COCOLIFE DOLLAR FUND BUILDER, INC.

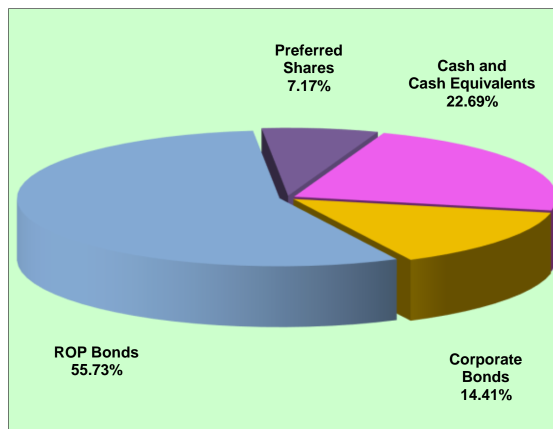
JUNE 2021

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.

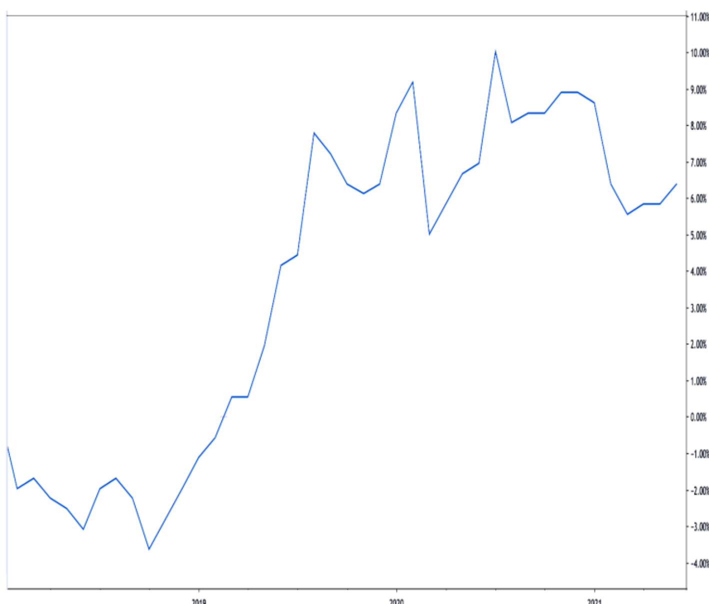
FUND FACTS AND FIGURES

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

PORTFOLIO ALLOCATION



FUND PERFORMANCE



NAVPS 6/30/2021	Year-to-Date Return
0.03815	**-2.43%**

	Compounded Annual Return	Cumulative Return
One-year	**-0.65%**	**-0.65%**
Three-year	**3.14%**	**9.72%**
Five-year	**1.31%**	**6.74%**

Figures above were based on the fund's actual returns as of June 30, 2021. Note, however, that historical performance is not a guarantee of future results.

FUND MANAGER'S REPORT

For the month of June, prices of Philippine sovereign US-dollar denominated bond (ROP bond) inched up by 0.25%, carrying on with its previous months' climb. Despite the composed ascent of bonds' yields, the minute gains seen in the May-June period were insufficient to revert its decline from year-to-date levels resulting in a 4.37% plunge. Once again, the dreary appetite of investors crippled along the investment façade. The cautious stance across traders emanated from the recurring threat of the coronavirus disease 2019 (COVID-19) coupled with the cloudy path of the US central bank towards its monetary policy mechanism moving forward. Early in the month, the US Federal Reserve stayed dovish and grounded as they resolved to keep benchmark interest rates close to zero. Such remarks were highly anticipated, although brewing speculations of an imminent policy modification is underway. The startling suppositions of any changes to the policy path came after the previous rhetoric of central bankers of sudden changes towards their 'dot-plot' program, signaling potential rate hikes in 2023. The solid projections root on improvement across economic macrofundamentals especially with the recovery on labor productivity and business activity. The Federal Reserve's latest dot-plot projections point to at least two interest rate hikes in 2023, but Chairman Jerome Powell warned that such forecasts are still far from a certainty. Mr. Powell added that the current conditions are far from where the economy would need to be in order for the central bank to hike rates. On the other hand, US inflation rate has jumped to the highest rate since 2008 as the world's largest economy rebounds strongly from the coronavirus crisis. According to US Bureau of Labor Statistics, the consumer prices index (CPI) rose at an annual rate of 5% in May, up from 4.2% in April. Markedly, inflation has steadily climbed since January, when it was 1.4%. Meanwhile, initial filings for unemployment insurance fell sharply, indicating continued improvement in the US jobs market. First-time jobless claims totaled 364,000 during the final week of June, compared with the 390,000 Dow Jones estimate, registering a new pandemic-era low.

As the second semester commences, the dollar bond market may still experience jittery trading action, with a slight upbeat momentum on the side. With the economy showing significant signals of growth and recovery across different sectors alongside the prudent rollout of COVID-19 vaccines, we believe the rebound of the US economy could be achieved within this coming quarters. Further, analysts are enticed and very approving of such projections. For instance, the International Monetary Fund raised its 2021 US growth projection sharply to 7.0% due to a strong recovery from the COVID-19 pandemic and an assumption that much of President Joe Biden's infrastructure and social spending plans will be enacted. If realized, the IMF's latest forecast would become the fastest US growth turnout since 1984, and higher than) the April projection of 4.6% growth. The international agency also raised its 2022 US gross domestic product (GDP) growth forecast to 4.9%, up from its previous 3.5% April forecast.

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.*

ECONOMIC AND MARKET UPDATE JUNE 2021

Inflation eases to 4.1% in June. According to the Philippine Statistics Authority (PSA), the country's inflation rate grew by 4.1%, slower than the 4.5% recorded last May. The latest figure, although settling at a slower pace, is still above the 2% to 4% target band of government. Analysts cited the prices of basic goods increased at a slower pace in June, giving some purchasing power for Filipinos amid the pandemic-induced recession. This was slightly offset by the higher power rates and the peso's slightly weaker performance which put upward pressures on inflation. Accordingly, the first semester concluded with average inflation of 4.4%.

International agencies downplay PH GDP outlooks. The World Bank (WB) has further slashed its growth outlook for the Philippines to 4.7% this year, even as the multilateral lender remained optimistic that the ongoing mass inoculation against COVID-19 would allow consumer spending and businesses to rebound in the near term. The World Bank's latest gross domestic product (GDP) growth forecast for 2021 was not only a downgrade from the 5.5% projection in March but also way below the government's downscaled target range of 6.0-7.0%. Nevertheless, World Bank senior economist Kevin Chua was optimistic that progress on the nationwide vaccination program, especially expectations of faster rollout during the second half of 2021, would boost the confidence level of businesses as well as consumers. He added that this would allow a 5.9% GDP growth in 2022 and a faster 6.0% in 2023. Meanwhile, the International Monetary Fund (IMF) sharply cut its growth forecast for the Philippines this year, after a fresh wave of COVID-19 infections slowed the economy's recovery. The Philippine economy is now forecasted to grow by 5.4% this year, lower than its previous 6.9% projection. The lender's new growth projection is also less optimistic than the 6-7% target set by the government for this year. On the other hand, for next year, the IMF raised its GDP forecast to 7% from the previous projection of 6.5%. The IMF also expects inflation to reach 4.2% this year, beyond the 2-4% target and the 3.9% forecast of the Bangko Sentral ng Pilipinas (BSP).

BSP keeps policy rate at a record low. The BSP kept its key interest rate at a record low for a fifth straight meeting, as it vowed to maintain an accommodative stance to support economic recovery. The BSP left the rate on the overnight reverse repurchase facility at 2%, widely expected by most economic analysts in the country. Interest rates on the overnight deposit and lending facilities were also kept at 1.5% and 2.5%, respectively. BSP Governor Benjamin Diokno cited the Monetary Board also observed that economic activity has improved in recent weeks, but the overall momentum of the economic recovery remains tentative as the threat of COVID-19 infections continues. The central bank reiterated its support for the Philippine economy "for as long as necessary to ensure its strong and sustainable recovery". Meanwhile, BSP Deputy Governor Francisco Dakila said the central bank raised the inflation outlook for this year to 4%, from the previous forecast of 3.9%, matching the upper end of the BSP's 2-4% target. If realized, this would be much faster than 2.6% in 2020.

May unemployment rate falls as lockdown curbs ease. According to the PSA, the country's unemployment rate improved in May as the ranks of unemployed and underemployed Filipinos fell after lockdown curbs were eased. The preliminary results of the May 2021 round of the Labor Force Survey put the country's unemployment rate at 7.7%, down from the 8.7% recorded in April. This was the second-lowest unemployment rate recorded since the start of the year, following the 7.1% posted in March. This was equivalent to 3.730 million jobless Filipinos in May, down from 4.138 million in April. Meanwhile, the size of the labor force was approximately 48.446 million in May, up from 47.407 million in April. This brought the labor force participation rate to 64.6% of the country's working-age population in May from 63.2% the previous month.

Money supply jumps by 4.7% in May. The country's money supply grew by 4.7% year on year to P14.3 trillion in May. This latest reading would register a slower pace than the 5.2% in April. The BSP said domestic claims in May rose by 2.6% from the 1.9% in April, due mainly to the expansion in net claims on the central government although it has noted that bank lending to the private sector remained tepid. On a monthly basis, Month on month, the country's domestic liquidity inched up just by 0.3%.

Net exports widen in April. Exports went up by 72.1% year on year to $5.71 billion in April, compared with a revised 33.3% expansion in March and a 41.3% decline in April 2020. Meanwhile, imports grew by 140.9% to $8.45 billion versus the 22% year-on-year expansion in March and the 62.9% decline in April last year. For the same four-month period, exports and imports grew by an annual 19% (to $23.37 billion) and 21.9% (to $34.46 billion), respectively. These surpassed the Development Budget Coordination Committee's revised growth targets for exports and imports at 8% and 12% for the year. Accordingly, the trade balance swung to a deficit that stood at $2.73 billion in April. This was a tad smaller than the $2.75-billion shortfall in March but was bigger than the $187.10-million gap in April 2020. Year to date, the trade balance widened to an $11.09-billion deficit, from the $8.64-billion trade gap in 2020's comparable four months.

Remittances grow to its fastest since 2016. Remittances rose to $2.305 billion in April from $2.046 billion a year earlier, earmarking the fastest since November 2016 and reflecting the global economic recovery amid a coronavirus pandemic. The remittance growth in April came from a low base in April last year, when cash remittances fell by 16.2% as migrant workers lost their jobs amid a coronavirus lockdown in many countries. Year-to-date, remittances have risen by 4.8% to $9.898 billion from a year earlier.

Dollar reserves dip in May. The country's gross international reserves (GIR) declined by 0.67% to $106.978 billion in May, from the $107.705 billion lodged in April. However, this was 14.7% higher than the $93.288 billion in foreign exchange buffers recorded in May 2020. The month-on-month decrease in the latest GIR level reflected outflows mainly from the foreign currency withdrawals of the national government from its deposits with the BSP to pay its foreign currency debt obligations and various expenditures. The Philippine dollar reserves are enough to cover 12.2 months' worth of imports of goods and payments of services and primary income.

May budget deficit narrows to P200B. The country's fiscal balance settled at a deficit in May despite the double-digit surge in revenues outpaced spending on base effects. The Treasury reported fiscal gap fell by 1% to P200.30 billion in May from P202.10 billion a year ago. However, this was nearly five times larger than the P44.00 billion deficit in April. The government has been running on a budget deficit as it spends more than the revenues it generates to boost growth. It borrows from local and foreign lenders to plug this fiscal gap that started to widen since last year after the pandemic-induced recession pulled down tax collections and bloated spending. Year to date, the budget deficit edged up by 0.7% to P566.2 billion in the five months to May.

Balance of payments back to deficit. The Philippines' balance of payments (BoP) position swung to a deficit of $1.39 billion in May, as the government repaid some of its foreign debt obligations. The latest reading was a reversal from the $2.43-billion surplus in May 2020 and the $2.614-billion surplus in April. Markedly, May's deficit is also the biggest since the $2.019-billion shortfall in February.

FDI inflows more than double in March. Foreign direct investments (FDI) surged in March, largely due to the low base effect from last year's slump as well as an improvement in investor sentiment. According to the BSP, FDI inflows in March more than doubled to $808 million from $337 million in the same month last year. March FDI inflows were also a third bigger than the $608 million in February, but 16% smaller than the $961 million in January. As such, this helped fuel a 45% rise in first-quarter FDI inflows to $2.377 billion, from $1.638 billion in the same period of 2020.

$417-M in 'hot money' entered PHL in May. Foreign portfolio investments, also known as 'hot money', yielded a net inflow in May, reflecting renewed optimism in the local economy as restriction measures were gradually lifted during the month. Hot money posted a net inflow of $416.74 million in May, a turnaround from the $1.01 billion in net outflow in the same month of 2020 as well as the $373.95 million in net outflow logged in April. For the first five months of 2021, hot money posted a net outflow of $441 million, dropping by 85.8% from the $3.1 billion in the same period of 2020.

Peso ends June with a slight beating. The Philippine peso closed at P48.80/dollar last June 30, slumping after earmarking its best reading in May. The peso fell to a crippling bloodbath alongside the lackluster positive catalysts at home. The peso retreated further as players remained cautious after the US Federal Reserve hinted at a possible tightening of its easy monetary policy. Markedly, the downward trend of the local currency is still imminent albeit the government eased quarantine restrictions in Metro Manila and nearby provinces for the rest of the month as the menace being prompted by the Delta variant of the COVID-19 spoiled investors' appetite. More so, the souring bets towards the local currency stemmed from the confidence towards the greenback, engaging with the more flourishing economy amidst hopes for an earlier rebound in the year. In turn, the local currency ended June on the negative territory after months of momentum buildup and flirting within the P47/$ level. Of which, the peso recorded a downside of 1.62% from end-2020's close of P48.02/$.