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: 1.5% of NAVPS  
< 1 yr from purchase date: 1.5% of NAVPS  
Fund Manager: Cocolife Asset Management Co., Inc.  
Custodian Bank: Deutsche Bank AG Manila Branch  
Transfer Agent: Deutsche Bank AG Manila Branch  
External Auditor: Punongbayan & Araullo

FUND PERFORMANCE

NAVPS 10/31/2019: 0.03816  
Year-to-Date Return: 8.10%

<table>
<thead>
<tr>
<th>Compounded Annual Return</th>
<th>Cumulative Return</th>
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<tbody>
<tr>
<td>One-year</td>
<td>10.35%</td>
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<tr>
<td>Three-year</td>
<td>2.16%</td>
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<tr>
<td>Five-year</td>
<td>2.10%</td>
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Figures above were based on the fund’s actual returns as of October 31, 2019. Note, however, that historical performance is not a guarantee of future results.

PORTFOLIO ALLOCATION

Preferred Shares: 7.95%  
Cash and Cash Equivalents: 3.35%  
ROP Bonds: 51.77%  
Corporate Bonds: 36.94%

FUND MANAGER’S REPORT

For the month of October, prices of Philippine sovereign US-dollar denominated bond (ROP bond) dropped by 1.01% on generally cautious sentiments as players awaited the decision of the Federal Open Market Committee (FOMC) meeting last October 30. In line with the market consensus, though, the US central bank reduced its benchmark rates for the third consecutive meeting, slashing a quarter-percentage point, bringing fed funds rate to the 1.50-1.75% range. The policy-making committee said their decision was part of the continued ‘insurance cut’, taking into consideration the impact of global developments to their economic outlook alongside the muted inflation figure. Moving forward, Fed Chairman Jerome Powell said the policy would remain steady as long as ‘incoming information about the economy continues to be broadly consistent’ with the Fed’s forecast of moderate economy growth, strong labor market and inflation rate near the 2% target.

For the coming weeks, the dollar bond market may remain trading in the sidelines as traders continue to monitor developments in the world’s largest economy in the backdrop of a slowing global growth and current trade conflict with China. Also, sentiments may still be cautious as players digest the latest decision of the Fed as it signaled to halt the reduction of its interest rates this year. With the release of a better-than-expected economic growth for the third quarter at 1.9%, economists also believe that the Fed will refrain from cutting rates in its next policy meeting in December, but may still see easing in 2020 alongside expectations of an economic slowdown moving forward.

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 taxation, 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.
Inflation registers 3-½ year low in October. According to the Philippine Statistics Authority (PSA), the country’s inflation rate grew by 0.8% in October, marking the fifth straight month price drop and lower than October 2018’s 6.7% reading. The latest inflation print was also the lowest registered level in more than three-and-a-half years, matching the inflation figure in May 2016. The PSA attributed the persistent decline to sustained year-on-year drop in rice and fuel costs. Accordingly, the 10-month average was recorded at 2.6%, clocking nearer the lower-end of the 2.0-4.0% target band of the government. On the other hand, core inflation was recorded at 2.6%, cooling from September’s 2.7% and the 4.9% in October 2018.

Money supply picks up anew on RRR. Money supply grew by 7.7% in September to P12 trillion, faster than the upwardly-revised 6.3% growth in August. On a monthly basis, domestic liquidity rose by 1.5%. The government attributed the uptick in liquidity to higher demand for credit and the recent reduction in banks’ reserve requirement ratios (RRR). Bulk of the loans for production activities came from key sectors including real estate, finance, construction, energy, and trade.

August records narrower trade deficit. Exports rose by 0.6% to $6.25 billion in August coming from the $6.22 billion last year, fueled by the climb in outward shipments in agro-based products as well as forest and electronic products. Year-to-date, merchandise exports edged up by 0.13% to $46.64 billion, against the 2% full-year government target for 2019. Meanwhile, imports fell by 11.77% to $8.66 billion, eamarking the biggest drop since April 2013’s 13.3% contraction. In turn, the eight-month tally brought import payments to drop by 2.84% to $71.35 billion, against the 7% full-year goal. Consequently, the country’s trade balance registered a narrower deficit of $2.41 billion, lower by 33.06% from the 3.60 billion a year ago.

Remittances grow to $2.58B. Remittances grew for the second straight month in August by 4.6% to $2.589 billion from the $2.476 billion a year ago and by 0.31% from July’s $2.851 billion. The increment in August was smaller than July’s 7.5% growth but was still a turnaround from the 0.9% reduction recorded in August of last year. Analysts view remittances will further pick up in the coming months, normalizing to faster growth during the ‘ber’ months as the holiday season nears. On a year-to-date basis, remittances rose by 3.9% to P19.909 billion as of August from the P19.057 billion in the comparable period of 2018.

GIR hit all-time high of $86.16B. Gross international reserves (GIR) rose by $130 million to $86.16 billion in September from the $86.03 billion in August. Notably, the dollar reserves for September recorded the highest level in the country’s history. The government attributed the increase in reserves to the government’s foreign currency deposits and income from investments abroad. The BSP noted that the end-September level of GIR serves as an ample external liquidity buffer and is equivalent to 7.5 months’ worth of imports of goods and payments of services and primary income. It is also equivalent to 5.4 times of the country’s short-term external debt based on original maturity and 3.9 times based on residual maturity.

BoP surplus over-turns year-ago deficit. The country’s balance of payment (BoP) sustained its surplus for the third straight month, turning around from year-ago deficit. According to the BSP, the BoP registered a $38 million surplus in September, compared to July’s $248 million and August’s $493 million and the year-ago $2.696 billion deficit. Moreover, the latest surplus was due to inflows from the national government’s net foreign currency deposits and the BSP’s income from its investments abroad which offset the outflows made by the national government to its foreign exchange obligations. Consequently, September brought the year-to-date BoP balance to a $5.567 billion surplus, a turnaround from the $5.136 billion deficit logged in 2018.

FDI inflows slip in July. Foreign direct investments (FDIs) declined for the fifth consecutive month in July, with investors still adopting a wait-and-see stance alongside the pending approval of the second package of the comprehensive tax reform program (CTRP). Net FDI inflows reached $543 million in July, 41.4% lower than the $926 million recorded in the comparable period a year ago. BSP Governor Benjamin Diokno cited the decline in FDI inflows could be traced to the global economic slowdown as well as the uncertainty surrounding the approval of the corporate tax package of the TRAIN Law. For the first seven months, net FDI inflows dropped by 39.1% to $4.12 billion from $6.77 billion in the same period last year.

September registers ‘hot money’ outflow of P391M. Foreign portfolio investments, also known as ‘hot money’, posted a net outflow for the second straight month in September, though by a smaller amount from the preceding month and a year ago. The ongoing tensions between the US and China, attacks on Saudi’s Aramco’s oil facilities, and the US Fed rate cut were the major catalysts that contributed to the outflow of the country’s investments. Nevertheless, hot money recorded a $231.71 million outflow in September, narrower than the $391.74 million outflow in August and the $440.3 million recorded a year ago.

Peso closes October at 21-month high. The Philippine peso finished October to its best level in more than a year to close at P50.74/dollar, strengthening further by 2.10% from end-September’s P51.83/$. The peso sharply appreciated after the Federal Reserve reduced anew its policy rates alongside the release of a weaker 3Q2019 US gross domestic product (GDP) growth report. Markedly, October’s finish was the best reading of the local currency against the greenback in more than 21 months, or since January 19, 2018 when it closed at P50.72/$. The appetite for the foreign exchange market was further amplified by the upbeat sentiments over the improving trade negotiations between US and China, which have wobbled markets since the start of 2019.