

31 JULY 2024

# Peso Balanced Fund

## FUND DETAILS:

Inception Date	25-May-05	Latest NAVPU	2.699090
Fund Manager	BPI Asset Mgmt. & Trust Corp.	Initial NAVPU	1.000000
Fund Currency	PHP	Highest NAVPU (04.02.2024)	2.750260
Fund Size	PHP 0.92 Billion	Lowest NAVPU (07.06.2005)	0.983102
Management Fee	1.75% p.a.	Pricing / Valuation	Daily

## Risk Classification

The Fund is suitable for investors with a moderately aggressive profile or for those who take medium to long - term views. As a marked -to-market Fund, its net asset value and total return may fall or rise as a result of interest rate movements and stock price movements. On redemption of units, a policyholder may receive an amount less than the original amount invested. Prior to investment in the Fund, the policyholder shall undergo a client suitability assessment procedure to determine whether the Fund is appropriate for him considering his investment objective, risk tolerance, preferences and experience.

## Market Commentary

The BPI Government Bond Index rose 1.96% in July as Philippine government bond yields fell by 30 basis points (bps) on average. Average daily trading volume for the month amounted to Php34.5 billion, higher than June's Php20.8 billion with trades mostly seen in 5- to 10-year securities. The Bureau of the Treasury (BTr) held five FXTN auctions in July which were all fully awarded.

Local inflation breached the upper handle of the BSP's target in July, the first time since November 2013. Inflation accelerated to 4.4% from 3.7% the prior month. Rice (20.9% YoY) continued to drive the prices higher. Moving forward, rice tariff reductions could tame inflation further. The Bangko Sentral ng Pilipinas has reiterated that it remains vigilant of forthcoming data releases and will act accordingly in terms of adjusting its monetary policy.

The PSEi rose 3.23% month-on-month (MoM) as it closed at 6619.09 level in July. This brought the PSEi's YTD (year-to-date) gain to 2.62%, a turnaround from its first half decline of 0.59% as foreign flows turned to net buying estimated at USD60Million for the month from net selling for the past four consecutive months on renewed optimism for interest rate cuts in the next few months. Like the Philippines, Indonesia and Malaysia also saw net

foreign inflows in July estimated at USD411Million and USD282Million respectively.

## Market Outlook

The portfolio will maintain its overweight duration position relative to the benchmark. We'll continue to look for opportunity to switch low-yielding securities to improve total portfolio yield.

In the US, investors have been pricing in a more aggressive policy easing which is fueling the demand for US treasuries. On the local front, despite the recent breach in inflation figure, the BSP kept the possibility of a rate cut in August open.

According to the BSP, the country's consumer inflation may have accelerated in July. The BSP's month-ahead forecast showed that inflation might have settled within the 4% to 4.8% range, which is faster than the 3.7% inflation in June.

The country's gross international reserve (GIR) settled at USD104.7Billion in end-June based on the BSP's preliminary data, down 0.3% MoM. This can be attributed to the national government's foreign currency payments and lower gold prices. The latest GIR figure is equivalent to 7.7 months' worth of goods import and payment of services and primary income.

The government's debt rose to Php15.35Trillion in May. The national government's outstanding debt reached Php15.35Trillion as of end-May, up 2.2% MoM. The increase in debt is largely due to new debt issuances and the impact of peso currency depreciation.

We were defensive on domestic equity in July with underweight allocation amidst uncertainties in geopolitics as the conflicts in Europe and in the Middle East could escalate while interest rates remain elevated. We took advantage of recent market volatility by taking profit on large upswings and bottom fishing on deep pullbacks.



**RISK RATING** ● ● ●  
**AGGRESSIVE**

Based on the Fund Manager's fund risk categorization

## Investment Objective

To attain long term capital and income growth by investing in both fixed income securities and a concentrated portfolio of stocks listed on the Philippine Stock Exchange

## Performance Overview

Performance History	Year To Date	1 Year (YoY)	3 Years (YoY)	5 Years (YoY)	Since Inception
Absolute	1.92%	3.81%	8.61%	2.99%	169.91%
Annualized	N/A	3.81%	2.79%	0.59%	5.31%

## Indexed Performance Over 3 Years (NAV - NAV)



## NAVPU Since Inception



## Portfolio Analysis

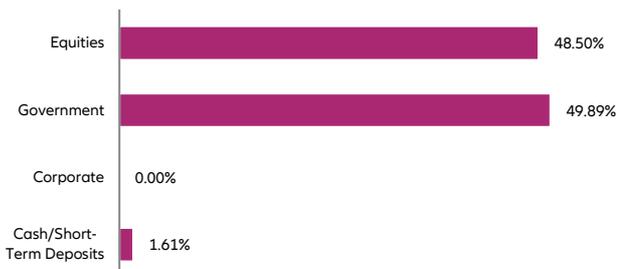
### Top 5 Fixed Income Holdings

Securities	%
FXT1068 -20320623-00911	9.1
RTB5-16 -20280307-00911	7.1
FXT2025 -20421124-00911	4.8
FXT2017 -20310719-00911	4.2
FXT2023 -20390124-00911	4.1
Total	29.2

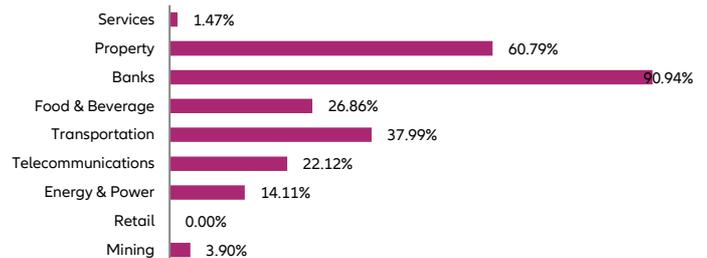
### Top 5 Equity Holdings

Securities	%
SM Investments Corp. (SM)	6.1
SM Prime Holdings, Inc.	5.1
Ayala Corporation	4.8
Ayala Land, Inc.	4.8
Banco de Oro	4.7
Total	25.4

## Asset Allocation



## Sector Allocation



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