

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

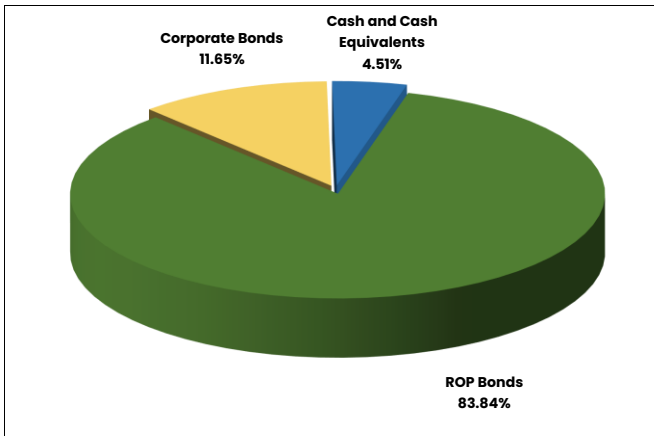
NAVPU as of April 30, 2024
Inception Date
Fund Classification

1.3815
 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 dropped by 2.53% in April from its previous month amidst the deteriorating prospects of the US Federal Reserve to ease its federal funds rates in the first semester of the year. Year-to-date, prices were also down by 4.79% from end-2023's levels. According to the Bureau of Labor Statistics, the US consumer price index (CPI) rose by 0.4% in March, putting the annual inflation rate at 3.5%. Meanwhile, the core CPI also accelerated, rising 3.8% from a year ago, compared with respective estimates of 3.7%. With the enduring inflation uptick, US central bank officials have repeatedly called for patience with the relaxation cycle, noting that there is insufficient evidence that the inflation data is on a solid path back to its 2.0% annual goal. Accordingly, the US Federal Reserve has held interest rates at a 23-year high during its latest Federal Open Market Committee (FOMC) meeting amid stubborn cost-of-living increases. The US central bank kept the benchmark lending rate at 5.25% and 5.50% following the recent slew of economic data reports, particularly with the inflation rate falling to decline than hoped. US Fed Chairman Jerome Powell said inflation was "still too high" and the event of a relaxation cycle would not be on the table until he had "greater confidence" that price growth was falling towards the 2.0% target.

Meanwhile, the European Central Bank (ECB) resolved to keep interest rates at a record-high in its April Governing Council meeting but implied the possibility of an interest rate cut as early as April. ECB President Christine Lagarde said that if a fresh evaluation would increase confidence that inflation is trailing towards the target, then it "would be appropriate" to cut interest rates. After the central bank's decision, the markets priced around 75 basis points (bps) cut this year.

The Bank of Japan (BOJ) decided to maintain its short-term interest rate target at a range of 0.00% and 0.1%, highlighting the growing conviction that Japanese inflation was on track to durably hit its target of 2.0% in coming years, signaling its readiness to hike borrowing costs later this year. The central bank's Governor Kazuo Ueda said the central bank would raise interest rates if fresh data back up its latest price forecasts or if inflation overshoots the projections.

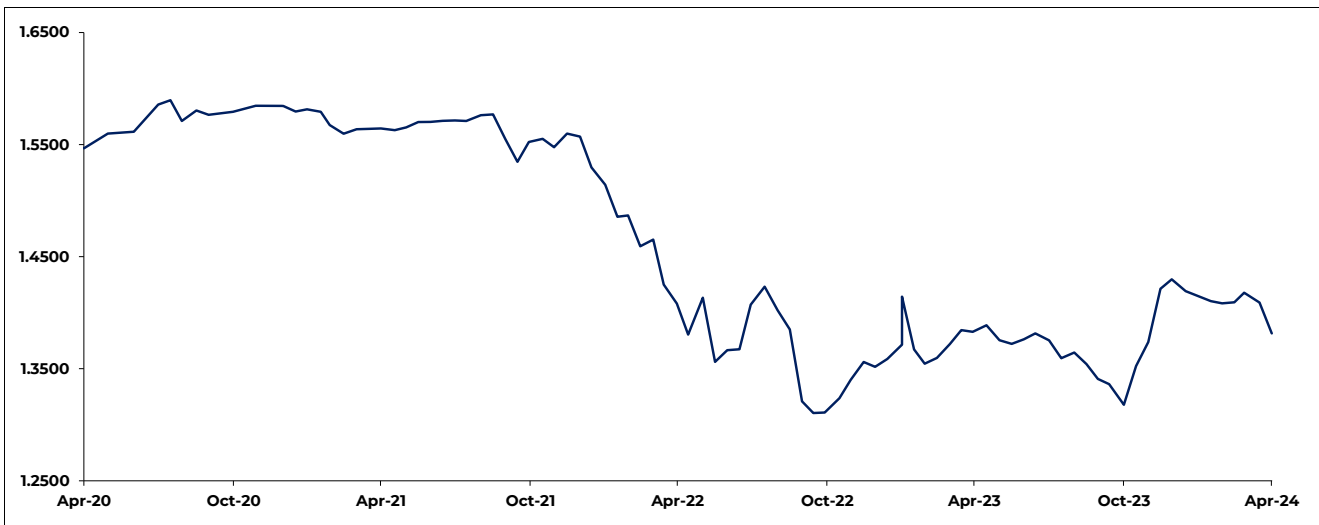
In May, we may continue to see the dollar bond market timid in line with the recent resolution of the US Fed to keep interest rates at 5.5% while barring remaining hopes for an imminent policy rate cuts in the remaining months of the quarter. More so, recurring headwinds stemming from geopolitical tensions across regions may drag further appetite amidst anticipations that these will have a detrimental impact on the already staggered global growth. We would still reiterate that sentiments could change if fresh remarks on the demonstrate improvements in the inflation façade.

HISTORICAL PERFORMANCE

April 30, 2024

NAVPU	Year-to-date Return	
1.3815	-3.38%	
	Annual Return	Cumulative Return
One-year	-0.11%	-0.11%
Three-year	-4.06%	-11.69%
Five-year	-1.77%	-8.55%

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.