

29 FEBRUARY 2024

Peso Balanced Fund

FUND DETAILS:

Inception Date	25-May-05	Latest NAVPU	2.708430
Fund Manager	BPI Asset Mgmt. & Trust Corp.	Initial NAVPU	1.000000
Fund Currency	PHP	Highest NAVPU (04.08.2015)	2.732157
Fund Size	PHP 1.04 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 returned -0.03% in February as the local yield curve rose 10 basis points (bps) on average. Average daily trading volume for the month amounted to Php16.78 billion, lower than January's Php20.98 billion with trades mostly seen on the short-end and belly of the curve. The Bureau of the Treasury (BTr) originally announced four FXTN auctions in February. The first FXTN issuance, the 5-year FXTN 05-78, was rejected by the BTr. Had the paper been fully awarded, the average yield of the 5-year paper would have risen to 6.219%. The next two FXTN auctions were also cancelled to give way to the 5-year RTB issuance. The BTr set the 5-year RTB at 6.25% coupon and raised a record Php458 billion, exceeding the initial Php400 billion target. Following the jumbo RTB issuance, the government issued a new 20-year paper, the FXTN 20-26, and set the coupon at 6.25%. Towards the end of the month, the BTr revised the March schedule of Treasury Bonds offering to 7-, 10-, 20- and 6-year.

The PSEi sustained its rally in February as it closed at the 6,944 level, up 4.49% month-on-month (MoM) which brought the market's year-to-date (YTD) gain to 7.7%. The local market took its cue from the record-setting rally in the US as the S&P 500 breached the 5000 level and reached an all-

time high of 5,140. The NASDAQ also breached its historical all-time high record of 16,212 levels (reached last November 2021) when it traded above the 6,300 levels. On the domestic front, bullish sentiment was brought by a) upbeat GDP growth expectations of above 6%; b) lower-than-expected inflation print in January; c) multi-year low unemployment rate; and d) strong car sales that showed healthy consumer spending for durable goods.

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. Moving forward, inflation is expected to continue trending lower with the BSP forecasting inflation to average 3.7% in 2024 from 6.0% in 2023. Moreover, the US Federal Reserve signaled that it could start easing monetary policy in 2024. These tailwinds may enable the BSP to gradually cut rates in the second half. However, we remain watchful of upside risks to inflation such as the impact of El Niño phenomenon on agricultural product prices including rice, global oil price volatility, transport fare hikes, power rate upward adjustments, and above-average wage increases. In line with this, BSP Governor Remolona signaled that the BSP will likely keep the policy rate tight until inflation firmly falls within target.

We are maintaining our year-end 2024 PSEi target of 7,100 (+10% YoY) which is underpinned on GDP growth of over 6% and healthy corporate earnings. This also assumes softening inflation and BSP cutting its policy rate by 2H 2024. However, after the market's sharp rise from the 2022 low at the 5,900 levels to Feb 2023's 6,900 levels, it would be prone to short-term profit-taking. Cheap valuation and dividends to provide some market support. Trading liquidity will likely remain thin and index rebalancing could add to the volatility.



RISK RATING ● ● ●
AGGRESSIVE

Based on the Fund Manager's fund risk categorization

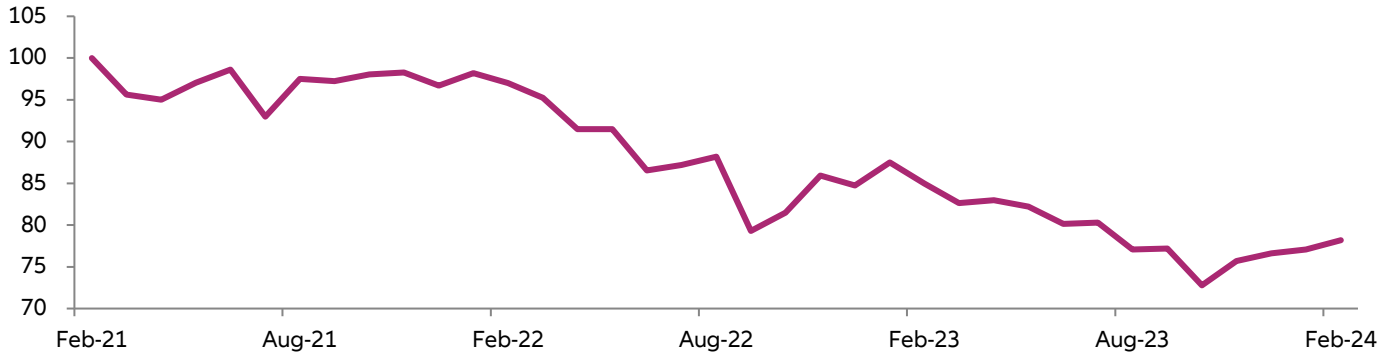
Investment Objective

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

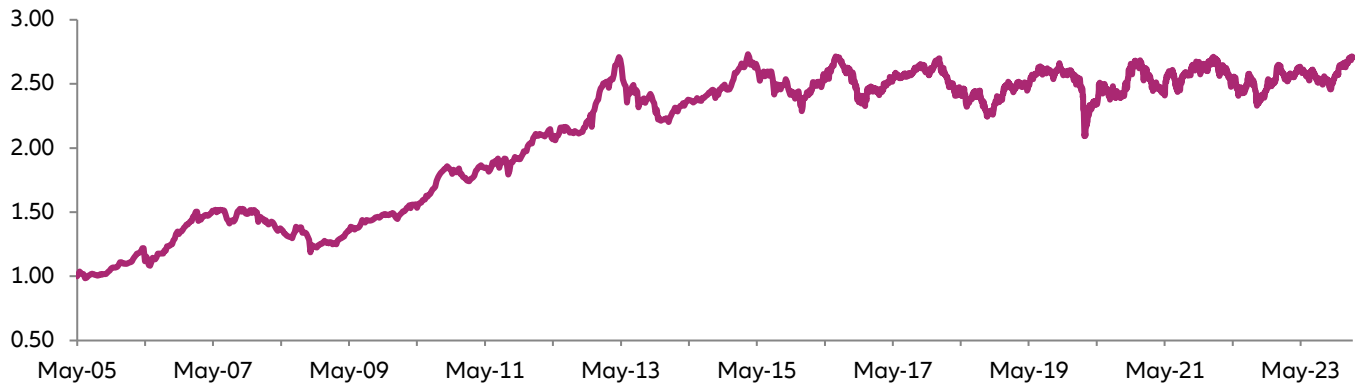
Performance Overview

Performance History	Year To Date	1 Year (YoY)	3 Years (YoY)	5 Years (YoY)	Since Inception
Absolute	2.27%	4.89%	8.89%	8.02%	170.84%
Annualized	N/A	4.89%	2.88%	1.55%	5.45%

Indexed Performance Over 3 Years (NAV - NAV)



NAVPU Since Inception



Portfolio Analysis

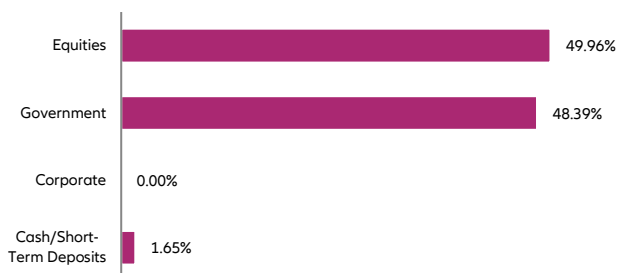
Top 5 Fixed Income Holdings

Securities	%
FXT1068 -20320623-00911	8.0
RTB5-16 -20280307-00911	7.2
FXT2025 -20421124-00911	4.2
FXT2017 -20310719-00911	3.7
FXT2023 -20390124-00911	3.6
Total	26.7

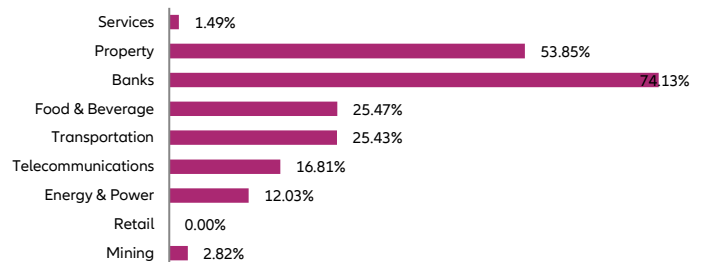
Top 5 Equity Holdings

Securities	%
SM Investments Corp. (SM)	7.0
SM Prime Holdings, Inc.	5.0
Ayala Corporation	4.6
Ayala Land, Inc.	4.4
Banco de Oro	4.1
Total	25.1

Asset Allocation



Sector Allocation



IMPORTANT NOTICE:

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