

31 MAY2024

Peso Equity Fund

FUND DETAILS:

Inception Date	25-May-05	Latest NAVPU	2.633740
Fund Manager	BPI Asset Mgmt. & Trust Corp.	Initial NAVPU	1.000000
Fund Currency	PHP	Highest NAVPU (01.30.2018)	3.610182
Fund Size	PHP 1.75 Billion	Lowest NAVPU (03.18.2009)	0.815298
Management Fee	2.20% p.a.	Pricing / Valuation	Daily

Risk Classification

The Fund is suitable for investors with a very 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 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 PSEi fell 3.99% month-on-month (MoM) as it closed at the 6433.10 level in May. This is the 3rd consecutive month that the PSEi closed at negative territory. The higher-for-longer interest rate expectation in the US and strong US dollar are the main reasons for investors' bearish sentiment in the domestic equity market.

The PSEi had a very volatile session in May swinging from as high as 6719 to as low as 6341. The market volatility can be attributed to multiple factors, among them is the announcement made by BSP Governor Remolona of potential rate cut in August ahead of the US Fed to support economic growth amid improving inflation.

Philippine headline inflation in April was slightly up at 3.8% versus the 3.7% registered in March, still within the BSP's forecast range of 3.5% to 4.3%. The mild uptick in CPI is driven mainly by higher food and fuel prices which increased from 5.6% to 6% and from 0.8% to 3.4% respectively. On the other hand, the Philippine's first quarter (1Q2024) GDP grew by only 5.7%, below consensus forecast of 5.9%.

Private consumption grew only at 4.6%, the slowest pace since the pandemic as inflation limited domestic spending. Government expenditure was up only 1.7%

which the government attributed to the timing of large spending this year compared to March last year. The bright spot came from net exports which grew 9.5%.

Market Outlook

In the short term, market sentiment could continue to be weighed down by the weak peso and higher for longer interest rates. But as the US Fed starts cutting rates (expected by 4th quarter 2024) and as the US dollar weakens versus other currencies including the Peso, sentiment will improve on risk assets and the PSEi could rebound. This is contingent on good fundamentals with Philippine GDP sustaining over 5.5% GDP growth and higher corporate earnings which is the basis for our long-term constructive view on domestic equities.

Our strategy is unchanged, to remain weighted in domestic equities given the resilient GDP growth outlook (supported by softening inflation) and the PSEi's undemanding valuation but tactically with below neutral allocation to account short term concerns. Given the thin market liquidity, we will continue to focus on big cap liquid stocks. On sectors, we continue to favor banks which benefits from the higher-for-longer interest rate theme and defensive sectors such as telcos and utilities that pay attractive dividends. We also see good opportunity to accumulate on deeply undervalued laggards such as the leading property stocks that are currently not favored by investors because of the delays in interest rate cuts.



RISK RATING ● ● ●

AGGRESSIVE

Based on the Fund Manager's fund risk categorization

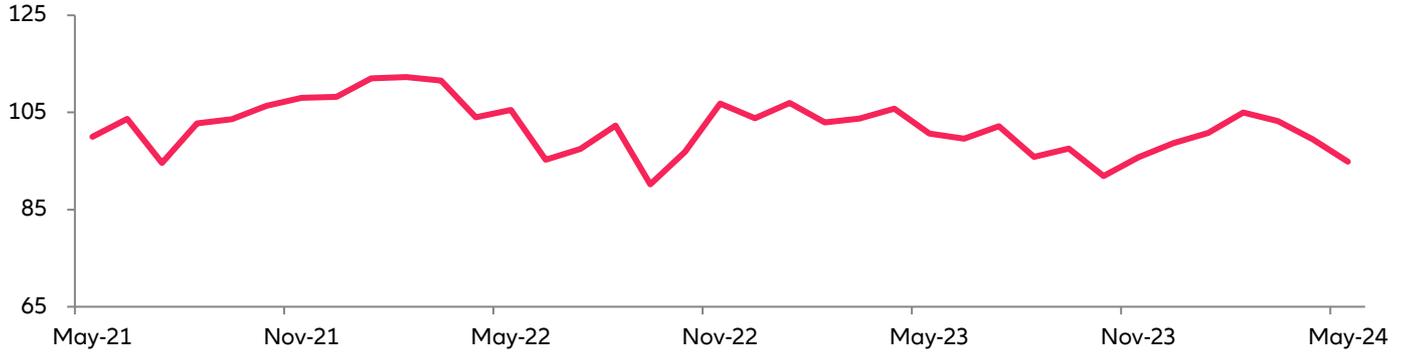
Investment Objective

To attain long term capital growth by investing in 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	-1.59%	0.18%	2.57%	-13.28%	163.37%
Annualized	N/A	0.18%	0.85%	-2.81%	5.22%

Indexed Performance Over 3 Years (NAV - NAV)



NAVPU Since Inception

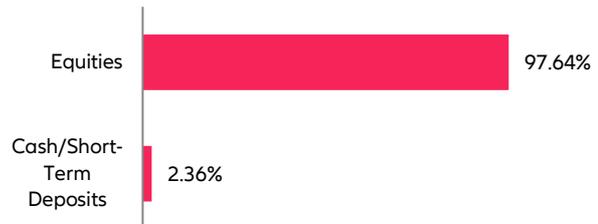


Portfolio Analysis

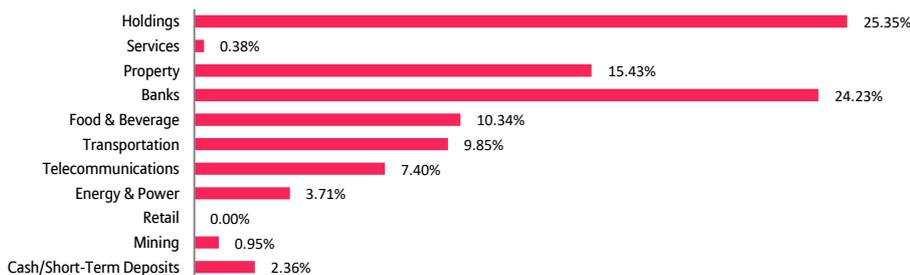
Top 5 Holdings

Securities	%
International Container Terminal Services (ICT)	9.8
SM Investments Corp. (SM)	9.6
Bank of the Philippine Islands (BPI)	9.4
BDO Unibank, Inc. (BDO)	9.2
SM Prime Holdings (SMPH)	8.8
Total	46.8

Asset Allocation



Sector Allocation



IMPORTANT NOTICE:

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