Cocolife Fixed Income Fund, Inc.

September 2024

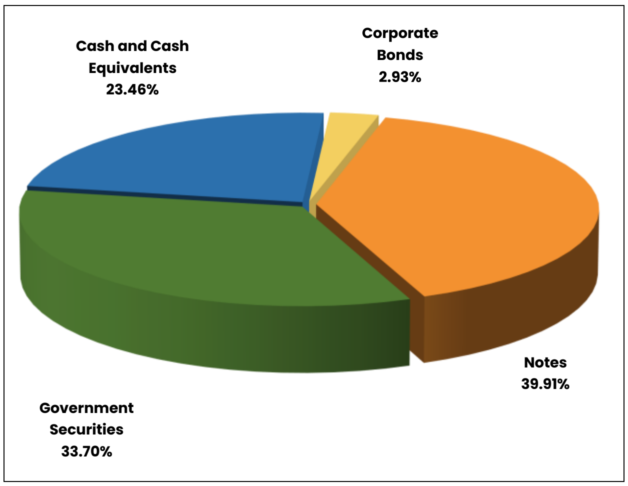
Fund Objective

Cocolife Fixed Income Fund, Inc. is an income-oriented mutual fund, which seeks to generate regular interest income, consistent with its policy to preserve capital and to maintain liquidity of its investments through a diversified portfolio of corporate bonds, government securities and other fixed income instruments.

FACTS & FIGURES

Launch Date	2003	**Fund Size**	P 922.25 M
Structure	Mutual Fund	**Sales Load**	not to exceed 3% of the NAVPS
Asset Class	Fixed Income	**Early Redemption Charge**	1% of the NAVPS
Domicile	Republic of the Philippines	**Minimum Holding Period**	180 calendar days
Currency	Philippine Peso	**Fund Manager**	Cocolife Asset Management Co., Inc.
Minimum Initial Investment	PHP 1,000.00	**Custodian Bank**	Landbank of the Philippines
Minimum Additional Investment	PHP 500.00	**External Auditor**	Punongbayan & Araullo

Portfolio Allocation



Fixed Rate Instruments	up to 1 year	over 1 year to 5 years	over 5 years
Cash and Cash Equivalents	23.46%		
Corporate Bonds		2.93%	
Notes	27.61%		12.30%
Government Securities		15.92%	17.78%

Remaining Maturity (years) 2.94

Market Recap and Outlook

Local bond yields averagely went down by 26 basis points (bps) in September from end-2023 levels amid the significant drop in US monetary policy rates. Apart from this, the Bangko Sentral ng Pilipinas (BSP) has implemented a cut in the reserve requirement ratio (RRR) which is estimated to bring about P300 billion in the circulation and may influence demand for the local bonds as traders may view this as precursor for another local rate cut later in the year. Month-on-month, bonds' yields averagely dropped by 48 bps suggesting that investors are taking advantage of the elevated interest rates before further easing may occur.

The Bureau of Treasury (BTr) borrowed a total of P105.2 billion from the auction of its Treasury bills (T-bills) in the month of September. The latest auction raised P20 billion from an enormous bids amounting to P76.35 billion last September 30. Broken down, the government borrowed a total of P6.5 billion worth of 91-day debt notes, fetching an average rate of 5.1960%. Meanwhile, the BTr raised a total of P6.5 billion worth of 182-day notes, settling at a quoted average yield of 5.0050%. Lastly, the Treasury has raked in P7 billion worth of 364-day securities alongside the papers quoted at an average rate of 5.4870%.

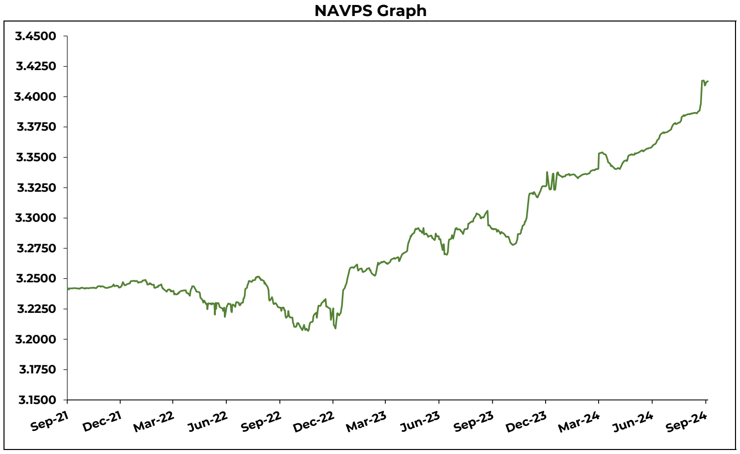
The BTr also raised a total of P110 billion in the retail of its re-issued Treasury bonds (T-bonds) in the month of September as investors sought after long-term securities following dovish central bank rhetoric. With that, the Treasury fully awarded the P30 billion worth of reissued 7-year bond with rates averaging at 6.1070% last August 6. The P30 billion reissued 20-year securities offered last August 13 was also fully awarded with rates averaged to 6.1280%. The bureau also offered another reissued 20-year T-bonds on August 21 to fully awarding the P25 billion volume offered with 6.1030% yields on average. In the last T-bond auction for the month held on August 28, the agency awarded the offered P25 billion worth of another 20-year papers as rates averaged at 6.1980%.

Meanwhile, the BSP's offering of term deposit facilities (TDF) raised a whopping P763.31 billion for the month amid policy easing. The BSP's latest auction on September 25 raised a total of P158.21 billion from the issued one-week and 2 weeks securities from bids reaching only a total of P175.47 billion on the P190 billion offered security at traders have more appetite for longer tenured papers. Broken down, the BSP partially awarded the offered P88.20 billion worth 7-day notes on an average rate of 6.2872%. On the other hand, the central bank fully awarded the 14-day security auction borrowing a total of P70 billion with yields averaged at 6.3737%. On a separate auction last September 28, the central bank has issued a 28-day and 56-day short-term securities fully awarding the offered P50 billion 4-week security averaging at 6.4695% yield. Moreover, the BSP raised a total of P100 billion worth of 56-day bond awarded at 6.5006% average rate as bids surge to P165.71 billion.

Trading volume in September may likely remain at its current degree given that the recent trajectory in the monetary policy. Market players will take cues on the results of the September consumer price index (CPI) to weigh on the BSP's next move, as most of analyst are expecting further relief in the inflation rate brought by the lower prices of rice and fuel. With the current developments in play, we are expecting that local bond yields may continue to drop.

FUND PERFORMANCE

NAVPS Graph



September 30, 2024 NAVPS	Year-to-date Return
3.4128	2.24%

	Compounded Annual Return	Cumulative Return
One-year	3.71%	3.71%
Three-year	1.73%	5.27%
Five-year	2.04%	10.61%

* Figures of the funds' performance were based on the fund's actual returns as of September 30, 2024. Note, however, that historical performance is not a guarantee of future results.

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. Loans to private corporations will be limited only to high credit quality Philippine companies that meet the set standards.*

UNITED FUND, INC. **COCOLIFE FIXED INCOME FUND, INC.** **COCOLIFE DOLLAR FUND BUILDER, INC.**

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The Philippine Economy at a Glance

GROSS DOMESTIC PRODUCT	FOREIGN EXCHANGE	INFLATION RATE	UNEMPLOYMENT RATE	BSP POLICY RATES	CREDIT RATINGS
6.30% 2Q2024	September 2024 **P56.03/$** (0.00% stronger FTM) (1.19% weaker YTD)	**3.3% (AUG 2024)** **(based on 2018 prices)**	**4.7%** **(JULY 2024)**	**6.75%** (lending rate) **6.25%** (borrowing rate) **5.75%** (overnight deposit)	**BBB+** (Standard and Poor's) **BBB** (Fitch Ratings) **Baa2** (Moody's Investor)

Macroeconomic Updates

ADB retains its 2024 PH GDP forecast. The Asian Development Bank (ADB) retained its growth forecast for the Philippines at 6.0% for 2024 and 6.2% in 2025 as the bank primes the country to be one of the top performers in terms of economic growth in the Association of Southeast Nations (ASEAN) region alongside Vietnam. Continuous drop in consumer prices partnered with monetary easing will likely to drive growth for this year and the next. The country's annual gross domestic product (GDP) growth currently stands at 6.0%, on track with the forecast following the 6.3% expansion in the second quarter.

September inflation likely to ease further. The country's inflation rate is expected to ease further in September following the 3.3% inflation recorded in August as the reduced rice tariffs will likely soften food prices. Furthermore, the lower fuel prices are also anticipated to push back transport cost. The market averagely expects consumer prices will ease to 2.6% in the month. If realized, this will bring support for BSP to loosen further the monetary policy.

July unemployment climbs to 4.7%. The country's unemployment rate surged to a one-year high of 4.7% last July, higher than the 3.1% joblessness rate in June. ,However, July's figure is relatively lower than in the same month of 2023 at 4.9%. The number of unemployed Filipinos increased in July as millions of young individuals who graduated from college or senior high school and entered the labor force and did not land jobs during the period. Particularly, the youth unemployment accounted for 43% to the total jobless individuals in July.

BSP slashes banks' reserve requirements. The Bangko Sentral ng Pilipinas (BSP) has announced the reduction in banks' reserve requirement ratios (RRR) in a bid to lower financial transaction costs last September 20. The RRRs for universal and commercial banks and non-bank financial institutions with quasi-banking functions were trimmed by 250 basis points. The central bank also lowered the RRR for digital banks by 200 basis points and 100 basis points for thrift banks and rural banks and cooperatives. The current shape in the local financial market has been stimulated by the recent decisions among central banks globally to increase volume of money in the circulation and is estimated to inject around P300 billion cash.

Gov't fiscal gap narrower at P54.2B in August. Government's budget deficit stood at P54.2 billon last August, lower by 59.25% than the P133-billion fiscal gap seen in August 2023 amid growth in state collections and contraction in expenditures during the period. The lower deficit was brought about by the 24.40% growth in government receipts alongside a minimal 0.68% contraction in government expenditures. August's fiscal balance brought the year-to-date deficit of P697 billion, down 4.86% from the P732.5-billion deficit in the same period last year.

FDI slips to $394M in June. The Philippines' foreign direct investments (FDI) inflows dipped to its lowest level in four years last June, amid a backdrop of uncertainties arising from geopolitical risks and high inflation and interest rates environment. The latest net inflows stood at $394 million in June 2024, down by 29% from the $555-million net inflows recorded in June 2023. This is the lowest FDI net inflows since April 2020, the height of COVID-19 lockdowns, when it clocked in at $314 million.

PH foreign debt hits $130.18 billion as of end-June 2024. External debt ballooned to $130.18 billion in the second quarter of 2024, higher by 1.2% at $1.49 billion from the $128.69 billion level as of the first quarter. The rise in the debt level was primarily driven by net availments aggregating $1.50 billion as the national government raised $2.61 billion from the issuance of its $2.00 billion Dual Tranche Fixed Rate Global Bonds under its Sustainable Finance Framework and $611.81 million borrowings from official creditors. Despite the increase in the debt stock, the central bank noted that the external debt is still at a prudent level.

Balance of payments continue to surplus in August. The BSP data showed that the country's overall balance-of-payments (BOP) continued to post a surplus last August at $88 million, reflecting a reversal from the $57 million recorded a year ago. Meanwhile, the year-to-date figure stood with a surfeit of $1.6 billion, lower than the $2.1 billion recorded in the same period last year.

Hot money posts inflows in August. Foreign portfolio investments, also known as 'hot money', recorded a net inflow of $533.95 million in August, coming from the $1.37 billion gross inflows and a gross outflow of $836.78 million for the month. Gross inflows dropped by 43.7% from the $2.4 billion in July amid drop in the foreign demand for local fixed income securities for the month.

Philippines remittances up 3.6% in May. Remittances stood at $3.09 billion in July, climbing for the third straight month in July reaching its highest for the year. The latest figure was up 3.1% from $2.99 billion the same month last year, and was higher than the $2.88 billion in June. The year-to-date cash remittances stood at $19.33 billion, reflecting a 2.9% increase compared to $18.77 billion recorded in the first seven months of 2023.

Peso closes flat in September. The Philippine peso closed at P56.03 per dollar last September 30, unchanged and recording the same level by end-August. The dollar-to-peso exchange rates hovered around the P55/dollar level through the month amid gaining support from the Japanese yen and the dovish US Fed. The optimistic US Personal Consumption Expenditure index brought a slightly stronger dollar to close the month.

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