

## 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

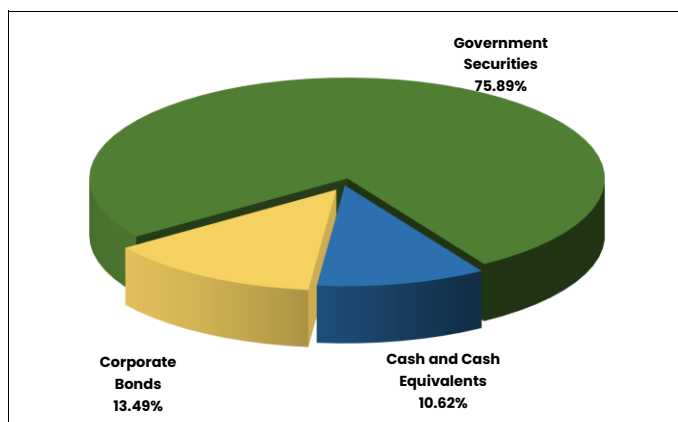
NAVPU as of June 30, 2026  
Inception Date  
Fund Classification

1.9072  
December 2006  
Fixed Income Fund

Domicile  
Fund Currency

Republic of the Philippines  
Philippine Peso

### PORTFOLIO COMPOSITION



### HISTORICAL PERFORMANCE June 30, 2026

NAVPU	Year-to-date Return
1.9072	-1.79%

	Annual Return	Cumulative Return
One-year	0.53%	0.53%
Three-year	2.04%	6.25%
Five-year	1.12%	5.74%

### MARKET RECAP AND OUTLOOK

Local bond yields rose by an average of 73 basis points (bps) from end-2025 levels in June, as the government securities market remained volatile amid tighter monetary policy, domestic supply pressures, and global developments. Nevertheless, yields eased by 34 basis points month-on-month as market sentiment improved following positive geopolitical developments, particularly the U.S.-Iran peace agreement and the reopening of the Strait of Hormuz, which triggered a sharp decline in global oil prices and helped ease inflation and external pressure expectations. This, in turn, supported a modest recovery in Philippine bonds as investors reassessed the outlook for monetary policy and inflation. Early in the month, stronger U.S. economic data, inflation concerns, geopolitical tensions, and the Bureau of the Treasury's larger third-quarter borrowing program pushed yields higher as investors demanded greater risk premiums. June inflation slowed to 6.8% from 7.2% in May, easing concerns over domestic price pressures, while a stronger peso further improved market sentiment and supported bond prices. However, gains were tempered after the BSP raised its policy rate by 25 basis points to 4.75% and signaled that additional tightening could still be necessary if inflation risks persisted.

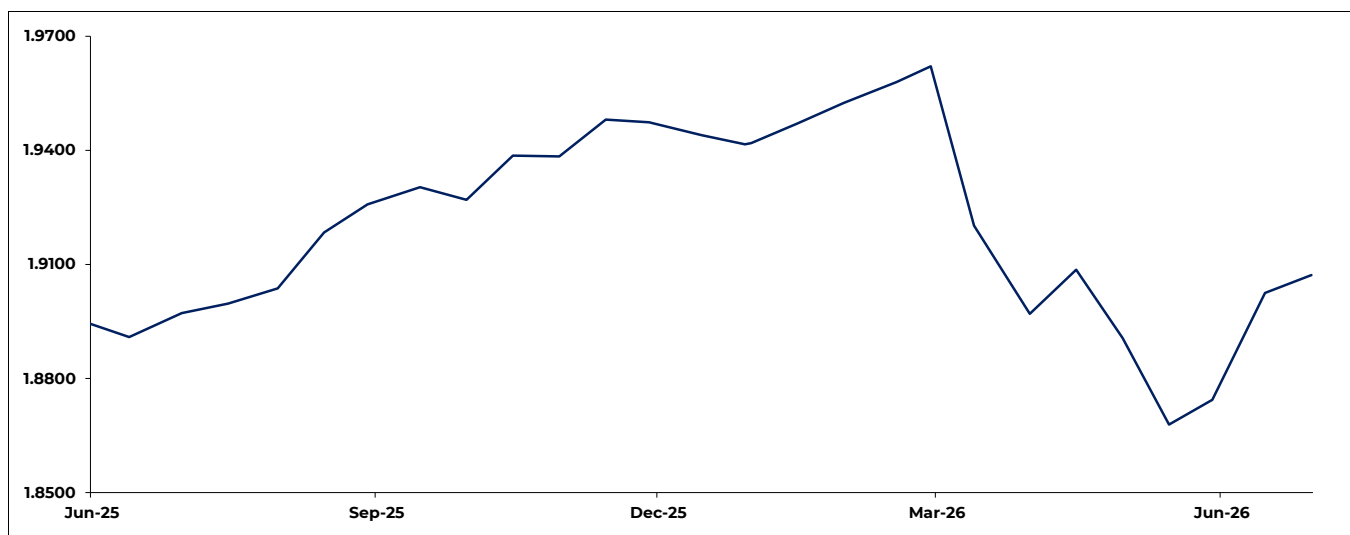
Throughout June, the Bureau of the Treasury (BTr) raised a total of ₱255 billion through Treasury bill (T-bill) auctions as investor demand for short-term government securities remained firm despite expectations of tighter monetary conditions following the BSP's policy rate hike. In its final auction for the month on June 29, the BTr fully awarded all offered securities, raising ₱90 billion despite investors demanding higher yields across all tenors. The 35-day Treasury bills fetched an average rate of 4.7970%, with ₱20 billion awarded. The 63-day Treasury bills were awarded at an average rate of 5.0810%, with ₱10 billion accepted. Meanwhile, the 91-day, 181-day, and 364-day Treasury bills fetched average rates of 5.2450%, 5.7640%, and 5.9680%, respectively, with ₱20 billion awarded for each tenor.

The Bureau of the Treasury (BTr) also raised a total of ₱85 billion through its Treasury bond auctions in June. In its latest auction on June 30, the Treasury fully awarded its offering of reissued 7-year Treasury bonds, raising ₱30 billion. The security, with a remaining tenor of 3.3 years, drew strong investor interest, with tenders reaching ₱65.14 billion, while the average awarded rate settled at 6.5800%.

Meanwhile, the BSP's Term Deposit Facility (TDF) auctions accumulated a total of ₱420 billion during June. In its latest auction on June 24, the BSP fully awarded its ₱10 billion offering of 7-day term deposits as total bids reached ₱147.02 billion, reflecting strong demand for the facility. The auction fetched a weighted average accepted yield of 4.6244%.

Looking ahead to July 2026, peso bond yields are expected to trade within a narrow range as improving global risk sentiment and softer energy prices provide support to the local fixed-income market. However, investors are likely to remain cautious as they await the June inflation release, which will be closely watched for its implications for the BSP's August policy meeting. While lower U.S. Treasury yields could encourage buying interest, the BSP's tightening bias and the government's ongoing borrowing program are expected to keep upward pressure on yields and limit the scope for a sustained rally.

### 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.