September 2022

DOLLAR BOND FUND

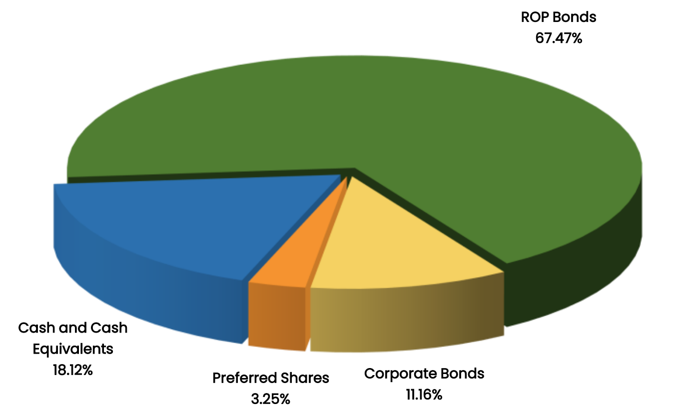
INVESTMENT OBJECTIVE

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 September 30, 2022	**1.3209**
Inception Date	December 2006
Fund Classification	Bond Fund
Domicile	Republic of the Philippines
Fund Currency	US Dollar

PORTFOLIO COMPOSITION



HISTORICAL PERFORMANCE

September 30, 2022

NAVPU	Year-to-date Return
1.3209	-15.17%

	Annual Return	Cumulative Return
One-year	-15.06%	-15.06%
Three-year	-5.40%	-15.34%
Five-year	-2.56%	-12.14%

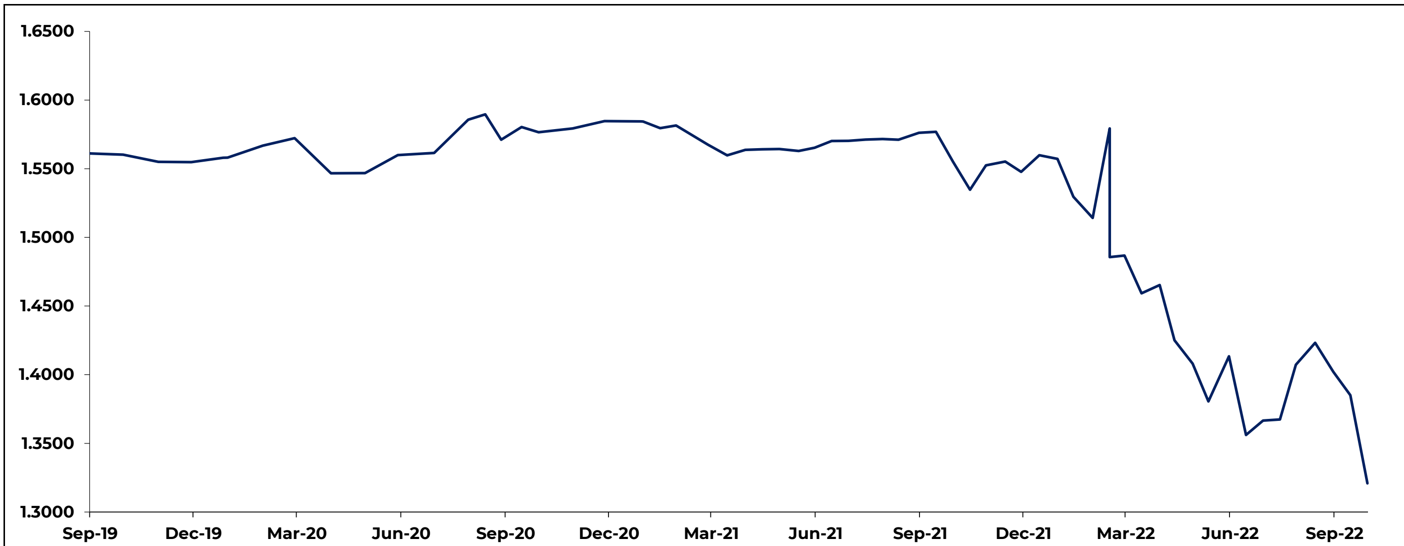
MARKET RECAP AND OUTLOOK

For the month of September, the prices of Philippine sovereign US-dollar denominated bonds (ROP bonds) averagely dropped by 7.57% from August as well as plunged by 20.13% from end-2021 levels. Traders continued to be heedful amidst the developments in the global interest rate and inflation environment.

In its quest to bring down inflation running near its highest levels, many central banks have become more aggressive in tightening policy rates. Early in the month, the US Federal Reserve raised benchmark interest rates by three-quarters of a percentage point. The Fed decided to increase the rate up to a range of 3.00%-3.25%, the highest level since 2008. Along with the three hefty, consecutive 75-basis point (bp) hike, Fed officials remained hawkish and signaled the intention of continuing to tighten policy rates until the funds level hits a "terminal rate" of 4.60% in 2023. Likewise, the European Central Bank (ECB) resolved to hike its interest rates by 75 bps to counter the adverse effects of record-high inflation despite fears of the Eurozone entering a recession. The bank's decision lifted the benchmark deposit rate from zero to 0.75%, the largest increment since 2011. In a similar tone with the US Fed, ECB President Christine Lagarde said the market should not assume the latest move to be "the norm" and affirmed that the ECB will partake "several" rate rises in the coming months. The Bank of England (BOE) also decided to raise interest rates by 50-bps during its latest Monetary Policy meeting, bringing the benchmark rate to 2.25%. Moreover, the bank signaled it is prepared to respond more forcefully at its succeeding meeting if needed. In contrast, the Bank of Japan (BOJ) continued to stand by its ultra-low interest rates even as its global counterparts hiked rates substantially tightening. BOJ Governor Haruhiko Kuroda has repeatedly signaled that there is still a long way to go before policy can be normalized. The bank kept its forward guidance on keeping rates low and repeated its commitment not to hesitate to ease rates if needed while watching the economic impact of the pandemic.

For the dollar bond market, market players may continue trading cautiously amid expectations of many central banks further tightening policy rates, foreshadowing fears of a global recession. For instance, traders are currently betting for a possible jumbo rate hike of another 75-bps on the US Fed's November meeting and a subsequent 50-bps hike in December. As such, other central banks including the ECB and BOE may adhere to the policy trend amidst the inflation rate fiasco.

FUND PERFORMANCE



COCOLIFE Bldg., 6807 Ayala Avenue, Makati City 1226 MCC PO Box 1681

Trunk line: (632) 8-812-9015 to 58 **Customer Care Center: (632) 8-810-7888** **Email: customer_service@cocolife.com** **Website: www.cocolife.com**