

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

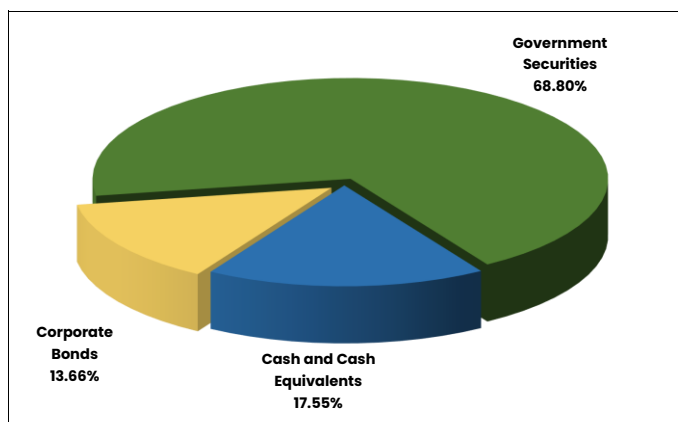
NAVPU as of May 29, 2026
Inception Date
Fund Classification

1.8744
December 2006
Fixed Income Fund

Domicile
Fund Currency

Republic of the Philippines
Philippine Peso

PORTFOLIO COMPOSITION



HISTORICAL PERFORMANCE May 29, 2026

NAVPU	Year-to-date Return
1.8744	-3.48%

	Annual Return	Cumulative Return
One-year	-1.11%	-1.11%
Three-year	1.21%	3.66%
Five-year	0.79%	4.02%

MARKET RECAP AND OUTLOOK

Local bond yields rose by an average of 108 basis points (bps) versus end-2025 levels in May, as the government securities (GS) market traded under sustained pressure amid a hostile macroeconomic backdrop and heightened global volatility. The peso bond market endured another difficult month, characterized by sharp yield increases across the curve and thin liquidity before staging a late-month rebound. This initial sell-off hit the front-end and belly sectors the hardest as market participants aggressively repriced local inflation risks and monetary policy expectations. This sharp increase in yields was directly triggered by a challenging mix of domestic macro indicators -inflation spike to a three-year high of 7.2% and a slower-than-expected Q1 GDP growth print of 2.8%. These figures, compounded by hawkish policy signals from central bank officials, forced investors to stay largely sidelined and demand much higher concessions to hold local debt. Globally, fluctuating oil prices and geopolitical tensions further pressured the market by dragging the Philippine peso toward record lows near ₱61.75 against the US dollar, keeping yields elevated. Sentiment only recovered toward month-end as a successful primary auction revived domestic real-money demand and global oil prices eased, triggering the short-covering and selective bargain hunting that ultimately supported bond prices.

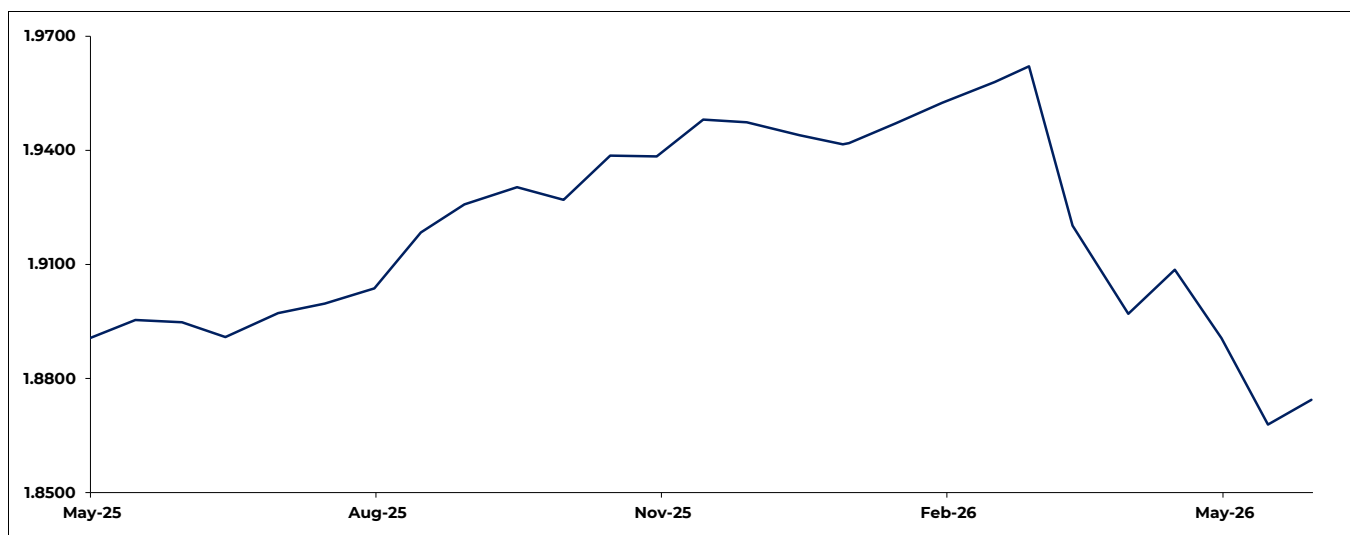
Throughout the month, the BTr raised a total of ₱82.19 billion worth of Treasury bills (T-bills). Reflecting the BSP's tightening cycle, short-term yields moved higher across the board as investors priced in upcoming interest rate hikes. This sharp repricing led to a partial award in the final session on May 25, where the Bureau raised ₱24.98 billion out of ₱35.00 billion in total tenders as it rejected higher yield bids. By tenor, the 91-day bills accepted ₱15.00 billion at an average rate of 5.1420%, the 182-day bills took in ₱13.00 billion at 5.7000%, and the 364-day bills accepted ₱4.78 billion at 6.1630%.

The Bureau of the Treasury (BTr) raised ₱88.72 billion from its bond auctions in May despite a shorter schedule of only three sessions. In its final sale on May 29, the Treasury raised ₱30.00 billion through a split auction of reissued bonds. The 7-year bond with 4.2 years remaining saw strong demand of ₱46.36 billion against a ₱20.00 billion offer, clearing at an average rate of 7.4300%. The remaining ₱10 billion was raised via the 10-year bond with 9.8 years remaining maturity at an average yield of 7.6020%, showing that investors still want higher premiums for longer-term debt.

On the other hand, the BSP's term deposit facilities (TDF) accumulated a total of ₱360 billion from its auctions during the month. In its final session on May 28, the weekly TDF auction concluded with ₱90 billion raised from the offered 6-day tenor at a weighted average accepted yield of 4.4430%.

Looking ahead to June 2026, the outlook for peso bond yields remains tilted toward the upside, with market conviction expected to stay defensive as participants await key inflation data and central bank policy guidance. If upcoming macroeconomic indicators show that inflation remains elevated, expectations for a sustained tightening cycle will likely solidify, keeping upward pressure on interest rates across the curve. While tactical buying interest will continue to emerge opportunistically in intermediate-duration bonds whenever yields spike, overall market positioning will likely stay cautious until the peso stabilizes and domestic inflation shows clear signs of peaking.

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.