

Investment Objective

To achieve preservation of capital and income growth in Philippine Peso terms over a period of time by investing in a diversified portfolio of Philippine Peso denominated fixed income securities.

31 MAY 2018

# PESO FIXED INCOME FUND

**FUND DETAILS:**

Inception Date	25 May 2005	Latest NAVPU	2.085168
Fund Manager	BPI Asset Management & Trust Corp.	Initial NAVPU	1.000000
Fund Currency	Peso	Highest NAVPU (08.01.2016)	2.334089
Fund Size	Php1.111 Billion	Lowest NAVPU (5.25.2005)	1.000000
Management Fee	1.50% p.a.	Pricing / Valuation	Daily

**RISK CLASSIFICATION**

The Fund is suitable for investors 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 rates 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.

With 4M18 average inflation breaching the target, the Bangko Sentral ng Pilipinas (BSP) finally gave in to market pressure announcing a 25 basis point-rate hike in the overnight borrowing rate to 3.25%. Likewise, inflation projections for 2018 and 2019 were raised to 4.6% and 3.4% from 3.9% and 3.0%, respectively. But before the month came to a close, the BSP surprised the market with a Reserve Requirement Ratio (RRR) cut by 100 basis points which provided a temporary relief in the domestic fixed income market.

**MARKET OUTLOOK**

All eyes are on the Federal Open Market Committee (FOMC) Meeting this month where they are expected to deliver another 25 basis point rate hike. On the other hand, growing political concerns may promote flock-to-safety attitude, thereby easing the potential rise in interest rates accruing from the rate hike. On the local front, the Bangko Sentral ng Pilipinas (BSP) is in a wait-and-see stance following two policy movements announcements made in May. Domestic inflation will continue to be at the forefront of the BSP’s radar especially as signs are showing that the rise in inflation is demand-pull and not solely attributable to the TRAIN implementation.

**MARKET COMMENTARY**

Domestic fixed income market faced another correction in May, with the yield curve declining by 13 basis points on average. The short-end of the curve registered the highest decline of 32 basis points, while the long-end of the curve inched down by 6 basis points. The belly, on the other hand, was flat during the period.

Domestic inflation continued to hover above the upper-end of the central bank’s target for the month of April. Domestic consumer prices rose by 4.5% for the month, faster than the 4.3% registered the prior month. Higher oil prices and impact of TRAIN continue to drive inflation higher.

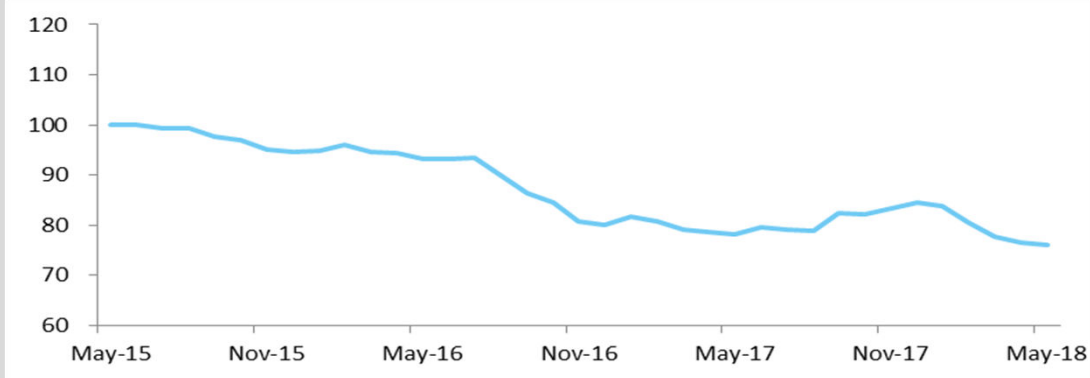


RISK PROFILE ●●●○

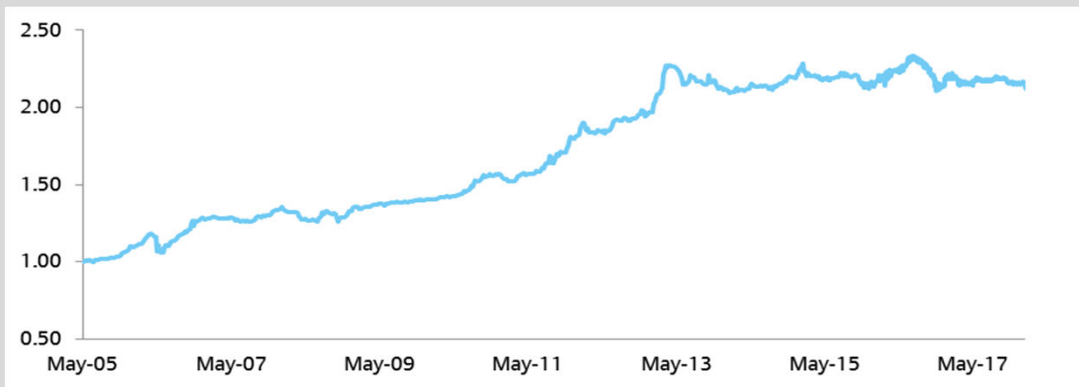
## Performance Overview

Performance History	Year To Date	1 Year (YoY)	3 Years (YoY)	5 Years (YoY)	Since Inception
Absolute	-3.45%	-3.97%	-4.60%	-7.31%	108.52%
Annualized	N/A	-3.97%	-1.55%	-1.50%	5.80%

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



## NAVPU Since Inception

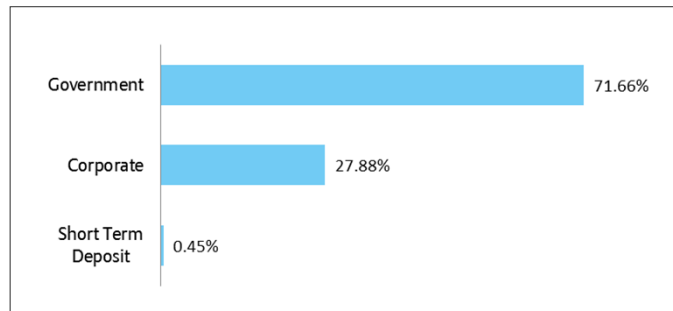


## PORTFOLIO ANALYSIS

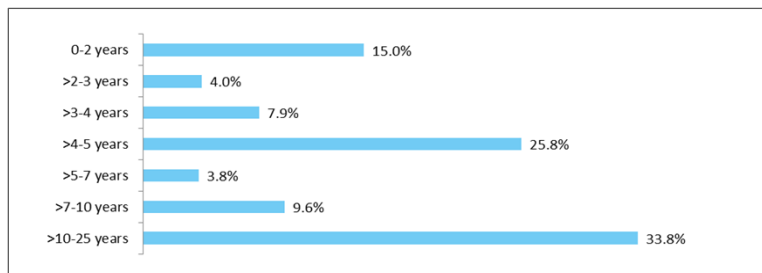
### Top 5 Holdings

Securities	%
FXTN 20-17 6.40% 07/19/2031	33.5
RTB 5-11 4.625% 12/04/2022	10.2
FXTN 10-60 3.625% 09/09/2025	7.2
ALI-BONDM 04/29/2022	6.1
FXTN 7-56 3.875% 11/22/2019	5.6
<b>Total</b>	<b>62.5</b>

### Asset Allocation



### Maturity Profile (Bond Holdings)



*The portfolio will maintain its underweight duration position relative to the benchmark.*

#### IMPORTANT NOTICE:

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