



January 2026

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

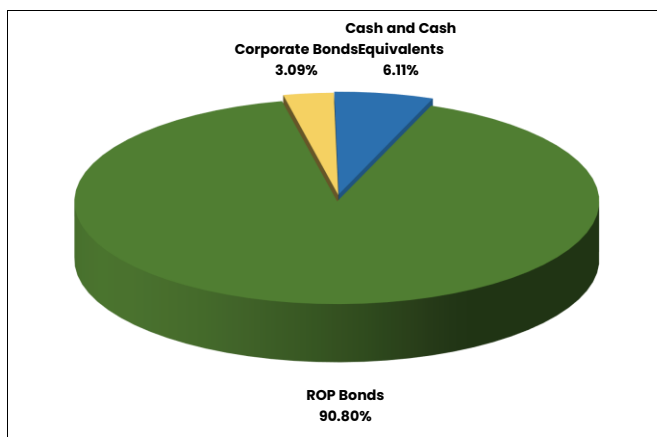
NAVPU as of January 30, 2026
Inception Date
Fund Classification

1.4864
December 2006
Bond Fund

Domicile
Fund Currency

Republic of the Philippines
US Dollar

PORTFOLIO COMPOSITION



MARKET RECAP AND OUTLOOK

Prices of Philippine sovereign U.S. dollar-denominated bonds (ROP bonds) were relatively flat from end-2025 levels as yields declined only by 0.56 basis points. Meanwhile, yields on U.S. Treasury notes fell by 3 basis points from end-2025 levels. Through the month, the dollar market navigated a complex environment characterized by a shift from the rapid rate-cutting cycle of 2025 to a more cautious "hawkish pause." After ending the previous year with three consecutive rate reductions, the Federal Open Market Committee (FOMC) held the benchmark federal funds rate steady at 3.50%-3.75% during its January 28 meeting. This decision led to a notable "bear steepening" of the yield curve, as short-term yields stabilized while longer-term rates faced upward pressure. By the end of the month, the 10-year Treasury note yield climbed to approximately 4.26%, reflecting a market that is reassessing the floor for long-term interest rates.

Several domestic and technical factors drove this performance. Locally, the US economy showed surprising resilience, with labor market data signaling stabilization and a lower unemployment rate of 4.4% in December. This strength, combined with core inflation lingering near 2.7%-3.0%, reduced the immediate urgency for further Fed easing. Technically, the market was shaken by the "unwinding of the basis trade" and deleveraging by hedge funds, which triggered a feedback loop of selling that pushed yields higher. Additionally, concerns over increasing Treasury supply to fund widening fiscal deficits and the "One Big Beautiful Bill Act" stimulus added a premium to long-dated bonds.

International factors also weighed heavily on Treasuries, primarily through trade policy and currency dynamics. Renewed tariff announcements and escalating trade tensions stoked fears of "imported inflation," complicating the Fed's path toward its 2% target. These tensions, alongside geopolitical volatility in the Middle East, created a non-traditional market reaction: instead of a flight to safety lowering yields, the inflationary nature of these risks actually drove yields up. Furthermore, a momentary softening in foreign demand for US debt, coupled with a volatile dollar, made investors more demanding of higher yields at recent auctions.

The outlook for the Federal Reserve's policy in 2026 has shifted toward a "lower-for-longer" wait-and-see approach. While the "dot plot" and market consensus initially suggested a series of cuts, the Fed is now expected to deliver only one or two additional 25-basis-point cuts for the remainder of the year. Much of the 2026 narrative is centered on the expiration of Chair Jerome Powell's term in May. The potential for a new, possibly more "dovish" appointee by the administration has introduced a layer of policy uncertainty, as markets weigh the central bank's future independence against political pressure for lower rates.

US tech stocks in January experienced a "tale of two halves," beginning with a broad-based rally that eventually succumbed to earnings-driven volatility. While the tech-heavy Nasdaq started the year strong, the final week of January saw a significant pullback as investors nitpicked quarterly results from industry titans. Beyond earnings, the tech sector was buffeted by a shift in the interest rate narrative. As the Fed signaled a more cautious approach to further cuts.

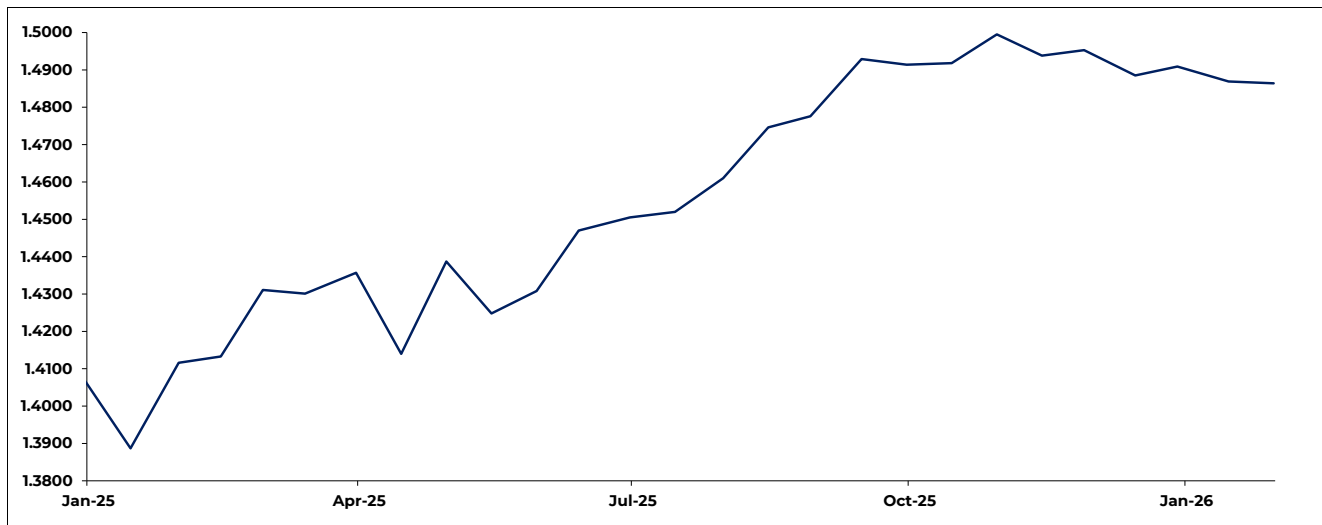
Heading into February, the prospects for US Treasuries are defined by high-income potential but limited price appreciation. Analysts expect the 10-year yield to remain range-bound between 4.0% and 4.5% as the market awaits more clarity on the Fed's March meeting and the impact of the latest fiscal policies. If labor data continues to show "fragility" without a full-blown recession, the yield curve will likely continue its steepening trend, making intermediate-duration bonds more attractive for carry-and-roll strategies. However, any surprise spike in inflation or further government shutdown threats could trigger another bout of volatility. For the Tech sector, the prospects for are characterized by cautious stabilization. With much of the big-name earnings data now digested, the focus shifts to the February Jobs report and the potential for a "relief rally" if macro data supports a soft landing. Analysts remain bullish for the year overall, citing strong earnings outlooks for the S&P 500 tech sector, which is expected to see a 31% EPS growth in 2026.

HISTORICAL PERFORMANCE

January 30, 2026

NAVPU		Year-to-date Return	
1.4864		-0.30%	
	Annual Return	Cumulative Return	
One-year	5.30%	5.30%	
Three-year	2.72%	8.38%	
Five-year	-1.23%	-6.01%	

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.