

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

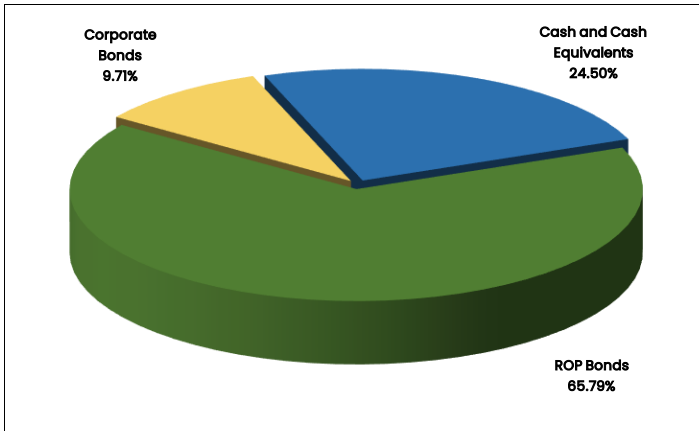
NAVPU as of February 28, 2023
Inception Date
Fund Classification

1.3545
December 2006
Bond Fund

Domicile
Fund Currency

Republic of the Philippines
US Dollar

PORTFOLIO COMPOSITION



MARKET RECAP AND OUTLOOK

For the month of February, the prices of Philippine sovereign US-denominated bonds (ROP bonds) declined by 2.62% from end-January. Market players continued to be risk-averse as uncertainties in the global interest rate environment fueling worries on the direction of the financial markets and the overall economic growth.

According to the latest US Federal Open Market Committee (FOMC) meeting minutes, central bank officials indicated signs of inflation slowing down but insufficient to enough to counter the need for more interest rate increases. Though its latest meeting concluded with a smaller rate hike, US policymakers highlighted inflation "remained well above" the Fed's 2.0% target on the side of the labor markets that "remained very tight". The latest move brought the fed funds rate to a target range of 4.50% and 4.75% but the minutes said that the reduced pace came with a high level of concern that inflation was still a threat. Since the Fed assembly, regional presidents have come forward showing signs of a more aggressive stance. Cleveland President Loretta Mester said the Fed "has come an appreciable way in bringing policy from a very accommodative stance to a restrictive one". She added the incoming data have not changed the perspective that the fed funds rate must remain above 5.0% to get inflation back to the central bank's 2.0% target. Likewise, St. Louis Fed President James Bullard affirmed such remarks and that there was a good case for the Fed to have been more aggressive with its recent rates decision. Economic data from January showed inflation running at a slower pace than its 2022 peak but still penetrating. The US consumer price index rose 0.5% from December and is up by 6.4% from last year. Likewise, the labor market is hot while hitting the housing market and some other rate-sensitive areas have yet to see through to the economy.

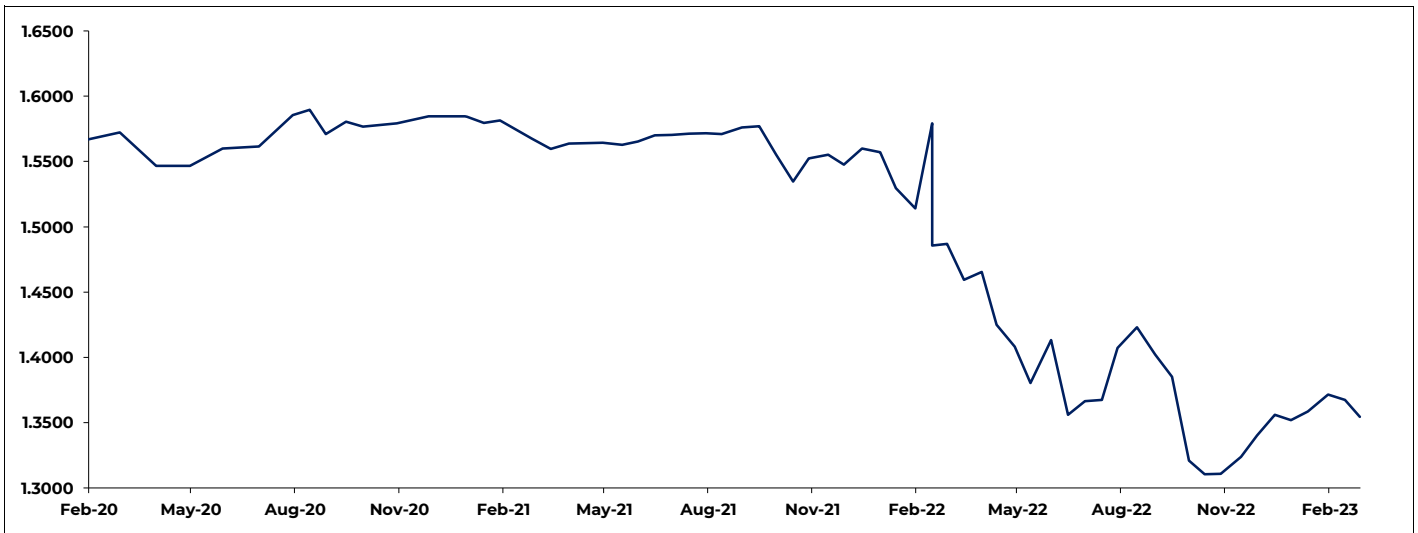
For the dollar bond market, market players may remain to digest the signals from the latest Fed official remarks. With signs of smaller but more rate hikes in the future, many traders might shy away from active play. In the meantime, traders could mull over upcoming data releases including unemployment, GDP and inflation to boost buying appetite in the near-term.

HISTORICAL PERFORMANCE
February 28, 2023

NAVPU 1.3545	Year-to-date Return 0.21%
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	Annual Return	Cumulative Return
One-year	-8.90%	-8.90%
Three-year	-4.85%	-13.85%
Five-year	-1.61%	-7.81%

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.