

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

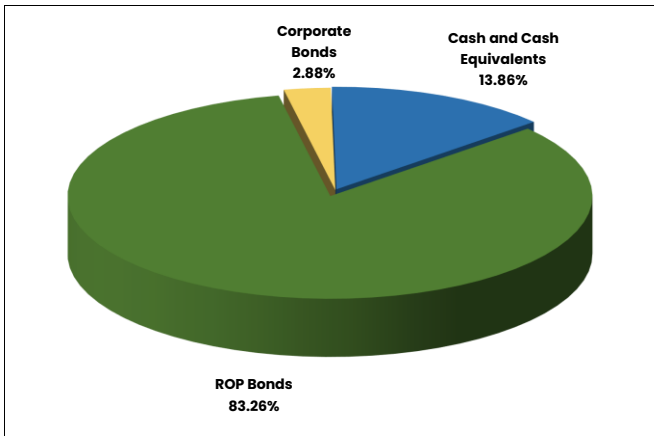
NAVPU as of March 31, 2026
Inception Date
Fund Classification

1.4602
 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) declined from end-2025 levels as yields increased by 48 basis points, mirroring the broader U.S. Treasury (UST) market where benchmark yields rose by 13 basis points from end-2025 levels. This upward pressure was primarily driven by a shift toward "risk-off" defensive positioning, as escalating geopolitical tensions in the Middle East and concerns over regional energy infrastructure fueled a slower growth and inflation concerns, weighing on global market sentiment.

This cautious atmosphere was exacerbated by the Federal Reserve's decision to maintain interest rates for a second consecutive meeting. By signaling a more conservative policy path, the Fed led investors to price in a "higher-for-longer" interest rate environment, fueling speculation of potential rate hikes later in 2026. This policy uncertainty, compounded by weak demand in recent U.S. Treasury auctions, kept benchmark yields elevated throughout the month.

In the broader landscape, a hawkish tilt persisted among major central banks as they maintained restrictive pauses or considered further rate hikes to anchor inflation. This global tightening bias exerted sustained upward pressure on yields, limiting the recovery potential for duration-sensitive assets. Heightening this climate was the World Uncertainty Index, which recently reached its highest level in three decades. This trend, coupled with the ongoing Middle East conflict, reinforced a defensive global growth outlook that kept risk appetite firmly in check.

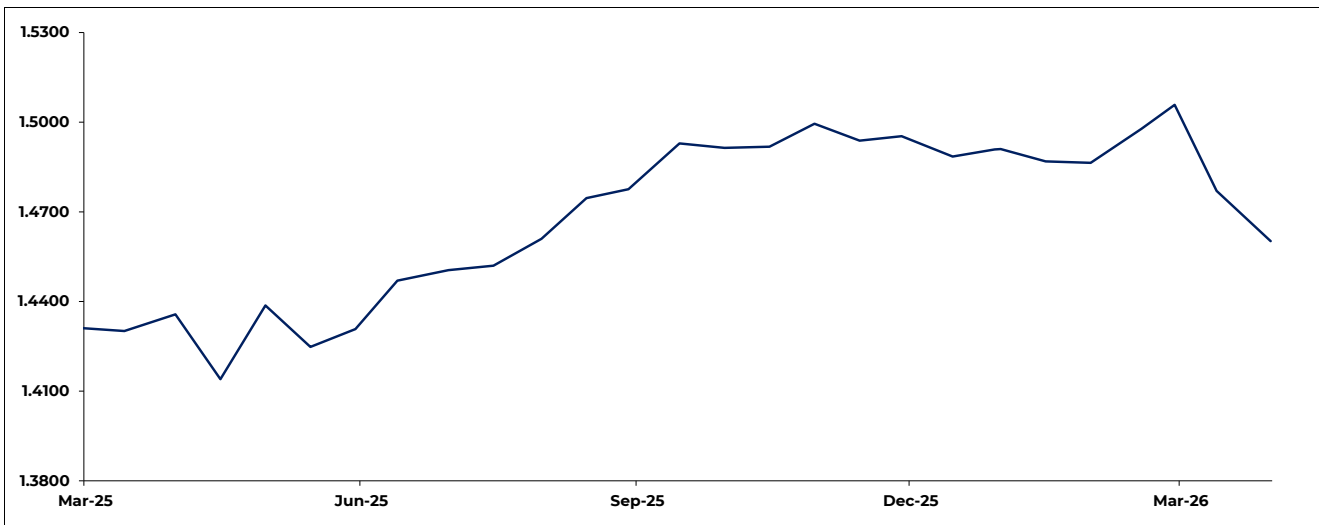
The same risk-off environment also weighed on U.S. equities, particularly the technology sector, as rising Treasury yields, higher oil prices, and geopolitical tensions triggered a pullback in megacap stocks. This pushed the Nasdaq into correction territory and pressured major names such as Nvidia, Meta, and Alphabet, as investors reassessed valuations and AI-related growth expectations. For healthcare, typically viewed as a defensive sector, saw only a mild decline, with short-term disruptions such as supply chain bottlenecks, medicine shortages, and operational pressures from the Iran-Israel conflict impacting sentiment. Innovations including AI-powered patient management tools, virtual assistants, neurostimulation therapies, diagnostics, and drug development continue to emerge, offering exposure to potential growth.

Looking ahead to the coming month, U.S. Treasury yields are expected to remain elevated, reflecting solid labor market data and persistent inflation concerns amid geopolitical tensions in the Middle East. March's jobs report showed nonfarm payrolls rising and the unemployment rate falling, reducing expectations for near-term Fed rate cuts and keeping the central bank on hold, supporting higher yields, particularly in the two- and ten-year sectors. Headwinds include the risk of the Middle East conflict escalating, which could spur safe-haven demand and push yields lower. Tailwinds come from rising energy prices and continued strong economic indicators, which may reinforce market expectations for the Fed to maintain a steady policy stance, keeping yields supported in the near term.

HISTORICAL PERFORMANCE
 March 31, 2026

NAVPU	Year-to-date Return	
1.4602	-2.07%	
	Annual Return	Cumulative Return
One-year	1.71%	1.71%
Three-year	2.10%	6.42%
Five-year	-1.36%	-6.62%

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.