

FWD Peso Balanced Fund

INVESTMENT OBJECTIVE

This is an actively managed Balanced Fund that aims to achieve investment returns through both interest income and capital appreciation by investing in bonds issued by the Philippine Government and selected Philippine Corporations, and Equities comprising the Philippine Stock Exchange Index.

SUMMARY

- The Fund's NAVPU grew 2.41% month-on-month, attributed to higher Equity prices and a sustained rally of local bonds.
- The BSP kept the interest rates steady as they remain cautious of overseas development that will hit local economy.
- The PSEI rose 8.9% as risk-on sentiment returned on back of easing global concerns on China and rebounding oil prices.
- The Fund Manager expects elevated volatility in the coming months as global economies struggle with weak demand and unpredictable oil prices, therefore they maintain a defensive allocation to manage the volatility.

FUND INFORMATION

| | |
|----------------------------|--------------------|
| Net Asset Value (NAV) | P91.95M |
| NAV per Unit (NAVPU) | P1.02008 |
| Inception Date | September 15, 2014 |
| Initial NAVPU on Inception | P1.00000 |
| Fund Currency | Philippine Peso |
| Dealing Schedule | Daily |

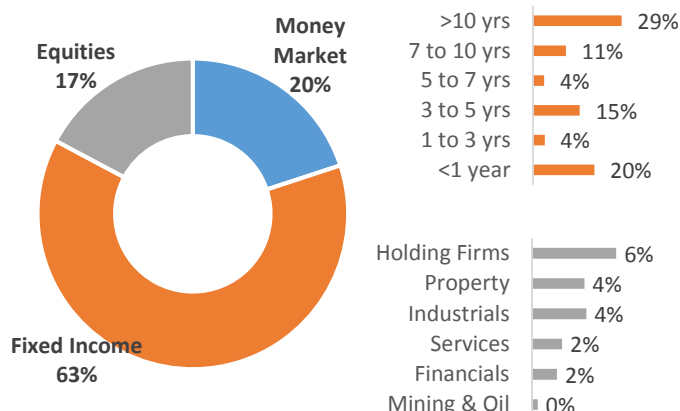
FUND PERFORMANCE

| | | |
|----------------|--------------|-----------------|
| Month-on-Month | Year to Date | Since Inception |
| 2.41% | 2.82% | 2.01% |

HISTORICAL FUND PRICE



PORTFOLIO ALLOCATION



TOP SECURITY HOLDINGS

| SECURITY | TYPE | MATURITY | % HELD |
|-------------------|-----------|----------|--------|
| 1 FXTN 20-17 | Govt Bond | 2031 | 14% |
| 2 FXTN 25-11 | Govt Bond | 2040 | 11% |
| 3 FXTN 10-60 | Govt Bond | 2025 | 10% |
| 4 FXTN 7-57 | Govt Bond | 2021 | 6% |
| 5 FXTN 20-20 | Govt Bond | 2033 | 4% |
| 6 FXTN 7-56 | Govt Bond | 2019 | 4% |
| 7 FXTN 5-72 | Govt Bond | 2018 | 4% |
| 8 SMPH 2021 | Corp Bond | 2021 | 3% |
| 9 ALI 2022 | Corp Bond | 2022 | 3% |
| 10 SM Investments | Equities | - | 2% |

MARKET UPDATE

Fixed Income

Risk sentiment made an about face favoring high-yielding EM assets. Central to this theme is the central bank actions during the month, with the US Fed, ECB, and PBoC erring on the dovish side as they altogether try to bolster their economies. On the local front, the local Monetary Board kept their rates steady at their meeting.

Equities

The Philippine Stock Exchange index ("PSEi") rose 8.9% month-on-month easing global concerns. The PSEi rose to 7,262 points end March 2016 as risk – on sentiment returned on back of easing global concerns about China's foreign-exchange (FX) reserves and rebounding oil prices.

MARKET OUTLOOK

Fixed Income

On the global front, investors are closely watching economic data releases to gauge the real health of the global economy. Investors also await developments in the Middle East and other oil-producing economies as they try to resolve the supply glut which severely impaired their fiscal revenues. Locally, trading will be muted as the BSP transitions to the interest rate corridor.

Equities

The Fund manager still sees global markets to remain volatile in the near term as Saudi announced that it will not push through with the oil freeze agreement if Iran will not participate. Adding to the uncertainty is the decision of Japanese companies to cut inflation forecast for the next five years, signaling that negative rate policy implemented by BoJ is not working as expected. The PSEi now trades at 20.52x P/E on 2016E EPS growth of 18.60%.