



April 2025

## 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, 2025

1.4387

Inception Date

December 2006

Fund Classification

Bond Fund

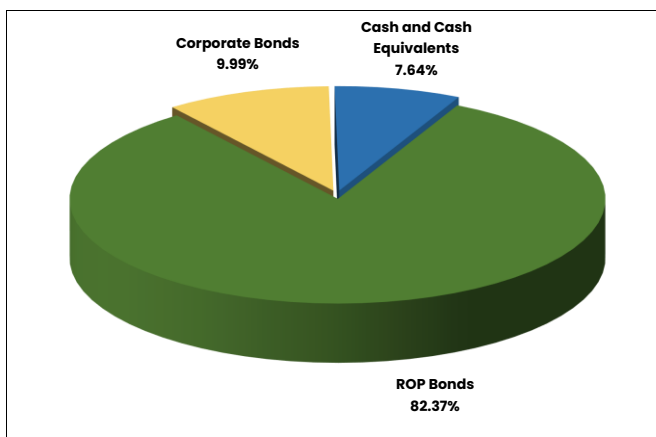
Domicile

Republic of the Philippines

Fund Currency

US Dollar

### PORTFOLIO COMPOSITION



### HISTORICAL PERFORMANCE

April 30, 2025

NAVPU		Year-to-date Return	
1.4387		2.06%	
	Annual Return	Cumulative Return	
One-year	4.14%	4.14%	
Three-year	0.72%	2.17%	
Five-year	-1.44%	-6.99%	

### MARKET RECAP AND OUTLOOK

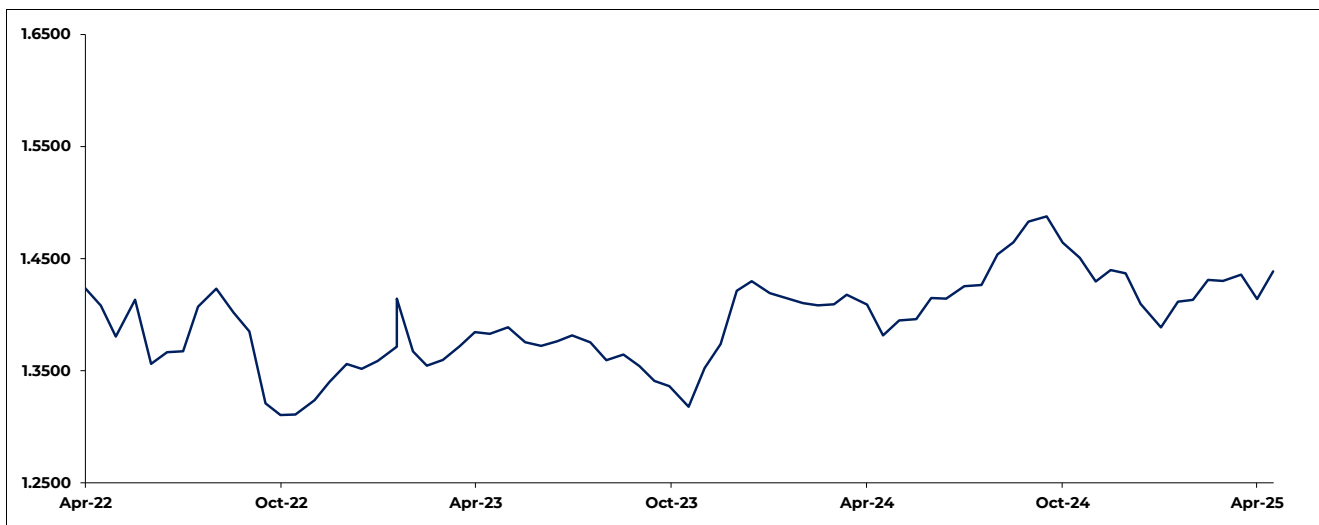
Prices of Philippine sovereign US-denominated bonds (ROP bonds) climbed 1.70% from end-2024 levels in April. Meanwhile, the yields of US Treasury notes dropped further by 31 basis points from the end-2024 data reflecting concerns over the medium and long-term effect of the newly imposed US trade policies. US President Donald Trump announced a detailed tariff plans for all its trading partners last April 2, imposing a 10% baseline tariff to be in effect on April 5 and a supposed additional tariff ranging between 11% - 50%, which is to be implemented on April 9. However, a plea for bargaining agreements put the hefty tariffs on hold for 90 days starting the implementation date. This brought commotion among major markets as investors flocked to safe havens as the investment façade was clouded with uncertainties. The potential inflationary effect has put the US Federal Reserve in a cautious position amid recessionary concerns as Fed officials weigh on the gravity of tariff on the economy. Even so, Mr. Trump openly pushed the federal bank to tone down the policy rates as the White House deemed it necessary to boost spending. On the other hand, the US gross domestic product (GDP) decreased at an annual rate of 0.3% in the first quarter of the year, after growing 2.4% in the final months of 2024. The US economy unexpectedly contracted in the first three months of the year on an import surge triggered by Donald Trump's tariff plans.

In line with this, US showed interest to negotiate its tariff plans with China as Mr. Trump said that the current 145% duty may be reduced, and that it was very unlikely that they will be further increased. On April 9, he suspended the individual import duties imposed on some countries and territories for 90 days. The White House explained that during the break, trade negotiations would take place, during which a "universal tariff of 10%" will be in effect. Recent reports show Mr. Trump's openness to negotiate tariff situation with China. These statements have calmed down most of the markets. Trump had told reporters earlier in the week that "everything's active" when asked if he was engaging with China, although his Treasury Secretary had said there were no formal negotiations. However, China has demanded for US to revoke all unilateral tariffs for them to start negotiating.

Meanwhile, the European Central Bank (ECB) cut its main interest rate by a quarter of a percentage point last April 17 for the seventh time to counter worries about economic growth fueled by President Trump's tariff onslaught. The bank's rate-setting council decided at a meeting in Frankfurt to lower its benchmark rate by a quarter percentage point to 2.25%. The bank has been steadily cutting rates after raising them sharply to combat an outbreak of inflation from 2022 to 2023. Now that inflation has fallen, growth worries have taken center stage. The economy in the 20 countries that use the euro grew a modest 0.2% in the last three months of 2024. Inflation was 2.2% in March, close to the bank's target of 2%. ECB is one of several global economic and financial players to warn that tariffs could weigh on economies and hurt everyone from major corporations to regular people. Similar warnings have been issued by the International Monetary Fund, the World Trade Organization, US Federal Reserve Chair Jerome Powell and others.

US Treasury yields may remain volatile in the month of May despite the recent setbacks in the global economy. The tariff implementation pause along with negotiation talks provided some relief in the market despite the uncertainty of its development moving forward. The unexpected shrinking of the US economy may propel the US Fed to trim down rates in its upcoming May FOMC meeting will provide some guidance among investors.

### 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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