

**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**

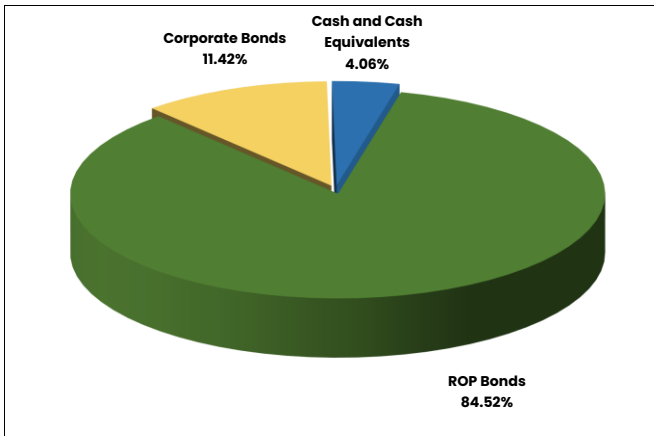
NAVPU as of March 31, 2024  
Inception Date  
Fund Classification

1.4178  
December 2006  
Bond Fund

Domicile  
Fund Currency

Republic of the Philippines  
US Dollar

**PORTFOLIO COMPOSITION**



**MARKET RECAP AND OUTLOOK**

Prices of Philippine sovereign US-denominated bonds (ROP bonds) averagely rose by 0.35% in March from its February's level with the narrative on the timing of rate cut from the US Federal Reserve made market players still skeptic that it may occur sooner rather than later in the year. However, year-to-date, prices were down by 2.34% from 2023's ending. The US inflation figures for the first two months of the year were at par with the target but with the upward trend made it inevitable for the US Fed to hedge towards keeping interest rates at a range of 5.25% and 5.50% in the meantime. The US central bank's favored inflation gauge remains on track despite the faster pace as Personal Consumption Expenditures (PCE) has recorded an increase on annual rate of 2.5% in February, a faster pace than January's 2.4% rise in prices. US Fed Chairman Jerome Powell's remark brought in confidence to investors despite the uptick as he assured that achieving 2% inflation will be a bumpy path and the latest inflation data is unlikely to shift the Fed's plans for eventually cutting interest rates.

In the same manner, the European Central Bank left interest rates unchanged last March 7 as expected but acknowledged that inflation is easing faster than it previously expected, potentially opening the way for rate cuts later this year. The central bank held borrowing costs at record highs since September and has so far batted back any call for a rate cut, even if policymakers are now openly acknowledging that such a move is coming and only the timing is up for debate. A sharp fall in short-dated bond yields suggested traders were growing confident of rate cuts in the months ahead. The ECB is seen to sustain the rates after its April meeting as President Lagarde hints that they still need sufficient data that inflation has settled and opting June to be the nearest possible rate cut.

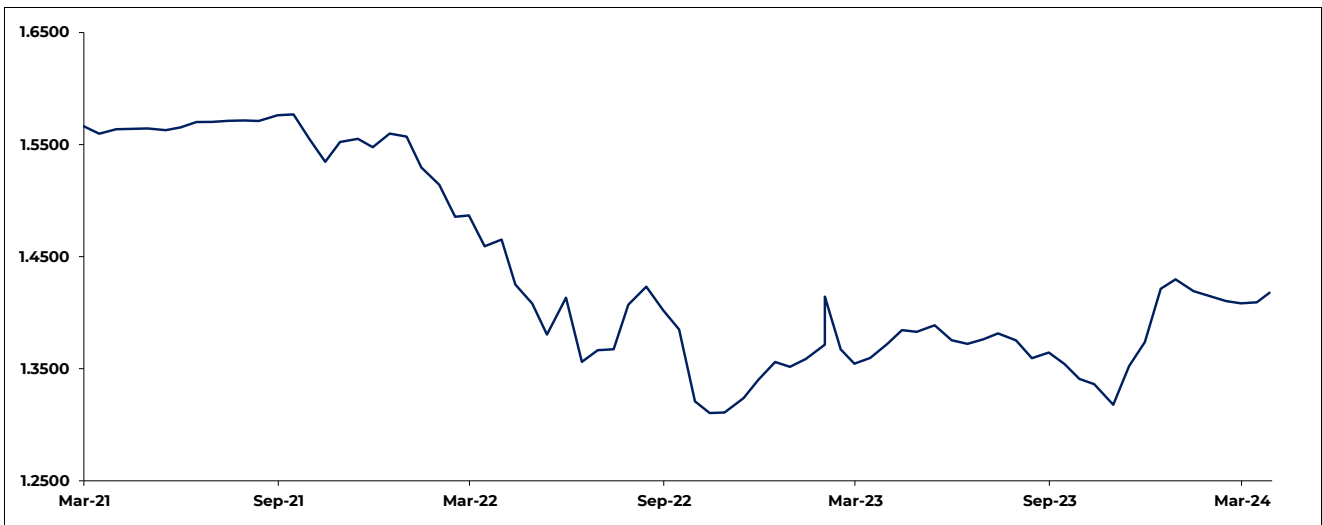
Meanwhile, with Japan's economy on a brink of a recession, the Bank of Japan (BOJ) shifted away from its long-term ultraloose policy hoping that it may eventually change its economic scenario. The Japanese bank regulator ended its 8 years of negative interest rates last March 19. While the move will be Japan's first interest rate hike in 17 years, speculations remain high that it might keep the rates stuck around zero as a fragile economic recovery forces the central bank to go slow in any further rise in borrowing costs.

For the coming weeks, we view that the dollar bond market may continue to experience volatility along the erratic uptrend of the benchmark US Treasury yields. Moreover, the uncertainty surrounding the US Federal Reserve's timeline on its projected rate cuts may result in restraints of big plays for most players. Sentiments could only be swayed upwards if fresh remarks of a certain rate cut action in the US Fed but it may remain as a fever dream as some official expects fewer rate cuts for this year and even on a later date schedules given the persistent hot inflation environment globally.

**HISTORICAL PERFORMANCE**  
March 31, 2024

NAVPU	Year-to-date Return	
1.4178	-0.84%	
	Annual Return	Cumulative Return
One-year	3.33%	3.33%
Three-year	-3.21%	-9.33%
Five-year	-1.20%	-5.85%

**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.