Cocolife Fixed Income Fund, Inc.

December 2025

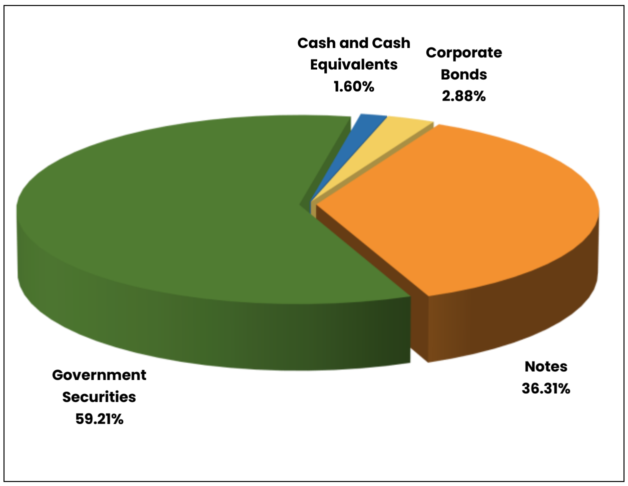
Fund Objective

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 927.15 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	1.60%		
Corporate Bonds		2.88%	
Notes	11.77%	7.47%	17.07%
Government Securities		36.77%	22.44%

Remaining Maturity (years) 6.61

Market Recap and Outlook

Local bond yields on average declined by 48 basis points (bps) versus end-2024 levels in the month of December, marked by a general downward trend across almost all tenors, which reflects rising bond prices. Government securities attracted significant interest as the Bangko Sentral ng Pilipinas (BSP) continued its aggressive easing cycle, cutting the policy rate by another 25 basis points to 4.50% during its December 11 meeting. In December 2025, the Philippine bond market acted as a safe haven, attracting $5.8 billion in foreign inflows as investors prioritized fixed returns over volatile equities. This strong performance was primarily driven by a benign 1.8% inflation rate, which allowed the BSP to lower borrowing costs and create capital gains for bondholders despite a slowing 5.1% GDP growth rate. Investor sentiment was further bolstered by the relative stability of the Philippine peso against the U.S. dollar. Furthermore, while the peso remained under some pressure, the consistent signal from BSP Governor Eli Remolona that the easing cycle was nearing its end—hinting that the neutral rate might be around 4.0%—provided a "Goldilocks" outlook for bondholders. However, gains were partially tempered by governance concerns and a widening budget deficit following a local corruption scandal. Ultimately, the market concluded the year with successful issuances and a diversifying investor base, sustained by the country's resilient credit ratings and manageable debt levels.

Throughout the month, the BTr raised a total of P67 billion worth of Treasury bills (T-bills) as demand for fixed-income securities picked up given the dovish outlook. The Bureau fully awarded its auctioned Treasury bills (T-bills) last December 15, raising a total of P20 billion as tenders surged to P85.47 billion. For the 91-day Treasury bills, the average rate for the awarded security was 4.7310%, with P6.00 billion awarded. The 182-day Treasury bills were awarded at an average rate of 4.9030%, with P7.00 billion awarded. Lastly, the 364-day Treasury bills fetched an average rate of 4.9240%, with P7.00 billion awarded.

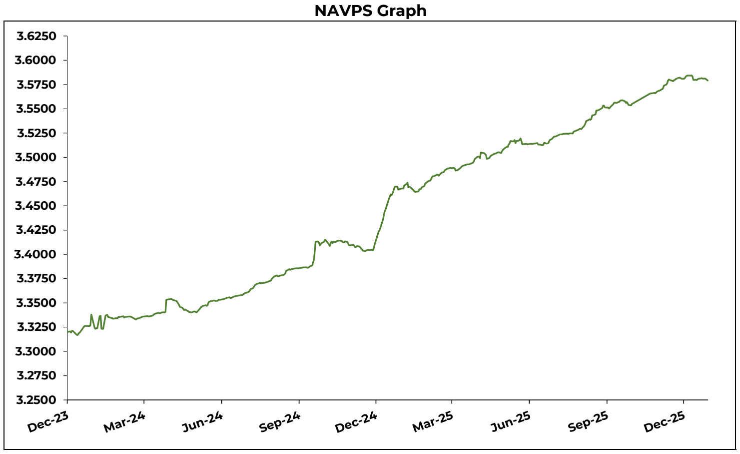
BTr's bond auction in December resulted in P35 billion in funds raised despite having only a few sessions. In its latest sale last December 2, the Treasury raised P35 billion in a split auction of 7-year and 10-year reissued bonds. Broken down, the 7-year reissued bond with a remaining maturity of 2.4 years saw strong demand of P59.78 billion, exceeding the original offered P20 billion, with rates averaging 5.2560%. Also, the Bureau raised P15 billion from the auction of 10-year T-bonds with a remaining maturity of 9.4 years at an average yield of 5.8760%.

Meanwhile, the BSP's offering of its term deposit facilities (TDF) accumulated P312 billion from its auctions during the month. On December 23, the weekly Term Deposit Facility (TDF) auction concluded with P72.66 billion raised from the offered 10-day TDF at a weighted average accepted yield of 4.5076%. Throughout the month, the central bank did not offer 14-day securities.

Peso bond yields are expected to remain low given the prevailing conditions in the fixed-income market. The central bank may implement one or two rate cuts during the first half of the year, potentially as early as February. Heightened uncertainty in the financial markets, stemming from slower GDP growth and elevated unemployment levels in the last quarter of 2025 could drive increased demand for government securities, supporting higher trading volumes and greater market activity in the first quarter of the year.

FUND PERFORMANCE

NAVPS Graph



December 29, 2025 NAVPS	Year-to-date Return
3.5791	3.20%

	Compounded Annual Return	Cumulative Return
One-year	3.20%	3.20%
Three-year	3.71%	11.54%
Five-year	2.18%	11.38%

* 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.

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.*

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.