

**FUND OVERVIEW**

The Fund aims to achieve capital preservation through a steady stream of income by investing in a diversified portfolio of fixed income instruments issued by foreign and local entities.

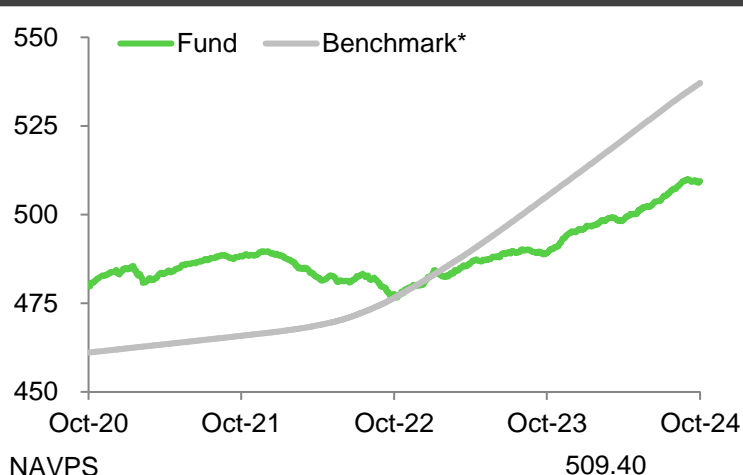
The fund is suitable for investors who:

- Are at least classified as **moderately aggressive** based on their risk profile.
- Have an investment horizon of up **at least three (3) years**.

**FUND FACTS**

<b>Classification:</b>	Medium-Term Bond Fund
<b>Launch Date:</b>	February 5, 2002
<b>Dealing Day:</b>	Daily up to 2:00 PM
<b>Minimum Investment:</b>	USD 600.00 <sup>1</sup>
<b>Min. Subsequent Order:</b>	Equivalent amount of 1 share
<b>Minimum Holding Period:</b>	180 calendar days
<b>Redemption Settlement:</b>	T+0 End-of-Day
<b>Early Redemption Charge:</b>	1.00%
<b>Total Management Fee<sup>2</sup>:</b>	1.25% per annum
<b>Total Fund NAV (Mn) :</b>	USD 215.80

**FUND PERFORMANCE AND STATISTICS** *(Purely for reference purposes and is not a guarantee of future results)*  
**NAVPS GRAPH**



**CUMULATIVE PERFORMANCE (%)**<sup>3</sup>

	1 mo	6 mos	1 YR	3 YRS	5 YRS	S.I. <sup>4</sup>
<b>Fund</b>	-0.10	2.18	4.10	4.31	9.29	123.91
<b>Benchmark</b>	0.47	3.05	6.27	14.91	17.62	67.16

**ANNUALIZED PERFORMANCE (%)**<sup>3</sup>

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. <sup>4</sup>
<b>Fund</b>	4.10	3.28	1.42	1.49	1.79	3.61
<b>Benchmark</b>	6.27	6.08	4.74	3.77	3.30	2.28

**CALENDAR YEAR PERFORMANCE(%)**<sup>3</sup>

	YTD	2023	2022	2021	2020	2019
<b>Fund</b>	2.86	3.17	-1.96	1.19	3.34	4.45
<b>Benchmark</b>	5.21	6.15	2.96	1.03	1.37	3.09

**BENCHMARK**  
3-month US Treasury bill plus 1.00%

**STATISTICS**

Weighted Ave Duration (Yrs)	6.10
Volatility, Past 1 Year (%) <sup>5</sup>	0.55
Sharpe Ratio <sup>6</sup>	-2.12
Information Ratio <sup>7</sup>	-3.83
Port. Weighted Yield to Maturity (%)	4.15
Number of Holdings	82

**TOP HOLDINGS**

Name	Maturity	%
Ayala Corporation	2071	7.72
Aboitiz Equity Ventures, Inc.	2030	7.37
First Pacific	2027	5.55
JG Summit Holdings	2030	5.17
Manila Water Company, Inc.	2030	5.16

**PORTFOLIO COMPOSITION**

Allocation	% of Fund
Government	37.49
Corporates	59.05
Fixed Income Funds	0.51
Cash & Cash Equivalents <sup>8</sup>	2.95

**Asset Valuation**

Marked-to-Market	35.21
Amortized Cost	64.79

**Maturity Profile**

Less than 1 year	17.82
1 – 3 years	12.16
3 – 5 years	13.41
More than 5 years	56.62

<sup>1</sup>Contribution rounded down/redemption rounded off to the nearest whole share. Mutual Fund shares do not issue fractional shares.

<sup>2</sup>Management, Distribution & Transfer Agency Fees

<sup>3</sup>Returns are net of fees.

<sup>4</sup>Since Inception.

<sup>5</sup>Measures the degree to which the Fund fluctuates vis-à-vis its average return over a period of time.

<sup>6</sup>Used to characterize how well the return of a Fund compensates the investor for the level of risk taken.

<sup>7</sup>Measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

<sup>8</sup>Includes time deposits, other receivables (accrued income, investment securities purchased, accrued expenses, etc.) Net of Liabilities<sup>8</sup>

Fund prospectus is available upon request through authorized distributors and sales agents.

- **THE MUTUAL FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORP. (PDIC).**
- **RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPS IS FOR ILLUSTRATION OF NAVPS MOVEMENTS/ FLUCTUATIONS ONLY.**
- **WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES WILL BE SOLELY FOR THE ACCOUNT OF THE CLIENT.**
- **THE FUND MANAGER IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE.**

## OUTLOOK AND STRATEGY

**Market Review.** The JP Morgan Asia Credit Index (JACI) Philippines declined by 2.11% in October as Philippine dollar-denominated yields rose, reflecting the upward trend in US Treasuries. The 10-year US Treasury yield climbed significantly from 3.73% to 4.28% over the month.

Global bond yields increased as investor sentiment weakened amid concerns over uncertainty surrounding the upcoming US election. Although the US economy appears to be managing a soft landing, with stronger-than-expected non-farm payrolls and a declining unemployment rate from 4.2% to 4.1%, the heightened risk surrounding election outcomes weighed on bond markets. Despite expectations of 2.3%, US CPI only slightly eased from 2.5% in August to 2.4% in September, while the Core Personal Consumption Expenditures (PCE) Index remained at 2.7%, indicating persistent inflation pressures.

On the domestic front, inflation in the Philippines significantly dropped from 3.3% in August to 1.9% in September, surpassing expectations of 2.5%. The Bangko Sentral ng Pilipinas (BSP) cut interest rates from 6.25% to 6.00%, while the unemployment rate improved, falling from 4.7% to 4.0%. Philippine bond yields mirrored global yields, also rising due to the US election-related uncertainties.

**Fund Performance.** The Fund returned -0.10% for the month, underperforming its benchmark by 57 basis points. Year-to-date, return amounted to 2.86%, underperforming its benchmark by 235 basis points.

**Fund Strategy.** The fund manager has increased portfolio duration and is opportunistically looking to increase further during bond sell-offs. Following the Federal Reserve's 50 basis point cut in September, investors must now look to upcoming economic data points to assess potential policy actions moving forward. Investors in the bond fund must be prepared to withstand short-term volatility as higher investment value is normally achieved over the medium- to long-term.