COCOLIFE

July 2022

DOLLAR BOND FUND

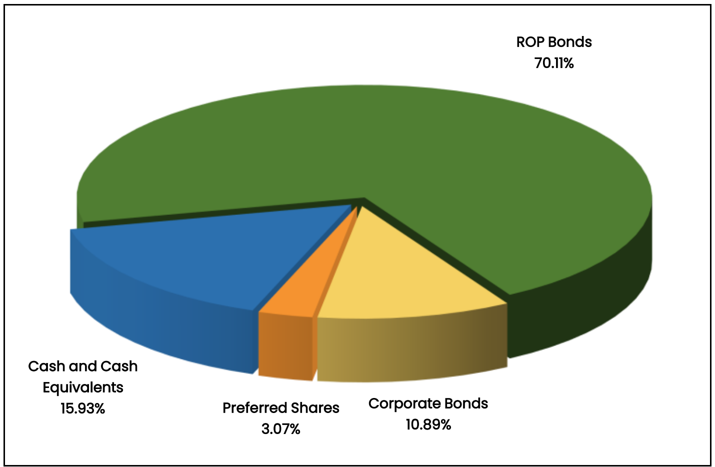
INVESTMENT OBJECTIVE

The Dollar Bond Fund seeks to generate regular interest income, consistent with its policy to preserve capital and to maintain liquidity of its investments. The fund shall be invested primarily in dollar-denominated fixed-income instruments ranging from debentures, money market instruments and government securities.

KEY FIGURES

NAVPU as of July 31, 2022	**1.4072**	**Domicile**	Republic of the Philippines
Inception Date	December 2006	**Fund Currency**	US Dollar
Fund Classification	Bond Fund		

PORTFOLIO COMPOSITION



HISTORICAL PERFORMANCE

July 31, 2022

NAVPU	Year-to-date Return
1.4072	-9.63%

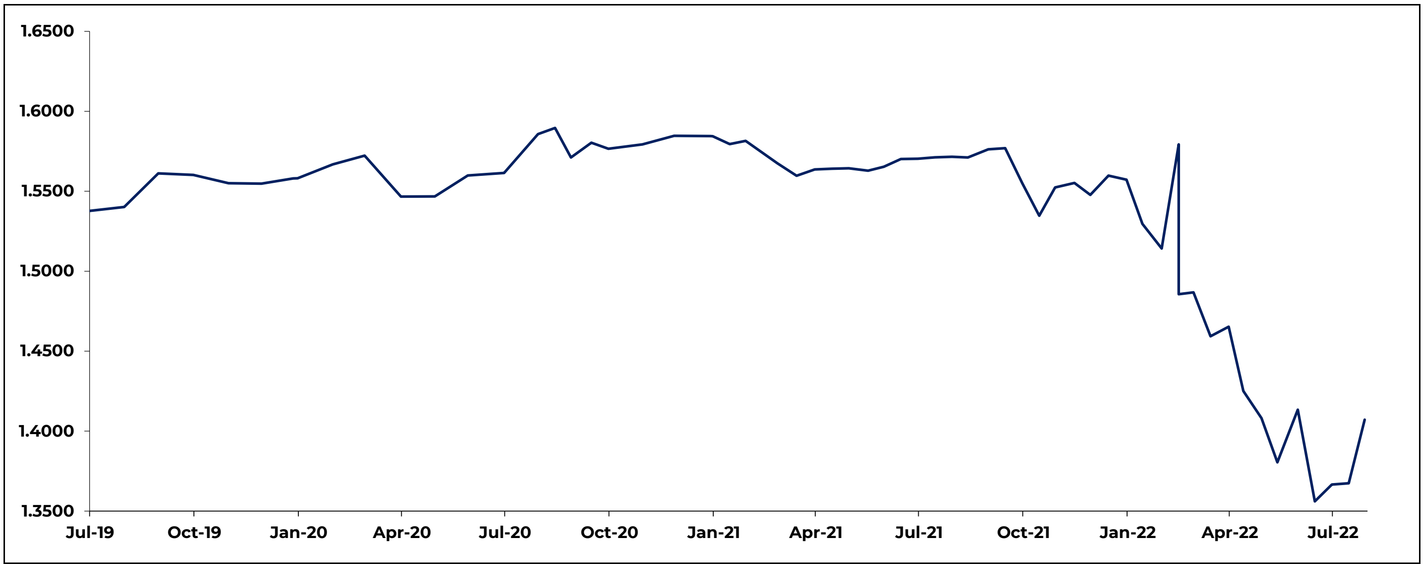
	Annual Return	Cumulative Return
One-year	-10.46%	-10.46%
Three-year	-2.97%	-8.64%
Five-year	-1.14%	-5.56%

MARKET RECAP AND OUTLOOK

For the month of July, the prices of Philippine sovereign US-dollar denominated bonds (ROP bonds) averagely rose by 3.41% from June levels. Traders seemingly saw a window of opportunity in the month, drawing price levels to climb amidst the previous months' continued decline. However, prices of ROP bonds settled with a 12.72% drop against end-2021 levels amid the recurring worries over market uncertainties on global inflation and monetary policy environment. Most players carried on with their wait-and-see stance, holding bars from active play given the worsening scenario across international waters. Inflation hit its highest level in decades in many economies alongside the Russia-Ukraine military clash, fueling upshots in both energy and food prices and resulting to substantial squeeze on households' real incomes. As such, most central banks have tightened its respective benchmark rates to contain the price pressures in the medium term. The European Central Bank (ECB) has raised interest rates by 50 basis points to 0.00%, joining global counterparts in ramping up global borrowing costs. Markedly, this substantial move by the ECB was also its first-ever increase in 11 years, ceasing away from its eight-year experiment of negative interest rates. The central bank has even noted a possible follow-through rate hike during its September 8 Monetary Policy Committee meeting alongside the nuisance posed the hot inflation and the worsening Eurozone recession worries from Russia's war in Ukraine. Meanwhile, the US Federal Reserve has announced another large interest rate hike during its latest Federal Open Market Committee (FOMC) meeting in an attempt batter the economy's soaring prices. The US Fed resolved to increase its key rate by 0.75 percentage points, targeting a range of 2.25% to 2.50%. The latest move reflected the bank's persistent endeavor in raising borrowing costs since March to taper price inflation although hushing economic activity. As such, market participants are speculating the aggressive actions of the Fed may cause adverse impact on growth, channeling the economy back to another recession especially with the release of the preliminary estimates of the US gross domestic product (GDP) contracting by 1.6% in the second quarter of the year. US Fed Chairman Jerome Powell acknowledged the dreadful consequence with the slowing economy but retorted that the central bank will likely keep on raising interest rates in the months ahead considering that inflation is running at a 40-year high. On the other hand, the Bank of Japan (BOJ) maintained its easy-money policies, keeping its benchmark rate at -0.1% while continuing with its unlimited buying of government bonds to maintain a low cap on long-term yields. BOJ policymakers refused to move away from their decade-long stance as it continues to strive hard in achieving its inflation goal. Prices have continued to rise in Japan with the central bank even raising its forecast for fiscal year 2022-2023 to 2.3% from the 1.9% in April. The BOJ cited that their current price increases are temporarily shaken by the pandemic supply wobbles and higher commodity prices linked to the war in Ukraine. Hence, the BOJ does not see the need in changing its policy track in the near-term.

In August, the dollar bond market may continue to be lethargic as most players remain vigilant especially with news and forecasts of more developed economies contracting economic growth for the second quarter. Central banks' committed countermeasures to topple the mounting inflationary pressures has become a staple rubber-stop from further selling pressures, but we believe investors will prefer and flock to safer-haven dollar-denominated securities over assets of the riskier emerging markets.

FUND PERFORMANCE



DISCLAIMER: Historical performance is not indicative of future results. The price per unit may go up or down depending on market fluctuations. The Fund is NOT a deposit product, and, as such, yields are NOT guaranteed. The performance of the fund is reflected by the Net Asset Value (NAV) computed at the end of each business day.

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