COCOLIFE DOLLAR FUND BUILDER, INC.

DECEMBER 2020

Cocolife Dollar Fund Builder, Inc. is a growth and income-oriented mutual fund, which aims to provide investors with long-term capital appreciation. The Fund seeks to generate long-term total returns from interest income and capital growth by investing in a diversified portfolio of US Dollar denominated fixed-income and equity investments.

FUND FACTS AND FIGURES

Launch Date	August 2010
Structure	Mutual Fund
Domicile	Republic of the Philippines
Currency	US Dollar
Minimum Initial Investment	US$ 1,000.00
Minimum Additional Investment	US$ 500.00
Sales Load	0.5% of the NAVPS
Redemption Fee	
< 1 yr from purchase date	1.5% of NAVPS
Fund Manager	Cocolife Asset Management Co., Inc.
Custodian Bank	Deutsche Bank AG Manila Branch
Transfer Agent	Deutsche Bank AG Manila Branch
External Auditor	Punongbayan & Araullo

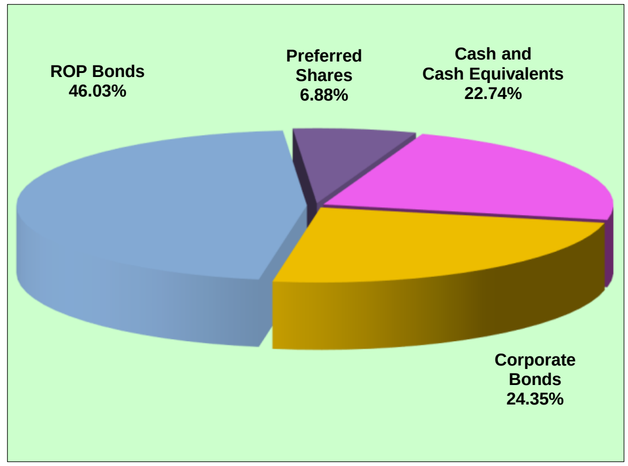
FUND PERFORMANCE

NAVPS 12/29/2020
0.03912

	Compounded Annual Return	Cumulative Return
One-year	**2.41%**	**2.41%**
Three-year	**2.71%**	**8.37%**
Five-year	**2.02%**	**10.51%**

Figures above were based on the fund's actual returns as of December 29, 2020. Note, however, that historical performance is not a guarantee of future results.

PORTFOLIO ALLOCATION



FUND MANAGER'S REPORT

For the month of December, prices of Philippine sovereign US-dollar denominated bond (ROP bond) dropped by 0.13%, overturning the previous month's ascent in bonds' prices. For the whole of 2020, average price levels of dollar-denominated bond, however, maintained its uptrend to earmark a 2.77% climb from end-2019 levels. Sentiments remained hushed as market players mused on developments in the US alongside fresh leads from the Federal Reserve. As widely expected, the US central bank left its key short-term interest rate near zero at 0% to 0.25% target range following its policy meeting last December 14-15. To recall, the Fed has cut rates to that level in March and has maintained that they are likely to remain there for several years as the economy recovers from the COVID-19 pandemic. Markedly, Fed Chairman Jerome Powell reversed the policy route in 2019 after the pandemic struck economies in 2020. The Fed has also launched several lending programs and other stimulus efforts in addition to slashing interest rates to support the economy during the coronavirus crisis. Mr. Powell noted that the optimism about Covid-19 vaccines is encouraging, but he noted it will take more time until Americans feel fully confident that they will be able to "reengage" in normal activities that would help boost the economy. The Fed does appear a little more optimistic about the future, though, indicating that it anticipates a 4.2% rebound in the nation's gross domestic product in 2021, -- up from a September forecast of 4% annualized growth. The Fed also is forecasting that the unemployment rate will drop back to 5% by next year, -- down from an earlier estimate of 5.5%.

Moving forward the new year, the greenback bond market may relive the timid-sounding tone, with investors keen on moves from the Federal Reserve and the Biden government. As the Fed recently expressed a more dovish tone for policy rates in the near-term future, market players may continue in ogling data reports, optimistic on prospects of growth rebound on the way. Investors will also monitor the plans of the inaugural year of the Joe Biden administration especially with the pressing risks of the US stimulus package and recurring US-China trade tensions. The ongoing rollout of the COVID-19 vaccine could rekindle appetite at ground, though, building up momentum for less restrictive quarantine measures and reopening of more businesses coming from the pandemic lockdowns.

RISK DISCLOSURE. *The value of investments in mutual funds is not guaranteed and will vary from day to day depending on the market value of the individual securities in its portfolio. Factors that can affect the value of these securities include economic conditions, interest rates, government regulations and taxations, and corporate performance.*

RISK MANAGEMENT. *Equity risk will be managed through prudent selection and avoidance of speculative and doubtful securities as well as portfolio diversification to reduce the impact of possible risks. The company shall manage interest rate risk by actively monitoring the prevailing interest rates. The fund maintains sufficient liquidity in the form of short term deposits which may be withdrawn anytime at minimal cost.*

Inflation picks up in December at 3.5%. The country's inflation rate rose by 3.5% in December, quickening from the 3.3% in November and the 2.5% in the comparable print from a year ago. Notably, this is the fastest annual pickup since February 2019's 3.8%, and marks the fourth straight month of an uptrend. According to the Philippine Statistics Authority (PSA), the upshot in prices were attributed by food and drinks. Accordingly, the January to December tally averaged at 2.6%, hovering within the government's 2-4% target band as well as faster than the 2.5% print in 2019. Core inflation settled at 3.3% in December, coming from the 3.2% in November and 3.1% from a year ago. In turn, this brought the 2020 average to 3.2%, unchanged from the rate in 2019.

BSP holds key interest rate steady. The BSP kept its benchmark interest rate steady, a move widely expected amid the recent uptick in inflation alongside some signs of economic recovery. During their seventh and final policy-setting meeting for the year, the Monetary Board (MB) maintained the BSP's overnight reverse repurchase, lending and deposit facilities at all-time lows of 2%, 2.5%, and 1.5%, respectively. For the year alone, the central bank has cut rates by a cumulative 200 basis points (bps) this year, the latest of which was the 25-bp reduction during its November meeting.

Unemployment rate eases in October. According to the PSA, the country's unemployment rate further eased in October from record levels in April, as the economy continued to gradually reopen. The PSA's October round of the Labor Force Survey (LFS) recorded joblessness rate at 8.7%, equivalent to 3.813 million jobless Filipinos in October. This is lower than the 10% unemployment rate in July, equivalent to 4.571 million jobless workers, but higher than the 4.6% in October 2019, which translated to 2.045 million. Nevertheless, the October data showed a move towards recovery in the job market following the peak of unemployment rate of 17.6% in April, which is equivalent to 7.228 million individuals unemployed. Meanwhile, the underemployment rate was 14.4% in October, down from July's 17.3%, but worse than the 12.8% a year ago. This is equivalent to 5.747 million underemployed Filipinos compared with 7.137 million and 5.438 million in July 2020 and October 2019, respectively. The decrease in underemployment rate in October from July means the quality of jobs is improving.

Money supply hits multi-year lows. Money supply eased further in October as credit expansion slumped to its slowest in nearly 14 years amid continued cautiousness among banks and consumers due to the ongoing pandemic. Domestic liquidity expanded by 11.8% in October, easing from the downwardly revised 12.2% growth the prior month. Markedly, money supply has been gradually slowing for five consecutive months since June's 14.9%. According to the BSP, going forward, they will remain vigilant in monitoring domestic liquidity and credit dynamics.

Net exports continue decline in October. Exports in October contracted by 2.2% year on year to $6.202 billion, compared with a revised 2.9% growth in September and a flat 0.5% growth in October 2019. On a cumulative basis, outbound payments also fell by 12.5% to $52.113 billion compared with the Development Budget Coordination Committee (DBCC) projection of a 16% fall for the year. Meanwhile, imports shrank for the 18th straight month in October by 19.5% to $7.979 billion. This was worse compared with the 15.3% and 7.6% contractions logged in September 2020 and October 2019, respectively. In turn, imports in the January-October period amounted to $70.038 billion, lower by 25.2% from last year's $93.605 billion. This exceeded the DBCC's revised target of a 20% contraction for 2020. As such, the country's trade balance swung to a deficit for the month at $1.777 billion, lower than $1.783 billion in September 2020 and $3.573 billion in October 2019. Year to date, the trade balance amounted to a $17.924-billion deficit, narrower than the $34.052-billion trade gap in 2019's comparable 10 months.

Remittances up for 2nd straight month. Remittances rose by 2.9% in October to $2.747 billion from $2.671 billion a year ago. This is the second straight month of year-on-year growth of remittances after the 9.3% recorded in September. The latest reading was also higher by 5.6% than the $2.601 billion in September. The recovery of inflows is a welcome development to temper the impact of weaker incomes in the recession-stricken local economy. On a year to date basis, remittances for the 10 months to October slipped 0.9% to $24.633 billion from $24.858 billion in the same period of 2019.

GIR hit new record in November. The country's gross international reserves (GIR) stood at $104.51 billion in November, increasing by 21.2% from its $86.227-billion level a year ago and up 0.68% from end-October's $103.802-billion-dollar stash. Markedly, this is the third consecutive month that the GIR level is beyond the $100-billion projection by the central bank. The BSP noted the month-on-month uptick in the dollar buffers got a boost from inflows from its foreign exchange operations and income from overseas investments. The latest figure is equivalent to 11.2 months' worth of imports of goods and payments of services and primary income.

November budget gap swells. The country's fiscal balance swung to a deficit in November. According to the Bureau of Treasury (BTr), fiscal gap worsened 2.5 times to P108.2 billion from a year earlier due to higher spending, while tax collections dropped. Government expenditures rose by 2.3% year on year to P374.1 billion after it released cash subsidies to the poor and funded its national health insurance program. This brought the year-to-date spending to P3.686 trillion, 11.59% higher than a year earlier. Meanwhile, revenue collections dropped for the eighth straight month to P245.8 billion in November, almost a fifth lower than a year earlier, bringing 11-month revenues to P2.617 trillion, a tenth lower than a year ago. In turn, this brought the 11-month budget gap to P1.069 trillion, up from the ₱409.1 billion posted the year before.

FDI net inflows slide in September. Foreign direct investments (FDI) to the Philippines slumped in September after the four straight months of year-on-year growth, as uncertainty over the COVID-19 pandemic weighed on investor sentiment. Inflows in September stood at $523 million, dropping by 12.3% from $596 million in the same month in 2019. This was also 17% lower than the $637 million in FDI net inflows logged in August. The BSP said the two-week Modified Enhanced Community Quarantine (MECQ) in Metro Manila and surrounding areas in the first half of August may have dampened investor sentiment on prospects of the economy's reopening. Accordingly, the FDI net inflows in the nine months to September was down 8.6% to $4.832 billion from $5.289 billion in the same period of 2019. The central bank expects FDI inflows to reach $5.6 billion this year.

'Hot money' registers inflows of $227M. Foreign portfolio investments, also known as "hot money", settled at a net inflow of $227 million in November, marking the second straight month of inflows. This is narrower than the $439 million in October, yet, it is a reversal of the $354 million net outflows in November 2019. The BSP attributed the surge of hot money outflows this year to the continued impact of the COVID-19 pandemic on the global economy and financial system. Accordingly, the November tally brought the 11-month total net outflow to $3.7 billion, more than double the $1.6 billion net outflow during the same period in 2019. The BSP expects hot money to yield net inflows worth $2.4 billion for the year and $3.5 billion in 2021.

Peso ends 2020 with a bang. The Philippine peso closed at P48.023/dollar last December 29. The local currency appreciated further for the last trading day of the year, backed by year-end flows and positive market sentiment on the legislation of the 2021 budget. Accordingly, the peso has strengthened by P2.612 or 5.52% from its finish of P50.635/$ on December 27, 2019. The timely approval of the P4.5 trillion national budget has boosted market sentiments. In 2020, the confidence was mainly supported by the accommodative stance of the BSP after the aggressive policy rate cuts, coupled by the monetary policy and various lending programs from the US Federal Reserve.