COCOLIFE DOLLAR FUND BUILDER, INC.

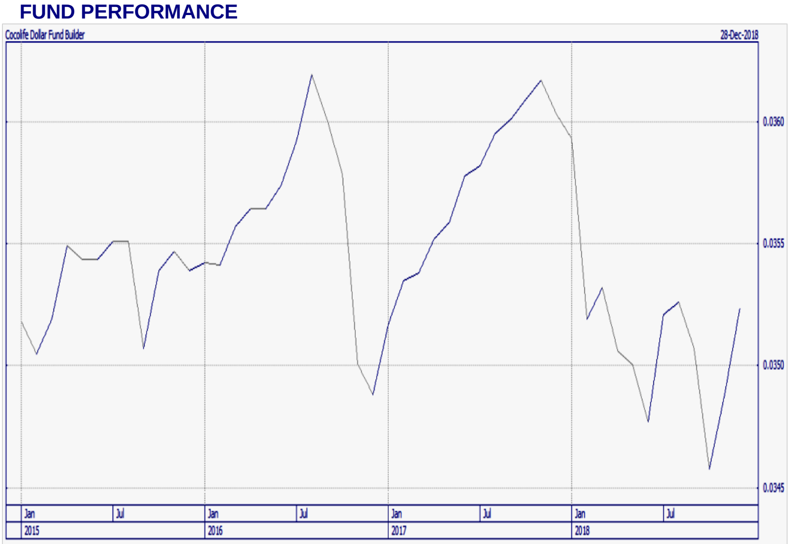
DECEMBER 2018

Cocolife Dollar Fund Builder, Inc. is a growth and income-oriented mutual fund, which aims to provide investors with long-term capital appreciation. The Fund seeks to generate long-term total returns from interest income and capital growth by investing in a diversified portfolio of US Dollar denominated fixed-income and equity investments.

FUND FACTS AND FIGURES

Launch Date	August 2010
Structure	Mutual Fund
Domicile	Republic of the Philippines
Currency	US Dollar
Minimum Initial Investment	US$ 1,000.00
Minimum Additional Investment	US$ 500.00
Sales Load	0.5% of the NAVPS
Redemption Fee	
< 1 yr from purchase date	1.5% of NAVPS
Fund Manager	Cocolife Asset Management Co.,
Custodian Bank	Deutsche Bank AG Manila Branch
Transfer Agent	Deutsche Bank AG Manila Branch
External Auditor	Punongbayan & Araullo

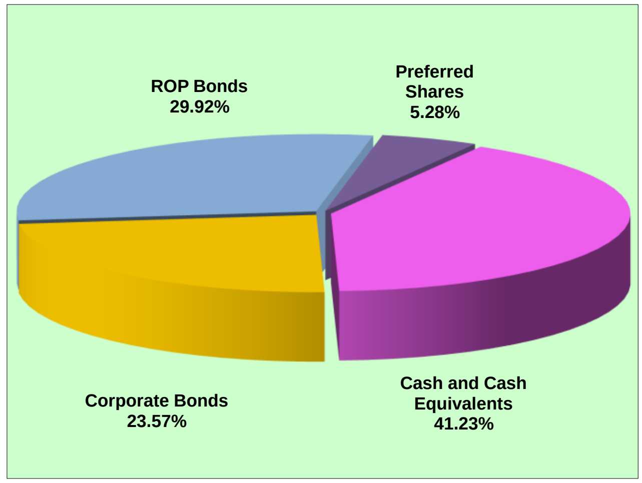
FUND PERFORMANCE



NAVPS 12/28/2018
0.03524

	Annual Return	Cumulative Return
One-year	-2.38%	-2.38%
Three-year	-0.15%	-0.45%
Five-year	1.69%	8.77%

PORTFOLIO ALLOCATION



FUND MANAGER'S REPORT

For the month of December, the prices of Philippine sovereign US-dollar denominated bond (ROP bond) rose by 1.57% from end-November, mimicking the movement of US Treasuries as players remained heedful with the policy path of the Federal Reserve. Fed's central bankers unanimously agreed to lift the federal funds rate by 25 basis points, which controls the cost of mortgages, credit cards and other borrowing to a range of 2.25% and 2.5%. Likewise, officials have signaled a more patient approach in raising rates in 2019 amid signs that the economy is starting to weaken. According to Fed Chairman Jerome Powell, despite the robust economic backdrop and expectation for healthy growth, it has seen developments that may signal some softening.

For 2019, the dollar bond market may remain hushed as players ogle on leads of the Fed policy direction and prospects of the US economy growth. As the Fed enters a less aggressive path for the year with only 2 probable rate hikes underway, we expect investors' appetite on emerging asset classes to be relived. As for the country's ROP issuances, the Bureau of Treasury has assured its vigilance in monitoring external developments as it look for a more timely and accommodating window. Likewise, the government is keen on entering several financing instruments this year including the panda and samurai bond markets, which received overwhelming response last year, and to even venture in other debt securities such as euro-denominated bonds. Note that the BTr just sold $1.5 billion in 10-year offshore dollar bonds last January 8, on which 37% of the bonds were placed in Asian markets, 35% in Europe and 28% in the US. For the oil market, supplies may continue to expand as Saudi Arabia, Russia and the US continue to pump at record levels. Meanwhile, the outlook for crude demand remains largely unchanged at 1.4 million barrels a day, with Brent prices seen to average at $62.50/bbl as per Goldman Sachs in account of the OPEC and non-OPEC production cuts of 1.2 million bpd this year.

RISK DISCLOSURE. *The value of investments in mutual funds is not guaranteed and will vary from day to day depending on the market value of the individual securities in its portfolio. Factors that can affect the value of these securities include economic conditions, interest rates, government regulations and taxations, and corporate performance.*

RISK MANAGEMENT. *Equity risk will be managed through prudent selection and avoidance of speculative and doubtful securities as well as portfolio diversification to reduce the impact of possible risks. The company shall manage interest rate risk by actively monitoring the prevailing interest rates. The fund maintains sufficient liquidity in the form of short term deposits which may be withdrawn anytime at minimal cost.*

2018 records 10-year high inflation. The country's inflation rate eased to 5.1% in December, slower than November's 6.0% and was the first time since August that inflation fell below the 6%. The Philippine Statistics Authority (PSA) attributed the slowdown to slower annual increments in the indices of food and non-alcoholic beverages at 6.7% and transport at 4% from 8% and 8.9%, respectively in November. Accordingly, full-year inflation averaged to 5.2%, above the government's 2-4% official target range or what was considered as moderate price increases. The 2018 average rate was notably the highest since 2008's 8.2% year-on-year increase in prices, making it a 10-year high.

BSP keeps policy rates unchanged, lowers inflation forecasts. The Bangko Sentral ng Pilipinas (BSP) voted to keep policy rates unchanged during its December 13 Monetary Board meeting, keeping the range at a nine-year high. Rates remained at 4.25-5.25% range with overnight borrowing rate at 4.75%, overnight lending rate at 5.25% and overnight deposit rate at 4.25%. The policy path break comes in the wake of five straight rate increases totaling to 175 basis points (bps) since May, with two consecutive hikes of 50 bps in August and September as inflation surged to the highest level in nearly a decade. The central bank also gave lower inflation forecasts until 2020, noting that risks to the outlook have been easing to return rates within the 2-4% target. BSP's Department of Economic Research said inflation will average to 3.18% in 2019 (from 3.5%) and to 3.04% (from 3.3%) by 2020.

PH registers 5.1% unemployment rate in October. According to the PSA Labor Force Survey (LFS), the country's unemployment rate for October stood at 5.1%, inching up from the 5% of October 2017. This is equivalent to 2.2 million unemployed Filipinos. Meanwhile, the employment rate slightly went down to 94.9% from 95%, reflecting 41.3 million employed people in the country. The underemployment rate also went down to 13.3%, lower than the 15.9% posted in October 2017. National Statistician Lisa Grace Bersales said underemployment is at its lowest since 2003.

Trade deficit widens to $34B in October. Exports grew by 3.3% to $6.1 billion in October from the $5.9 billion recorded a year ago as the decline in Philippine-made electronics pulled the growth in other shipped commodities. Accordingly, total goods exports for the first 10 months contracted by 1.2% to $57.1 billion from $57.7 billion a year ago. On the other hand, imports continued to grow in October, climbing by 21.4% to $10.3 billion from the 8.5 billion of the comparable month a year ago. Year-to-date, imports tallied to P90.9 billion, up 16.8% from the $77.9 billion a year ago. In turn, the January-October tally trade-in-goods deficit was recorded at $33.9 billion, wider than the $20.1 billion of a year ago.

Remittances climb by 8.7%. The country's remittances climbed in October to reach $2.474 billion, up by 8.7% from the $2.275 billion a year ago. Month-on-month, the latest inflows were also 10.59% more than the $2.237 billion in September. October data brought year-to-date cash remittances to $23.768 billion, 3.1% more than the $23.06 billion recorded in last year's comparable 10 months.

Budget deficit balloons in November to P39.1B. The government's budget balance widened by 354% in November, registering P39.1 billion from P8.6 billion in the same month last year. Broken down, overall revenues increased by 7% to P259.7 billion last month from P243.5 billion in November 2017. Meanwhile, national government disbursements increased by 19% to P298.8 billion in November from P252.1 billion in the same month last year, even as last month's increase slowed from October's 35% growth rate. Accordingly, the 11-month fiscal deficit stood at P477.2 billion, 96% wider than the P243.5 billion shortfall recorded in the same period last year. The latest year-to-date fiscal gap was 91% of the P523.7-billion full-year deficit ceiling for 2018.

November GIR recovers at $75.49B. The country's gross international reserves (GIR) slightly rose in November to $75.49 billion, alongside the relative strength in the local currency coupled by the central bank's aggressive string of rate hikes which pushed many dollar holders to liquidate positions. The latest data was higher than the $74.71 billion recorded in October 2018 due to inflows arising from the BSP's foreign exchange operations and its income from its investments abroad. The latest dollar buffer is equivalent to 6.9 months' worth of imports of goods and payments of services and primary income. It is also equivalent to 5.8 times the country's short-term external debt based on original maturity and 4.1 times based on residual maturity.

BoP swings to a surplus of $847M. The country's balance of payments (BoP) registered a surplus of $847 million in November, reversing the $44 million deficit recorded in the comparable 2017 period. Inflows in November 2018 stemmed mainly from the BSP's foreign exchange operations and its income from its investments abroad during the month. These were partially offset, however, by the payments made by the national government (NG) for its foreign exchange obligations and its net foreign currency withdrawals during the month in review. Notwithstanding the surplus posted in November, the cumulative BOP position for the period January-November 2018 registered a deficit of $4.75 billion, higher than the $1.78 billion BOP deficit recorded in the comparable period in 2017.

FDI records $569M inflows in September. Foreign direct investments (FDI) registered $569 million in September, dropping lower from the $807 million net inflows in the same month last year. According to the central bank, the continued inflows were buoyed by investor confidence in the Philippine economy on the back of strong macroeconomic fundamentals and high growth prospects. For the first three quarters of the year, FDI net inflows grew by 24.2% to $8 billion from $6.5 billion last year.

Hot money records $832M inflows in November. Foreign portfolio investments, also known as hot money, registered $832.07 million net inflows in November, reversing the two-month losing streak of $67.83 million in October and $440.3 million in September. November's net inflows were also the biggest in eight months, or since March's $1.132 billion. The BSP attributed the turnaround of hot money to investors' positive reaction on decreasing oil prices. Year-to-date, the latest data tallied to $925.95-million net inflows, turning around from the year-ago $634.53-million net outflows, which exceeded the BSP's $900-million projection for 2018.

**Peso finishes 2018 at P52.58/$**. The Philippine peso finished December at P52.58/$, sliding by 0.25% from the P52.45 close in November. The slight decline of the peso was attributed to the 'mixed investors' sentiments' over the greenback on weaker fundamentals of the US economy. The local currency's finish, nonetheless, was its best since December 4, where the peso stood at P52.52. However, year-to-date, the peso weakened by 5.31% from its 2017 close of P49.93.