

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

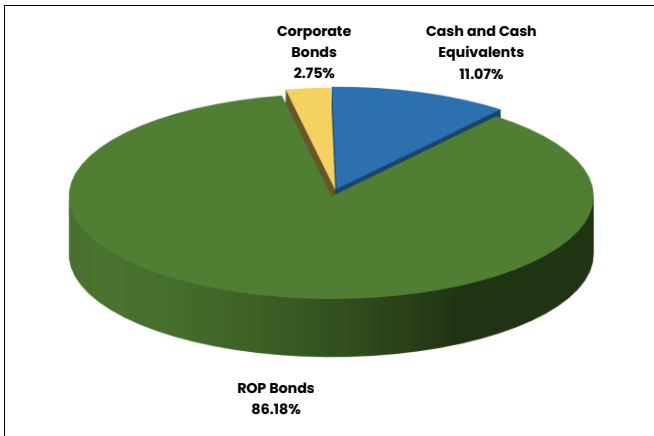
NAVPU as of June 30, 2026
Inception Date
Fund Classification

1.4771
 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 rose by 35 basis points (bps) year-to-date, broadly tracking the 31-bps increase in U.S. Treasury (UST) yields over the same period. The rise in global yields reflected a reassessment of the Federal Reserve's policy outlook amid resilient U.S. economic activity, persistent inflation pressures, and heightened geopolitical risks, which collectively reinforced expectations that interest rates would remain elevated for longer than initially anticipated.

The primary catalyst behind this yield surge was the escalation of geopolitical friction in the Middle East, particularly tensions surrounding U.S.–Iran negotiations and Iran's blockade of the Strait of Hormuz. Consequently, Brent crude oil surged past USD 95 per barrel, triggering renewed anxiety over energy-driven inflation and dampening hopes for near-term monetary relief. Granted, a subsequent temporary peace agreement and the eventual reopening of the Strait sparked bouts of safe-haven buying that pulled oil prices lower; however, yields ultimately sustained their upward trajectory. This resilience was underpinned by macroeconomic data confirming sticky inflation, with May CPI accelerating to 4.2% year-on-year, alongside a sharp 0.9% month-on-month jump in May retail sales and a robust manufacturing index reading of 10.3.

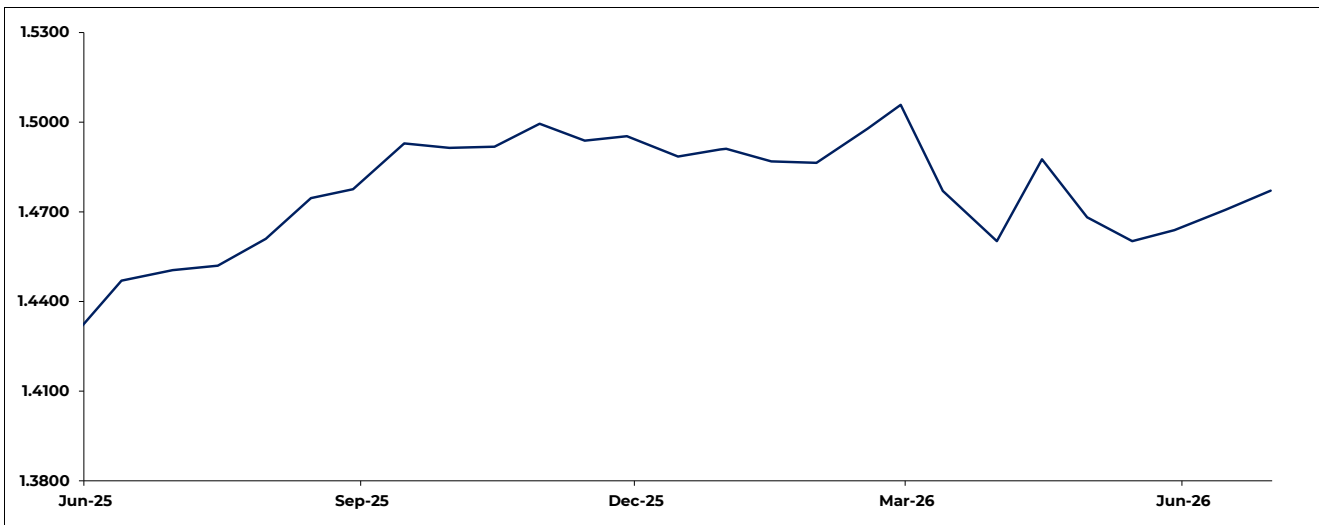
On the monetary policy front, the outlook for interest rates points toward additional tightening rather than easing. Even though the Federal Reserve maintained its policy rate at its June meeting, central bank officials delivered an unexpectedly hawkish message by raising their medium-term inflation forecasts and lowering economic growth projections. Shortly thereafter, Fed Chairman Kevin Warsh utilized his inaugural public appearances at the ECB Forum on Central Banking to reinforce this restrictive stance. By stressing that inflation remains unacceptably high, Warsh explicitly rejected the use of forward guidance, anchoring the central bank to a strictly data-dependent path insulated from political pressures. As a result of this combination of sticky economic data and hawkish rhetoric, early-year expectations for near-term rate cuts have been fully unwound. Instead, the trajectory has shifted entirely, with the central bank now signaling further policy tightening and another rate hike heavily anticipated by the end of the third quarter.

Entering July 2026, both U.S. Treasuries and ROP bonds are expected to remain rangebound. Global yields are well supported at these elevated levels by sticky inflation and a firmly hawkish Fed stance, while moderating economic indicators limit any further upside breakout. Yields are likely to consolidate around these peaks as the market assesses the timing of the next policy move.

HISTORICAL PERFORMANCE
 June 30, 2026

NAVPU	Year-to-date Return	
1.4771	-0.94%	
	Annual Return	Cumulative Return
One-year	1.83%	1.83%
Three-year	2.38%	7.32%
Five-year	-1.22%	-5.94%

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.