DOLLAR BOND FUND

March 2025

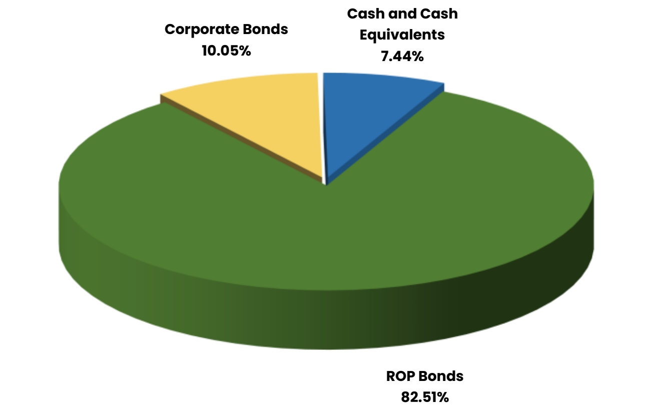
INVESTMENT OBJECTIVE

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, 2025	**1.4357**
Inception Date	December 2006
Fund Classification	Bond Fund
Domicile	Republic of the Philippines
Fund Currency	US Dollar

PORTFOLIO COMPOSITION



HISTORICAL PERFORMANCE

March 31, 2025

NAVPU	Year-to-date Return
1.4357	1.84%

	Annual Return	Cumulative Return
One-year	1.26%	1.26%
Three-year	-0.68%	-2.02%
Five-year	-1.48%	-7.18%

MARKET RECAP AND OUTLOOK

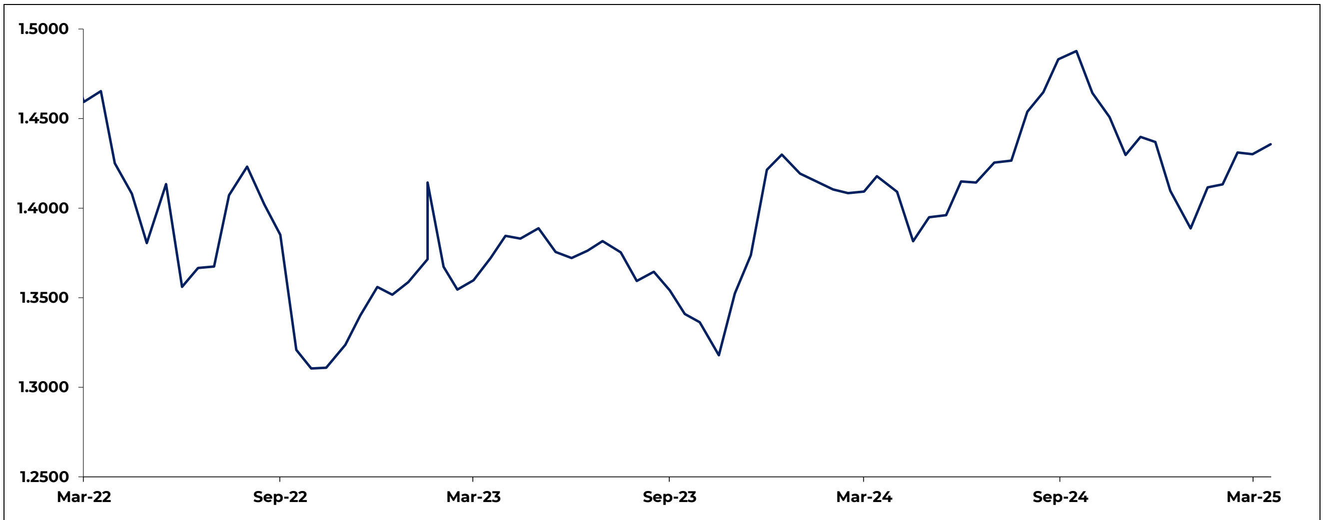
Prices of Philippine sovereign US-denominated bonds (ROP bonds) climbed 1.72% from end-2024 levels rising. Meanwhile, the yields of US Treasury notes dropped 22 basis points from the end-2024 data reflecting concerns over the medium and long-term effect of the newly imposed US trade policies. Last March 28, the US President Donald Trump set to impose 25% tariff on all imported car and automotive parts which will take effect on April 4. The White House says that the said tariff on auto imports will encourage local manufacturing but could also put a financial squeeze on automakers that depend on global supply chains. Even US automakers acquire their components from around the world, so the tariffs, which the White House estimates will generate $100 billion in revenue yearly, could be tricky. Meanwhile, US inflation continued to stagnate with consumer prices clocking in slower than expected in February at 2.8% on a yearly basis from 3% in January. This reading came below the market expectation of 2.9%. On a monthly basis, the CPI rose 0.2% following the 0.5% increase recorded in January. Given that, the US Federal Reserve opted to keep rates unchanged after its March 18 Federal Open Market Committee (FOMC) meeting. Despite the slowdown inflation, the Reserve Bank cease to keep inflation at the 2% desired level, and with the odds that prices might went off given the renewed Trump policies, members of the FOMC council deemed it necessary to stay in a cautious stance.

Following its March meeting, the Bank of England (BOE) maintained its benchmark interest rate at 4.5%, warning of significant economic uncertainty caused mostly by US President Donald Trump's tariffs. Although UK economic growth has stalled, the BOE decided against a fourth drop in seven months and kept borrowing costs at 4.5% as global trade policy uncertainty has increased and inflation remains high. In addition, the UK consumer prices index exceeded the BoE's two-percent objective in January, rising 3.0% more than anticipated. Furthermore, indices of global financial market volatility have intensified along with other geopolitical risks. The market nevertheless maintained the view that the bank was moving toward policy easing.

Meanwhile, Ukraine agreed to temporary ceasefire with Russia following a three-day discussion with the United States as Ukrainian President Volodymyr Zelenskyy said that the ceasefire will take effect immediately once Russia agrees. However, Russia has intentionally stalled talks for a ceasefire as it hoped to seize additional land from Ukraine given it has a stronghold in the battlefield. Nevertheless, Hence, the two country separate deals struck March 25 on maritime and energy attacks could be the first breakthrough in negotiations. However, it is still unclear how the deals will be carried out and whether the sides will stick to the agreements. According to the two separate White House statements, all parties on March 25 agreed to ensure safe navigation, eliminate the use of force, and prevent the use of commercial vessels for military purposes in the Black Sea.

US Treasury yields may stay under pressure in the month of April as the bond market continues to price in rising recession risks stemming from President Trump's aggressive new round of tariffs. Traders are shifting focus from inflation to growth risks, with stagflation concerns emerging. Strategists across major banks have turned bullish on Treasuries, expecting further gains if economic data weakens or trade tensions escalate. Markets will closely watch for Fed signals, upcoming inflation data, and further trade headlines. With sentiment tilting dovish, despite expectations that the Fed is waiting until June before starting to cut rates, yields may remain on a downward trend.

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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