

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.

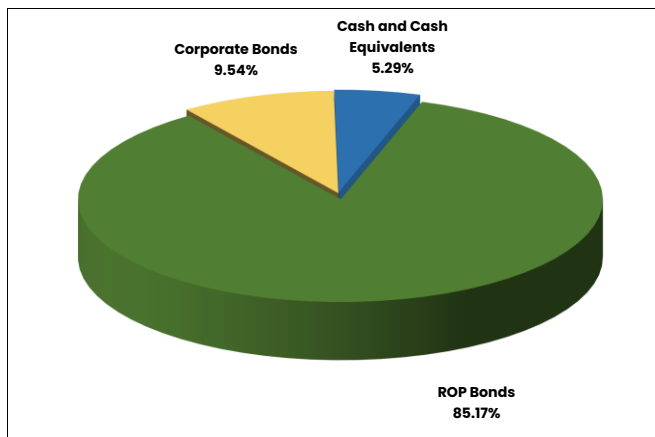
KEY FIGURES

NAVPU as of December 29, 2025
Inception Date
Fund Classification

1.4909
 December 2006
 Bond Fund

Domicile
Fund Currency

Republic of the Philippines
 US Dollar

PORTFOLIO COMPOSITION

HISTORICAL PERFORMANCE
 December 29, 2025

NAVPU 1.4909		Year-to-date Return 5.63%	
	Annual Return	Cumulative Return	
One-year	5.63%	5.63%	
Three-year	3.32%	10.30%	
Five-year	-1.21%	-5.91%	

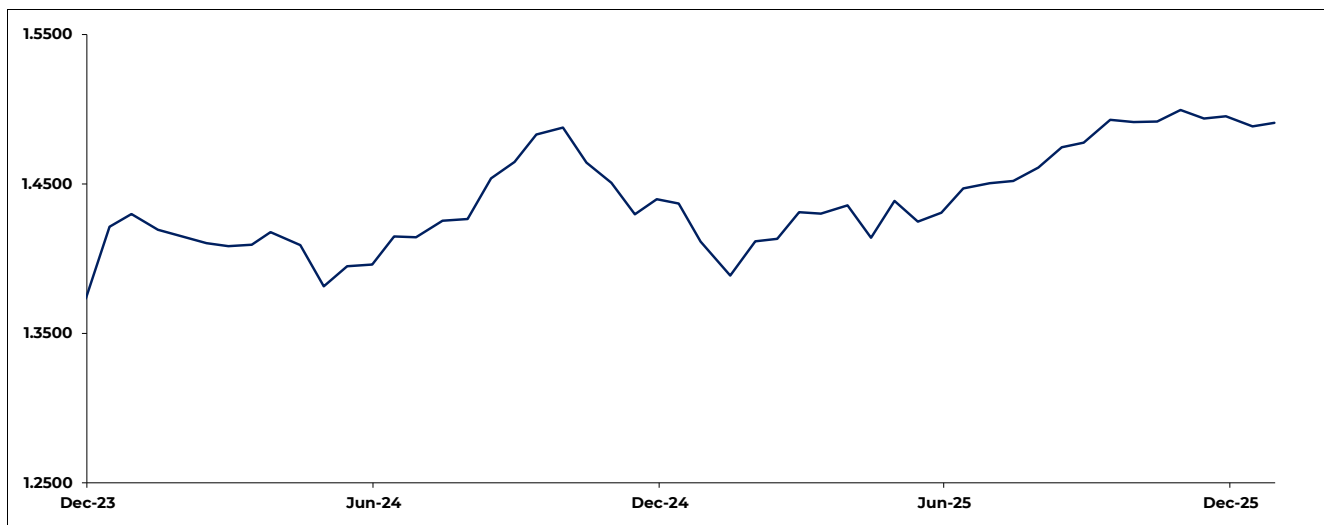
MARKET RECAP AND OUTLOOK

Prices of Philippine sovereign U.S. dollar-denominated bonds (ROP bonds) rose by 4.10% from end-2024 levels as yields declined significantly by 73 basis points compared with 2024. Meanwhile, yields on U.S. Treasury notes fell further by 54 basis points from end-2024 levels. The primary driver of the decline in short-term yields was the Federal Reserve's decision on December 10 to cut the federal funds rate by 25 basis points to a target range of 3.50%-3.75%. This marked the third consecutive rate cut in the Fed's easing cycle, aimed at supporting a softening labor market, which recorded 41,000 fewer jobs at the end of November compared with September. However, the decision was historically divisive, passing with a rare 9-3 vote, as some officials expressed concern about cutting rates while inflation remained somewhat elevated.

While the Fed's decision pushed down the front end of the yield curve, long-term yields remained stubbornly high due to resilient economic growth and mounting fiscal concerns. Third-quarter GDP growth was revised upward to a robust 4.3%, driven by strong consumer spending and increased investment in artificial intelligence, signaling to investors that deep rate cuts may not be necessary over the longer term. In addition, markets began pricing in a higher term premium amid heavy government debt issuance and the conclusion of the Fed's quantitative tightening program, which shifted the burden of deficit financing back to the private sector.

Meanwhile, the Republic of the Philippines (ROP) dollar bond market demonstrated resilience, with yields remaining broadly stable even as U.S. Treasury yields faced upward pressure. While local currency bonds experienced some volatility, the ROP yield curve benefited from steady demand for emerging market debt. By month-end, long-term ROP yields, including the 10-year benchmark, hovered within the 5.88%-5.98% range, maintaining a healthy spread over comparable U.S. Treasuries as investors sought higher real returns from Philippine sovereign credit.

Looking ahead to early 2026, U.S. Treasury yields are expected to be shaped by a "bear steepening" dynamic, wherein short-term rates gradually decline while long-term yields remain elevated or trend higher. Yields on shorter maturities are projected to drift lower as the Federal Reserve continues its cautious easing cycle following the December 2025 rate cut, while long-end yields may remain pressured by growth resilience, fiscal imbalances, and increased supply.

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.