Cocolife Dollar Fund Builder, Inc.

December 2025

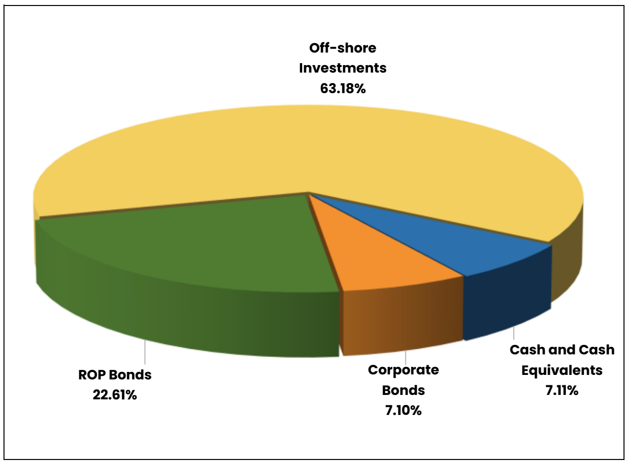
Fund Objective

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.

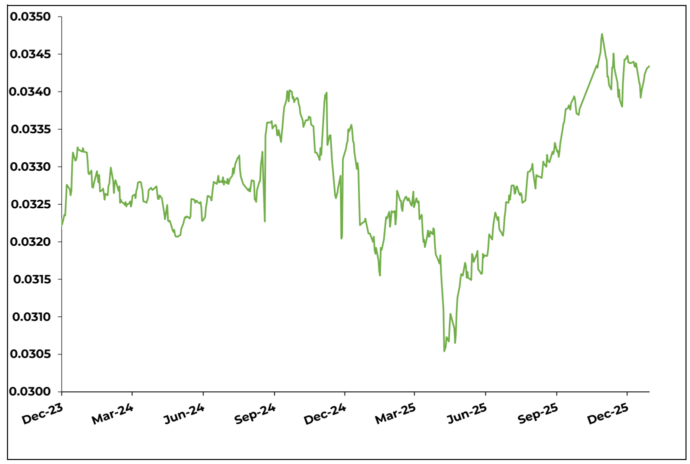
FACTS & FIGURES

Launch Date	2010	**Fund Size**	$ 1.22 M
Structure	Mutual Fund	**Sales Load**	not to exceed 1% of the NAVPS
Asset Class	Balanced	**Early Redemption Charge**	1% of the NAVPS
Domicile	Republic of the Philippines	**Minimum Holding Period**	180 calendar days
Currency	US Dollar	**Fund Manager**	Cocolife Asset Management Co., Inc.
Minimum Initial Investment	US$ 1,000.00	**Custodian Bank**	Landbank of the Philippines
Minimum Additional Investment	US$ 500.00	**External Auditor**	Punongbayan & Araullo

Portfolio Allocation



NAVPS Graph



FUND PERFORMANCE

December 29, 2025 NAVPS	Year-to-date Return
0.03434	6.94%

	Compounded Annual Return	Cumulative Return
One-year	6.94%	6.94%
Three-year	1.96%	5.99%
Five-year	-2.57%	-12.22%

* Figures of the funds' performance were based on the fund's actual returns as of December 31, 2025. Note, however, that historical performance is not a guarantee of future results.

Market Recap and Outlook

Prices of Philippine sovereign U.S. dollar–denominated bonds (ROP bonds) rose by 4.10% from end-2024 levels as yields declined significantly by 73 basis points compared with 2024. Meanwhile, yields on U.S. Treasury notes fell further by 54 basis points from end-2024 levels. The primary driver of the decline in short-term yields was the Federal Reserve's decision on December 10 to cut the federal funds rate by 25 basis points to a target range of 3.50%–3.75%. This marked the third consecutive rate cut in the Fed's easing cycle, aimed at supporting a softening labor market, which recorded 41,000 fewer jobs at the end of November compared with September. However, the decision was historically divisive, passing with a rare 9–3 vote, as some officials expressed concern about cutting rates while inflation remained somewhat elevated.

While the Fed's decision pushed down the front end of the yield curve, long-term yields remained stubbornly high due to resilient economic growth and mounting fiscal concerns. Third-quarter GDP growth was revised upward to a robust 4.3%, driven by strong consumer spending and increased investment in artificial intelligence, signaling to investors that deep rate cuts may not be necessary over the longer term. In addition, markets began pricing in a higher term premium amid heavy government debt issuance and the conclusion of the Fed's quantitative tightening program, which shifted the burden of deficit financing back to the private sector.

Meanwhile, the Republic of the Philippines (ROP) dollar bond market demonstrated resilience, with yields remaining broadly stable even as U.S. Treasury yields faced upward pressure. While local currency bonds experienced some volatility, the ROP yield curve benefited from steady demand for emerging market debt. By month-end, long-term ROP yields, including the 10-year benchmark, hovered within the 5.88%–5.98% range, maintaining a healthy spread over comparable U.S. Treasuries as investors sought higher real returns from Philippine sovereign credit.

On the equity side, the tech-heavy Nasdaq Composite declined by 0.5% in December as investors rotated away from mega-cap "AI darling" stocks amid stretched valuations. In contrast, the Dow Jones Industrial Average and other value-oriented sectors outperformed, reflecting a broadening of market participation beyond technology. The "AI trade" that dominated much of 2025 faced a reality check in December, characterized by an "air pocket" in tech valuations. Investors began demanding clearer evidence of AI-driven earnings growth, leading to sharp pullbacks in major names such as Nvidia and Broadcom following disappointing quarterly updates or heightened bubble concerns. As a result, capital rotated into cyclicals, financials, and healthcare—sectors viewed as better positioned to benefit from a "soft landing" scenario and a business-friendly policy environment focused on deregulation. Markets continued to navigate a complex backdrop of fiscal and trade uncertainty, with lingering concerns over the widening U.S. fiscal deficit.

Looking ahead to early 2026, U.S. Treasury yields are expected to be shaped by a "bear steepening" dynamic, wherein short-term rates gradually decline while long-term yields remain elevated or trend higher. Yields on shorter maturities are projected to drift lower as the Federal Reserve continues its cautious easing cycle following the December 2025 rate cut, while long-end yields may remain pressured by growth resilience, fiscal imbalances, and increased supply.

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COCOLIFE Asset Management

December 2025

The Philippine Economy at a Glance

GROSS DOMESTIC PRODUCT	FOREIGN EXCHANGE	INFLATION RATE	UNEMPLOYMENT RATE	BSP POLICY RATES	CREDIT RATINGS
4.00% 3Q2025	December 2025 P58.79/$ (0.25% stronger FTM) (1.62% weaker YTD)	1.7% (2025) (based on 2018 prices)	4.4% (NOV 2025)	5.00% (lending rate) 4.50% (borrowing rate) 4.00% (overnight deposit)	BBB+ (Standard and Poor's) BBB (Fitch Ratings) Baa2 (Moody's Investor)

Macroeconomic Updates

Philippines to miss GDP growth target for the third year in a row. The Philippine economy is projected to miss its annual growth target for the third straight year, with 2025 GDP growth expected to land between 4.8% and 5.0%, falling short of the government's 5.5% to 6.5% goal. This slowdown was primarily driven by a weak 4.0% growth rate in the third quarter, the lowest in four years, caused by a slump in public construction and shaken investor confidence following a high-profile corruption scandal. Despite remaining a top performer in Asia, the persistent deceleration has led officials to lower growth targets for 2026 and 2027 in response to domestic governance issues and global economic instability.

Full year inflation remains subtle. Philippines recorded a full-year average inflation rate of 1.7%, marking its slowest pace in nine years since the 1.3% rate seen in 2016. While the monthly inflation rate slightly increased to 1.8% in December due to holiday demand and higher vegetable prices caused by late-season typhoons, the overall annual figure remained well below the government's target range of 2% to 4%.

Central bank on its 5-straight cut for the year. The Bangko Sentral ng Pilipinas (BSP) implemented its fifth straight rate cut of the year in December 2025, reducing the Target Reverse Repurchase Rate by 25 basis points to 4.50%. Correspondingly, deposit and lending rates were adjusted to 4% and 5%. This move was supported by a stable inflation environment but was primarily motivated by a need to stimulate a cooling domestic economy.

Philippines' GIR hits a 13-month high. By November 2025, the Philippines' gold holdings reached a record $18 billion, pushing total Gross International Reserves (GIR) to a 13-month high of $111.1 billion. While soaring global gold prices strengthened the nation's financial safety net, covering seven months of imports, as the IMF warns of a coming decline. Reserves are projected to dip to $103.3 billion by 2028 due to foreign debt settlements and trade gaps, though consistent income from BPOs and overseas remittances are expected to keep the country's overall liquidity stable.

Trade deficit drags PH payments position in September 2025. The Philippine balance of payments position saw a lower surplus in September due to the continued trade gap during the month. The central bank reported an $82-million BOP surplus for the month of September, lower than the $359-million surplus in August, and the $3.526-billion surplus in the same month of 2024. Preliminary data indicate that the year-to-date BOP deficit was largely due to the continued trade in goods deficit.

Philippines likely to post a dollar deficit for the year. BSP forecasts that the Philippines will move from a surplus in 2024 to back-to-back Balance of Payments (BOP) deficits of $6.2 billion in 2025 and $5.9 billion in 2026. This shift is largely caused by a persistent trade gap and slower growth in the services sector, with structural challenges like high logistical costs and cooling foreign investment offsetting the temporary benefits of front-loaded exports. Despite these shortfalls, the BSP remains confident in the nation's stability, pointing to substantial foreign exchange reserves of $109–$110 billion and consistent remittances as vital safeguards against global economic volatility.

Philippines faces FDI 'headwinds' on corruption, global tensions. The Philippines is projected to face "mounting headwinds" in attracting foreign direct investment (FDI) through 2026 amid a domestic flood control corruption scandal, external uncertainties and global trade tensions. Recently released data from the Bangko Sentral ng Pilipinas (BSP) underscored these concerns, showing net FDI inflows slumped 40.50% year-on-year to $494 million in August 2025.

Peso posts weaker from end-2024 level. The Peso closed at P58.79/dollar on December 29, representing a 0.25% depreciation from the previous month and 1.62% weaker compared to the end-2024 close. Peso's performance was primarily pressured by a combination of domestic monetary easing and external dollar strength as the central bank continued to cut rates for five straight meetings leading to a narrowed interest rate cut differential between Philippines and US.

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