



2026 Best Managed Fund of the Year Awards

Overview

The Best Managed Fund of the Year Awards intend to raise awareness among retail investors by recognizing professionally-managed funds that have delivered the highest risk-adjusted returns (for actively-managed funds) or lowest tracking error (for index funds) compared to their peers. The focus of the Awards is primarily to review the funds' recent performance while taking into account their consistency over time using a weighted approach.

Fund Categories

Categories and fund definitions are as follows:

1. **Equity Funds:** The mandate of the fund is to invest substantially in equities. Cash maybe kept for liquidity and portfolio-rebalancing purposes
2. **Local Equity PSE Index Funds:** The mandate of the fund is to track the movements of the Philippine Stock Exchange Index (PSEi)
3. **Local Equity Thematic / Sectoral Funds** (e.g. Infrastructure, Consumer, etc): The mandate of the fund is to track a specific local index outside of the PSEi or have a substantial exposure to a specific local sector
4. **Global Equity Index Feeder Funds:** The mandate of the fund is to invest primarily in a target fund that follows a specific foreign or global equity index
5. **Global Equity Feeder Funds:** The mandate of the fund is to invest primarily in a target fund that has exposure to global equities
6. **Global Equity Income-Paying Feeder Funds:** The mandate of the fund is to invest primarily in a target fund that has exposure to global equities and intends to give out regular dividends to investors
7. **Global Balanced / Multi-Asset Feeder Funds:** The mandate of the fund is to invest primarily in a target fund that has exposure to a mixture of global equities, fixed income, and/or alternative assets
8. **Global Balanced / Multi-Asset Income-Paying Feeder Funds:** The mandate of the fund is to invest primarily in a target fund that has exposure to a mixture of global equities, fixed income, and/or alternative assets, and intends to give out regular dividends to investors

9. **Global Fixed Income Feeder Funds:** The mandate of the fund is to invest primarily in a target fund that has exposure to global fixed income instruments
10. **Global Fixed Income-Paying Feeder Funds:** The mandate of the fund is to invest primarily in a target fund that has exposure to global fixed income instruments, and intends to give out regular dividends to investors
11. **Balanced / Multi-Asset Funds using pure FVPL valuation:** The mandate of the fund is to invest in a diversified portfolio of bonds and stocks where investment in stocks shall be up to 40% to 60% of the fund
12. **Balanced / Multi-Asset Funds with HTM valuations:** The mandate of the fund is to invest in a diversified portfolio of bonds and stocks where investment in stocks shall be up to 40% to 60% of the fund.
13. **Intermediate Term Bond Funds using pure FVPL valuation:** The mandate of the fund limits the duration up to three (3) years.
14. **Intermediate Term Bond Funds using HTM valuations:** The mandate of the fund limits the duration up to three (3) years.
15. **Medium-Term Bond Funds using pure FVPL valuation:** The mandate of the fund limits the duration up to five (5) years but greater than three (3) years.
16. **Medium-Term Bond Funds with HTM valuations:** The mandate of the fund limits the duration up to five (5) years but greater than three (3) years.
17. **Long-Term Bond Funds using pure FVPL valuation:** The mandate of the fund allows the duration of greater than five (5) years.
18. **Long-Term Bond Funds with HTM valuations:** The mandate of the fund allows the duration of greater than five (5) years.
19. **Money Market Funds using pure FVPL valuation:** The mandate of the fund is to invest in money market instruments primarily such as short-term government securities, time deposits, special savings accounts, etc.
20. **Money Market Funds with HTM valuations:** The mandate of the fund is to invest in money market instruments primarily such as short-term government securities, time deposits, special savings accounts, etc.

The classification of funds should be consistent with their publicly disclosed mandate. **In case of change in mandate, 80% of the track record of the fund should be attributable to the current fund category for it to qualify.** The funds with the highest risk-adjusted return (for actively managed funds) or lowest tracking error (for index funds) per category based on the methodology outlined below will be awarded as the Best Managed Funds. **Each category must have at least three (3) entries from different fund houses in order for a winner to be determined.**

Methodology

1. Participants to submit daily NAVPU/NAVPS in an excel file.
 - a. Entities must indicate which fund categories they are participating in.
 - b. Submissions should include key investment information disclosures and/or fund fact sheets.
2. CFAP Fund of the Year Committee to compute the Sortino ratio (for actively managed funds) of each fund based on its five-year and three-year track record:

a) Five-year track record

- Compute geometric mean return (GMR) for five (5) years of the entry funds on a daily basis from 2021-2025.
- Compute five (5) year average downside deviation (downside volatility) of the funds using log-adjusted daily data from 2021-2025.
- Utilize five (5) year geometric mean return of one (1) year Philippine Treasury Bill, net of tax, starting January 2, 2021 for the risk free rate relevant for peso-denominated funds. For dollar-denominated funds, the 52-week rate of US Treasury Bill will be utilized as the risk free rate.
- Compute Sortino ratio:

$$\frac{[\text{FIVE (5) YEAR GMR OF ENTRY FUND} - \text{FIVE (5) YEAR GMR OF ONE (1) YEAR RISK FREE RATE}]}{\text{Annualized downside deviation}}$$

b) Three-year track record

- Compute geometric mean return (GMR) for three (3) years of the entry funds on a daily basis from 2023-2025.
- Compute three (3) year average downside deviation (downside volatility) of the funds using log-adjusted daily data from 2023-2025.
- Utilize three (3) year geometric mean return of one (1) year Philippine Treasury Bill, net of tax, starting January 3, 2023 for the risk free rate relevant for peso-denominated funds. For dollar-denominated funds, the 52-week rate of US Treasury Bill will be utilized as the risk free rate.
- Compute Sortino ratio:

$$\frac{[\text{THREE (3) YEAR GMR OF ENTRY FUND} - \text{THREE (3) YEAR GMR OF ONE (1) YEAR RISK FREE RATE}]}{\text{Annualized downside deviation}}$$

3. For index funds, CFAP Fund of the Year Committee to compute the tracking error based on its five-year and three-year track record:

a) Five-year track record

- Compute five (5) year return of the fund (A)
- Compute five (5) year return of the benchmark (B)
- Get the standard deviation of (A – B)

b) Three-year track record

- Compute three (3) year return of the fund (A)

- Compute three (3) year return of the benchmark (B)
- Get the standard deviation of (A – B)

3. CFAP Fund of the Year Committee to compute the weighted Sortino ratio or tracking error of each fund based on its five-year and three-year track record using the following weighting:

Time Period		Weightings
Three-year Ratio/Tracking Error	Sortino	60%
Five-year Ratio/Tracking Error	Sortino	40%

Funds that are handled by CFA Institute Asset Manager Code (AMC)-compliant firms will get an additional 10% bonus based on their weighted Sortino ratio.

4. Funds with the highest weighted Sortino ratio (actively managed) or tracking error (index fund) per category will be declared the winner.

About the CFA Institute Asset Manager Code

The Asset Manager Code (the Code) outlines the ethical and professional responsibilities of firms that manage assets on behalf of clients. The principles and provisions address six broad categories: (1) loyalty to clients, (2) investment process and actions, (3) trading, (4) risk management, compliance, and support, (5) performance reporting and valuation, and (6) disclosures.

To know more, kindly visit this link: <https://rpc.cfainstitute.org/en/gips-standards/asset-manager-code>