

PESO FIXED INCOME FUND

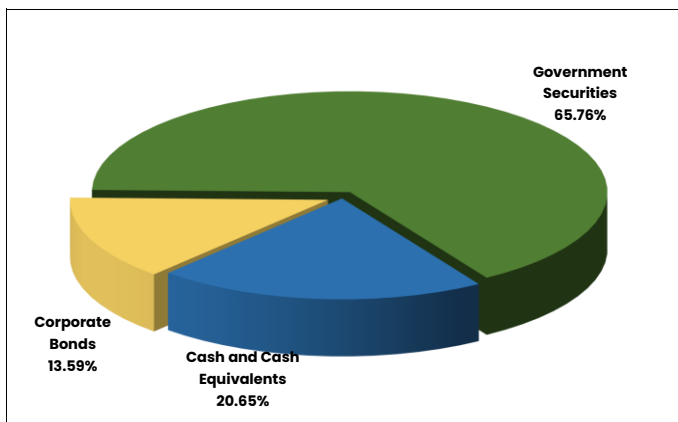
INVESTMENT OBJECTIVE

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, 2026	1.8906	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 49 basis points (bps) versus end-2025 levels in the month of April largely influenced by the Bangko Sentral ng Pilipinas' (BSP) hawkish turn amid inflationary pressure stemming from an uptick in the global oil prices. For the month, peso bond market experienced a significant upward shift in yields, reflecting a sharp reversal from the more stable environment seen earlier in the year. The 10-year benchmark yield climbed toward 7.15%, marking its highest level in over three years. This sell-off was driven by a deteriorating inflation outlook and a hawkish pivot from the BSP, which shattered previous market hopes for a continued easing cycle. As yields rose, bond prices fell across the curve, with the most pronounced pressure felt in the medium- to long-term tenors as investors reassessed the long-term cost of capital.

The primary local driver for this performance was a "shock" inflation print released in early May, which revealed that April inflation surged to 7.2%, far exceeding the 4.1% recorded in March. This spike was largely attributed to soaring food and transport costs as second-round effects from high energy prices began to permeate the economy. In response to these mounting pressures, the BSP's Monetary Board decided to raise the Target Reverse Repurchase (RRP) Rate by 25 basis points to 4.50% during its April 23rd meeting. This preemptive hike signaled that the central bank was prioritizing price stability over growth support, prompting a rapid repricing of local debt.

On the global front, performance was heavily influenced by the "bear flattening" trend of US Treasuries and heightened geopolitical risks. The ongoing conflict in the Middle East caused significant volatility in global oil markets, with prices flirting with the \$100 per barrel mark. This external supply shock not only fueled domestic inflation but also kept global bond yields elevated, as markets priced in a "higher-for-longer" interest rate environment in the United States. The 10-year US Treasury yield ended April at approximately 4.37%, creating a high floor for emerging market yields and putting additional pressure on the Philippine peso, which struggled to stay below the 61.00 level against the dollar.

Looking ahead to May 2026, the outlook for peso bond yields remains tilted toward the upside, with a "high-for-longer" sentiment expected to dominate. Market participants are bracing for the possibility of another rate hike from the BSP if May's mid-month data shows no signs of inflation cooling. The 10-year yield is likely to test the 7.25% to 7.40% range as the Bureau of the Treasury faces higher borrowing costs in its weekly auctions. While liquidity remains ample in the banking system, investor appetite for duration is expected to be thin as the market demands a higher risk premium to compensate for the current inflationary environment.

In summary, May is anticipated to be a period of consolidation at these higher yield levels. Any potential for a recovery in bond prices would likely require a significant de-escalation of Middle East tensions or a surprise cooling in global energy prices. Until then, the local bond market will remain in a defensive posture, with investors favoring shorter-dated T-bills over longer-term T-bonds to minimize interest rate risk. The performance of the peso will also be a critical watch-point, as any further depreciation could force the BSP into a more aggressive tightening stance to protect the currency and anchor inflation expectations.

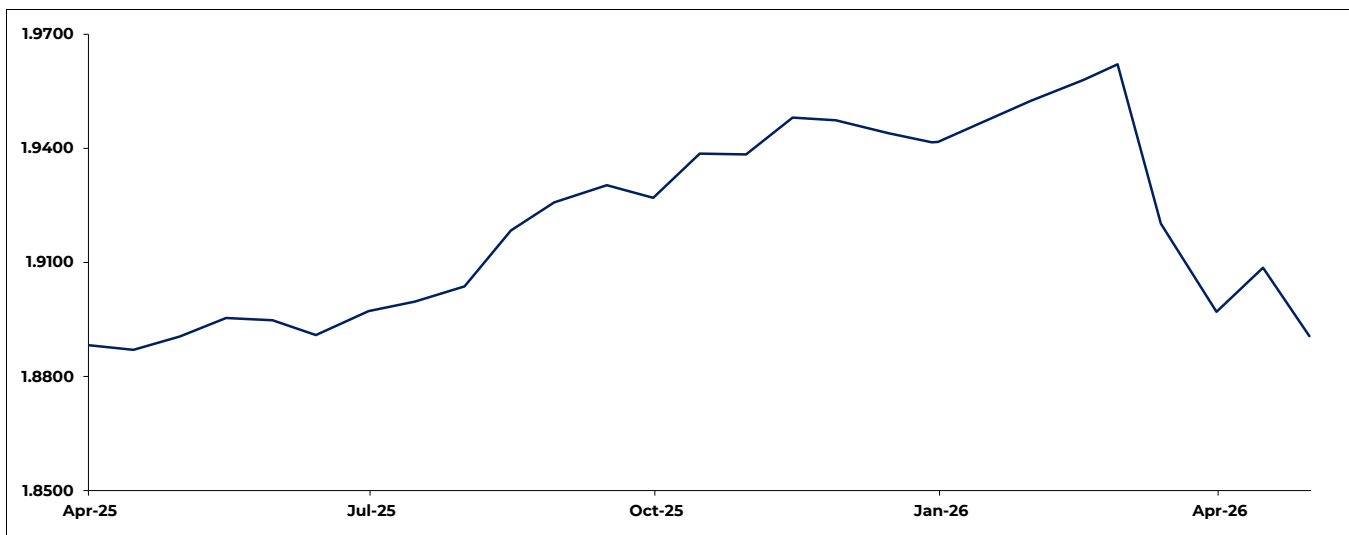
HISTORICAL PERFORMANCE

April 30, 2026

NAVPU	1.8906	Year-to-date Return	-2.63%
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	Annual Return	Cumulative Return
One-year	0.01%	0.01%
Three-year	1.76%	5.36%
Five-year	0.96%	4.91%

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.