Cocolife Fixed Income Fund, Inc.

August 2025

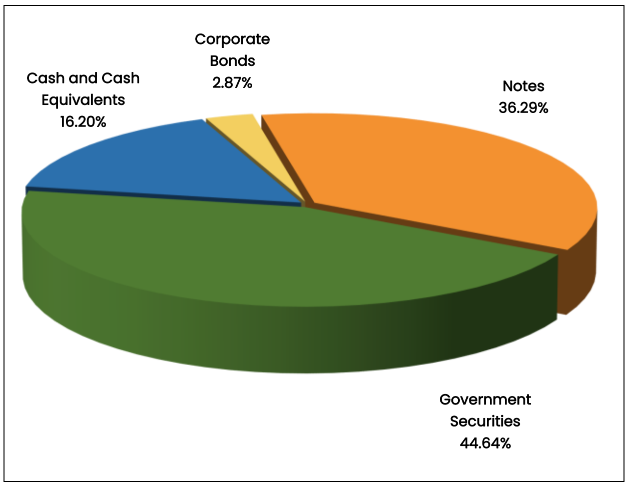
Fund Objective

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 922.33 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	16.20%		
Corporate Bonds		2.87%	
Notes	11.75%	7.44%	17.10%
Government Securities	0.00%	18.88%	25.76%

Remaining Maturity (years) 6.19

Market Recap and Outlook

Local bond yields have dropped by 16 basis points (bps) on average from end-July values. Meanwhile, yields have declined further by 33-bps from end-2024 levels. Enthusiasm from the local market was sustained as the current economic fundamentals particularly the inflation data, is seen to settle at favorable levels and could enable more grounds from the local central bank to ease and relax its key policy rates intact with the conundrum of a frail growth of the gross domestic product (GDP). The Philippine Statistics Authority (PSA) reported that the July inflation data grew by 0.9% from the 1.4% seen in the previous month alongside softer utility costs and declining food prices. Notably, this was also the lowest print since October 2019. In relation to this, the Bangko Sentral ng Pilipinas (BSP) has decided to reduce its benchmark policy rates by a quarter-of-a-point during its August Monetary Board (MB) meeting. The central bank committee trimmed the target reverse repurchase rate by 25-bps to 5.00% from 5.25%, earmarking the lowest level in nearly three years or since November 2022. Rates on the overnight deposit and lending facilities were also lowered by 25 bps each to 4.50% and 5.50%, respectively.

Throughout the month, the Bureau of Treasury (BTr) raised a total of P103.4 billion worth of Treasury-bills (T-bills) alongside the deemed confidence of most market players from the current local economic climate. During its final auction for the month, the government fully awarded its auctioned T-bills last August 26, raising a total of P25 billion as tenders surged to P113.02 billion. For both the 91-day and 182-day debt papers, the agency raked up P8 billion with the 3-month notes and was quoted with an average rate of 5.1950% while for the 6-month securities fetched an average yield of 5.3980%. Meanwhile, for the 1-year papers, the BTr shored in P9 billion and yielded an average rate of 5.5220%.

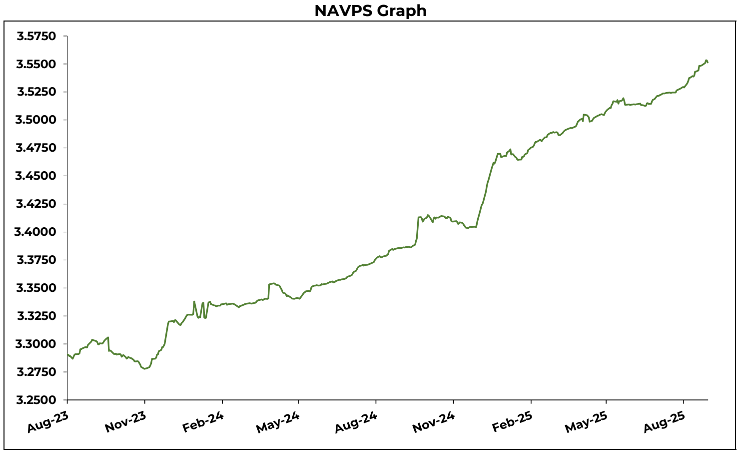
As for the Treasury bonds' (T-bonds) auction of the BTr, the government pulled in around P60 billion. On August 19, the reissued 10-year bonds sapped P25 billion along an average rate of 5.9970%. Meanwhile, on August 27, the Treasury led a dual-tranche bond auction, reissuing the 25-year that fetched an average rate of 6.3740% and 7-year debt notes quoted at an average yield of 5.6340%.

Meanwhile, on August 27, the BSP's deposit facility (TDF) auction saw total bids of P74.45 billion against the P80 billion offer, with P68.68 billion awarded. Yield generally declined across the board, with the 7-day papers averaging 5.2475% to award just P28.68 billion, while the 14-day notes averaged to 5.2675% along the P40 billion program volume amidst the P45.78 billion in bids, fully raking in the tendered amount. On a different auction, the local central bank sapped P39.81 billion among the 28-day securities sold last August 29 and was quoted at an average rate of 5.3328%. For the 56-day securities, the BSP siphoned P44.13 billion, which was below the P70 billion auction volume. Consequently, the papers fetched an average yield of 5.3382%.

In September, the local bond market may remain upbeat along with the reverberations from the recent decision of the BSP to cut rates anew amidst the low inflation and to uplift the frail gross domestic product (GDP) values. The local central bank chief Eli Remolona said that the institution would remain open for another rate cut in the remaining meetings for the year. With expectations of policy relaxation from the US Fed later in the year, concerns over the tightening spread or gap of interest rates may be quelled. Many players remain confident that the local economy is resilient and a stellar option amidst the different economic and market noise happening across the globe.

FUND PERFORMANCE

NAVPS Graph



August 31, 2025 NAVPS	Year-to-date Return
3.5514	2.40%

	Compounded Annual Return	Cumulative Return
One-year	4.90%	4.90%
Three-year	3.04%	9.42%
Five-year	2.11%	11.00%

* Figures of the funds' performance were based on the fund's actual returns as of August 31, 2025. 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.*

August 2025

The Philippine Economy at a Glance

GROSS DOMESTIC PRODUCT	FOREIGN EXCHANGE	INFLATION RATE	UNEMPLOYMENT RATE	BSP POLICY RATES	CREDIT RATINGS
5.50% 2Q2025	August 2025 P57.13/$ (1.42% weaker FTM) (0.73% stronger YTD)	0.9% (JUL 2025) (based on 2018 prices)	3.7% (JUN 2025)	5.00% (lending rate) 4.75% (borrowing rate) 4.50% (overnight deposit)	BBB+ (Standard and Poor's) BBB (Fitch Ratings) Baa2 (Moody's Investor)

Macroeconomic Updates

UA&P: Philippine economy is seen to grow 5.8% in the third quarter. According to the University of Asia and the Pacific (UA&P), the country's economic growth may pick up in the third quarter despite higher US tariffs and "milder" typhoons. The organization said that despite the Trump tariffs, milder typhoon season will help accelerate the gross domestic product (GDP) expansion in the third quarter to 5.8%, given a low base in 2024. If realized, this would be faster than 5.2% in the third quarter of 2024 and 5.5% print in the second quarter. This forecast is also within the government's revised 5.5% to 6.5% target this year. UA&P cited that consumer spending remains strong aided by low inflation but limited by new US taxes on overseas Filipino workers (OFWs) remittances.

BSP cuts rates for 3rd straight meeting. The Bangko Sentral ng Pilipinas (BSP) has cut its key policy rate for a third meeting in a row and signaled another cut this year that may be the last for this monetary easing cycle. The Monetary Board reduced the target reverse repurchase rate by 25-bps to 5.00% from 5.25%. Markedly, this was also the lowest level in nearly three years since November 2022. Rates on the overnight deposit and lending facilities were also lowered by 25 bps each to 4.5% and 5.5%, respectively. To recall, the local central bank has so far lowered borrowing costs by a total of 125 bps since it began its easing cycle in August last year. For this year, it delivered two 25-bp cuts each at its last two meetings in April and June. The BSP projected inflation to average 1.7% this year, a tad higher than its 1.6% projection in June. BSP Governor Eli Remolona noted that the BSP can have space for one more cut. If the data develops the way the BSP think it will develop, then maybe one more cut this year, adding that this could mark the end of the current easing cycle.

Inflation is expected to speed up to 1.2% in August. The country's inflation rate is expected to grow faster in August to 1.2%, attributed to the higher electricity and transport costs and a spike in vegetable prices after monsoon rain battered crops. Even with the pickup, inflation is still expected to undershoot the BSP's 2.0% to 4.0% target range for a sixth straight month—a stretch of subdued price gains that could shape the central bank's next policy moves. If realized, the August figure may be higher than July's 0.9% increase and in line with the BSP forecast of 1.0% to 1.8%.

June remittances rise to six-month high. Remittances jumped by 3.7% year-on-year to $2.99 billion in June from $2.88 billion. Notably, this was the highest value of monthly remittances seen in six months or since the $3.38 billion logged in December last year. For the first semester, the latest figure went up by 3.1% to $16.75 billion from the $16.25 billion recorded in the comparable year-ago period.

July trade deficit narrows to two-month low. The country's exports grew by 17.3% year on year in July to $7.34 billion, higher than the 0.1% expansion a year earlier. However, this pace was slower than the revised 26.9% growth in June. It was the slowest pace for exports in two months or since the 15.5% growth posted in May. Meanwhile, the country's imports slowed by 2.3% year on year to $11.38 billion in July, as well as the 15.7% increase in June. Notably, this was the weakest pace in two months or since the 1.1% drop in May. Accordingly, the country's trade balance reached a deficit of $4.05 billion in July, 17% smaller than the $4.88-billion deficit in July last year. July saw the narrowest trade deficit since the $3.63-billion gap in May. For the first seven months, the trade deficit narrowed to $28.46 billion, 4.9% lower from the $29.93-billion deficit a year ago. In the January-to-July period, exports increased by 13.9% to $48.62 billion, while imports rose by 6.1% to $77.09 billion.

Budget deficit shrinks to P18.9B. The government's budget balance swung to a deficit, although it sharply narrowed in July amid the sluggish pace of revenue collection and spending. Data from the Treasury showed that the budget gap shrank by 34.42% to P18.9 billion in July from P28.8 billion in the same month a year ago. On a monthly basis, the fiscal gap plunged by 92.17% from the P241.6-billion deficit in June. In July, revenues went up by 3.26% to P472.3 billion from P457.4 billion in the same month last year, as higher tax collections offset the decline in nontax revenues. Meanwhile, government spending inched up by 1.02% to P491.2 billion in July from P486.2 billion in the same month in 2024. In the first seven months of the year, the Philippines' budget deficit ballooned by 22.04% to P784.4 billion from the P642.8-billion gap last year, as expenditure growth outpaced revenues. The Treasury said the budget deficit was on track to hit the revised P1.56-trillion full-year deficit ceiling.

Peso continues to weaken amidst ambiguity in Fed rate cut discourse. The Philippine peso settled at P57.13/dollar last August 29. The foreign exchange market initially dropped amid a weaker dollar overnight due to increased dovish Fed bets. The US Commerce department reported that its Personal Consumption Expenditures (PCE) price index rose 0.2% last month after an unrevised 0.3% rise in June. The Fed tracks the PCE price measures for its 2% inflation target. With this, the CME FedWatch tool and bets among market players noted that it may keep the US Fed on track for a widely expected rate cut at its upcoming meeting on September 16-17. Money markets are pricing in an 87% chance of an easing, up from 63% a month earlier. US President Trump is trying to reshape the Fed after repeatedly criticizing the central bank and its chair, Jerome Powell, for not cutting interest rates.

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

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