

29 FEBRUARY 2024

Peso Equity Fund

FUND DETAILS:

Inception Date	25-May-05	Latest NAVPU	2.826020
Fund Manager	BPI Asset Mgmt. & Trust Corp.	Initial NAVPU	1.000000
Fund Currency	PHP	Highest NAVPU (01.30.2018)	3.610182
Fund Size	PHP 1.94 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 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.

The strong net foreign inflows (USD128.5 Million in Feb and USD208 Million YTD) also helped support the market's bullish momentum. Foreign interest in local stock market got support from the change in strategy of global investors that have been reducing exposure in China which continue to face economic challenges and diverting it to other emerging markets such as the Philippines.

On corporate developments, companies have started to report their full year 2023 earnings results. Among them, the leading property developers. SMPH reported PHP10 Billion

(+24% YoY) in 4Q 2023 which bought its full year 2023 earnings to PHP40 Billion, up 33% YoY. ALI reported 4Q net income at PHP6 Billion (+16% YoY) and for the full year at PHP24.5 Billion (+32% YoY) while for MEG at PHP5.3 Billion in 4Q (+5% YoY) and at PHP17.3 Billion for the full year (+29% YoY).

Another market moving event on the last day of February was the MSCI rebalancing with an estimated passive fund inflow of about USD30 Million to USD40 Million, coming mainly from upweight in AC. On the other hand, BPI saw the largest outflow estimated to be about USD20 Million to USD30 Million.

Market Outlook

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.

Our strategy is to remain weighted in domestic equities given the market's undemanding valuation but with below Neutral allocation as risk of higher for longer interest rates remain with inflation expected to go higher within 2Q before softening in the latter part of the year. We would continue to employ tactical trading strategies to take advantage of the market volatility. On sectors, property and consumer should benefit from lower interest rates and softer inflation.

Meanwhile, delays in the timing of policy rate cuts would favor banks and defensive sectors that pay attractive dividends such as telcos and utilities.



RISK RATING ● ● ●
AGGRESSIVE

Based on the Fund Manager's fund risk categorization

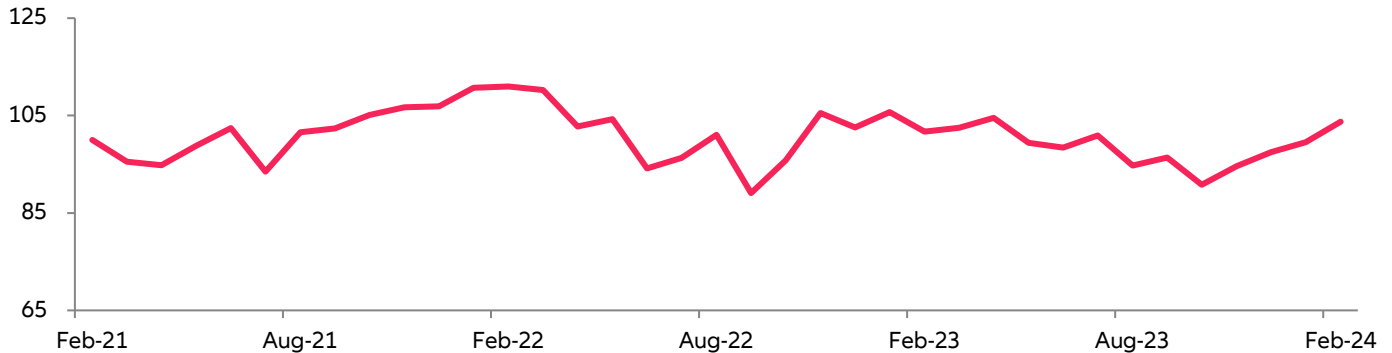
Investment Objective

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

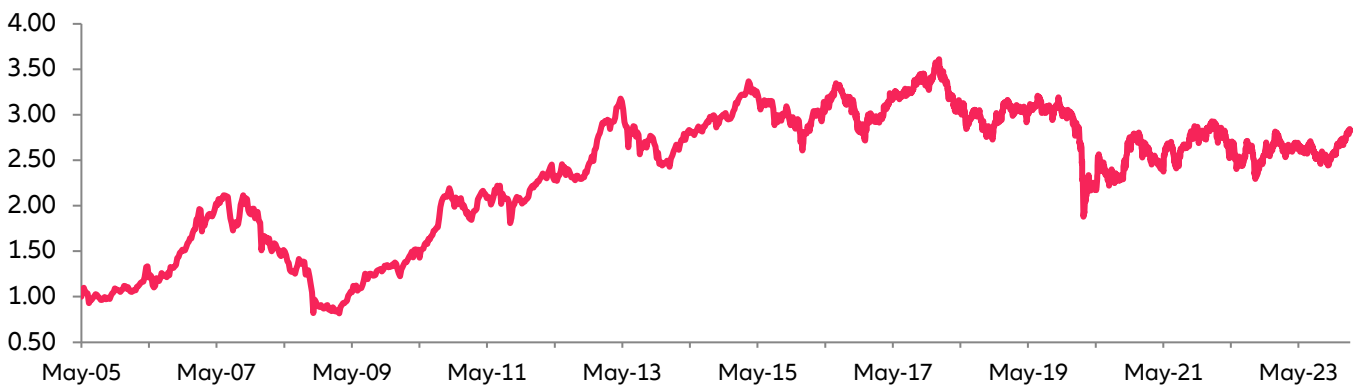
Performance Overview

Performance History	Year To Date	1 Year (YoY)	3 Years (YoY)	5 Years (YoY)	Since Inception
Absolute	5.59%	5.76%	12.25%	-7.64%	182.60%
Annualized	N/A	5.76%	3.93%	-1.58%	5.69%

Indexed Performance Over 3 Years (NAV - NAV)



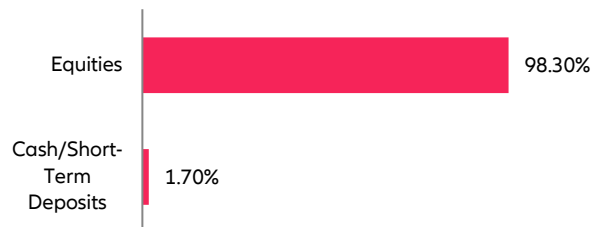
NAVPU Since Inception



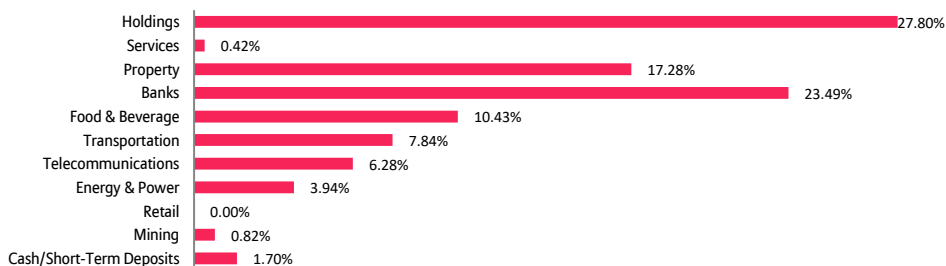
Portfolio Analysis

Securities	%
SM Investments Corp. (SM)	9.9
BDO Unibank, Inc. (BDO)	9.7
SM Prime Holdings (SMPH)	9.0
Bank of the Philippine Islands (BPI)	8.7
International Container Terminal Services (ICT)	7.8
Total	45.2

Asset Allocation



Sector Allocation



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