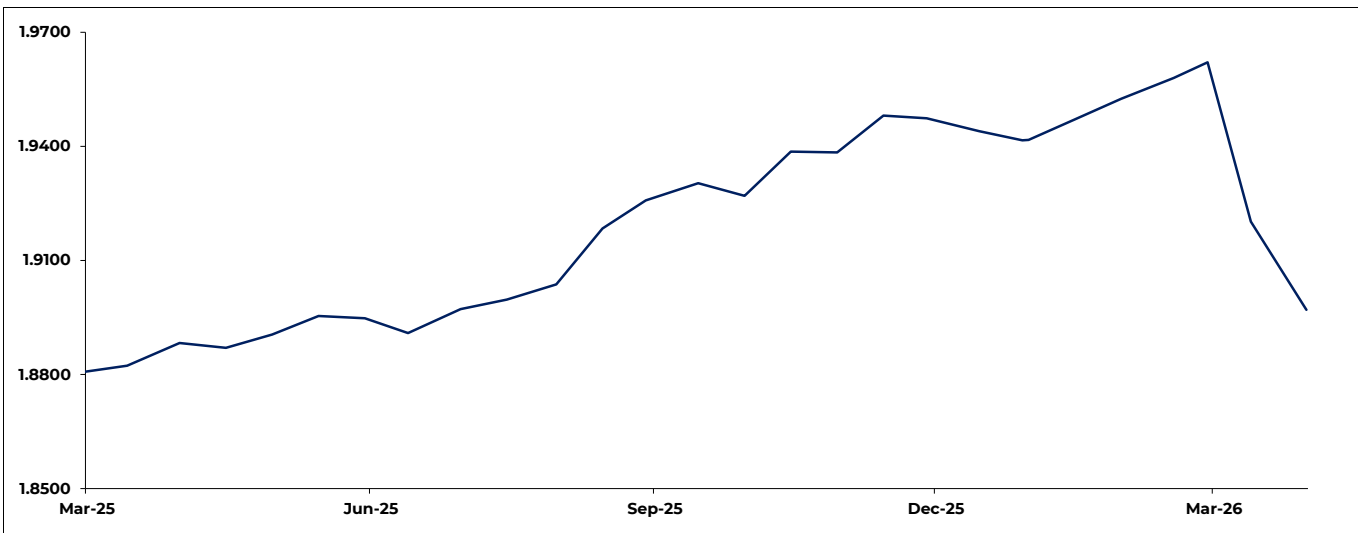
Looking ahead, the market is shifting toward a "higher-for-longer" environment, with a growing possibility of a BSP rate hike. Elevated oil prices and a weaker peso act as primary headwinds, forcing investors to price in further policy tightening rather than cuts. While a potential easing of geopolitical tensions remains a key tailwind, these hawkish signals are expected to keep yields under upward pressure.

HISTORICAL PERFORMANCE
March 31, 2026

NAVPU	Year-to-date Return
1.8970	-2.30%

	Annual Return	Cumulative Return
One-year	0.46%	0.46%
Three-year	1.98%	6.05%
Five-year	1.03%	5.27%

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.