Cocolife Fixed Income Fund, Inc.

July 2026

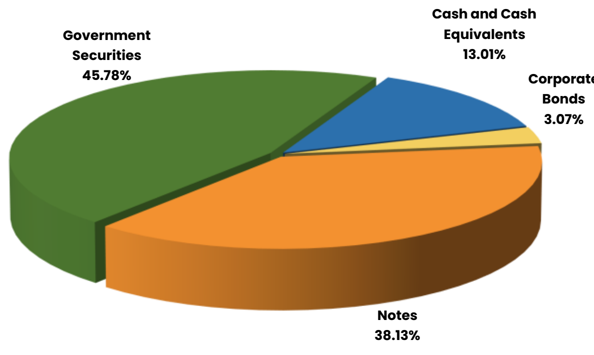
Fund Objective

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 887.68 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	13.01%		
Corporate Bonds	3.07%	0.00%	
Notes	12.75%	7.29%	18.09%
Government Securities		27.21%	18.57%

Remaining Maturity (years)	4.48

Market Recap and Outlook

Local bond yields rose by an average of 106 basis points (bps) in July, as the government securities (GS) market traded under sustained pressure amid global market volatility, persistent expectations of further monetary tightening, and domestic supply friction. The market endured a turbulent month marked by sharp yield spikes across the curve and thin liquidity, driven by peso weakness, rising oil prices, and fears of second-round domestic inflationary pressures. Higher yield demands from investors led to mixed primary auction results, including a full rejection of a 7-year FXTN offer, which further pressured secondary market valuations. However, sentiment stabilized toward month-end as geopolitical risks eased, global crude prices retreated, and a successful dual-tranche Treasury auction revived real-money demand, triggering the selective bargain hunting and short-covering that helped local bonds recover from their worst levels.

Throughout the month, the BTr raised a total of P318 billion worth of Treasury bills (T-bills). In its last auction on July 29, the BTr raised P38 billion out of P107 billion in total tenders. By tenor, the BTr accepted P20 billion for the 91-day bills at an average rate of 5.0590%, the 182-day bills took in P8 billion at 5.7671%, and the 364-day bills accepted P10 billion at an average rate of 5.9500%.

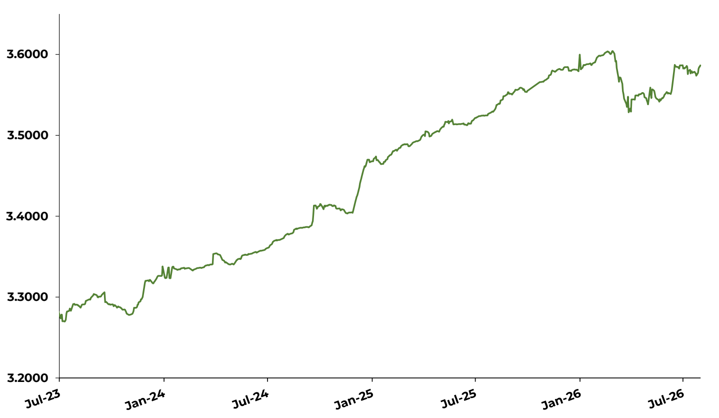
The Bureau of the Treasury (BTr) also raised a total of P130 billion from its bond auctions in July despite having to reject a reissued 7-year bond after investors demanded higher yield concessions. In its latest auction on July 28, the Treasury awarded P30 billion in 7-year Treasury bonds with a remaining maturity of 3.2 years at an average rate of 7.2170%. It also awarded P10 billion in 20-year Treasury bonds with a remaining maturity of 17.8 years at an average rate of 7.6840%.

Meanwhile, the BSP's term deposit facility (TDF) accumulated a total of P730 billion from its auctions during the month. In its final session on July 29, the weekly TDF auction concluded with P130.00 billion raised from the offered 7-day tenor at a weighted average rate of 4.7320%.

Looking ahead to August, local bond yields will likely remain elevated as investors weigh ongoing external and domestic economic pressures. Expected slower growth in the second quarter reinforces a softer fundamental backdrop, while easing global energy prices and solid investor demand should help prevent sharp yield spikes. At the same time, persistent inflation risks, peso weakness, and geopolitical uncertainty will limit any rally. In the near term, however, yields could drift lower following the softer-than-expected July inflation print, which has somehow lifted investor sentiment. Given these competing forces, the market is expected to maintain a cautious stance, with trading activity remaining largely concentrated in short-to-medium-term bonds while investors await clearer signals on economic growth and central bank policy.

FUND PERFORMANCE

NAVPS Graph



June 30, 2026 NAVPS	Year-to-date Return
3.5864	**-0.37%**

	Compounded Annual Return	Cumulative Return
One-year	1.61%	1.61%
Three-year	2.91%	8.99%
Five-year	2.08%	10.86%

* Figures of the funds' performance were based on the fund's actual returns as of June 30, 2026. 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.*

The Philippine Economy at a Glance

GROSS DOMESTIC PRODUCT	FOREIGN EXCHANGE	INFLATION RATE	UNEMPLOYMENT RATE	BSP POLICY RATES	CREDIT RATINGS
2.80% 1Q2026	July 2026 **P61.36/$** (0.20% stronger FTM) (4.17% weaker YTD)	**6.2% (JULY 2026)** **(based on 2018 prices)**	**4.8%** **(MAY 2026)**	5.25% (lending rate) 4.75% (borrowing rate) 4.25% (overnight deposit)	**BBB+** (Standard and Poor's) **BBB** (Fitch Ratings) **Baa2** (Moody's Investor)

Macroeconomic Updates

Inflation eases further in July. Driven by lower fuel and transport costs alongside steady food prices, Philippine inflation slowed for a third straight month to 6.2% in July, pushing the year-to-date average to 5.0%. Although the rate still exceeds the government's 2%–4% target, officials credit fuel subsidies and supply-chain interventions for the continued deceleration and plan to focus on agricultural and energy stability moving forward.

Unemployment edges up in May. The Philippines' unemployment rate slightly increased to 4.8% in May 2026, driven primarily by severe weather and El Niño disruptions in the agriculture and forestry sectors. However, underemployment dropped sharply to 12.2%, signaling better job quality and overall labor resilience despite the weather-related setback.

BSP maintains measured tightening stance. The Bangko Sentral ng Pilipinas (BSP) maintained a measured policy stance, signaling that while further interest rate increases remain possible, a 25-basis-point hike is more likely than a larger 50-basis-point move. The guidance reflects the BSP's cautious approach as it continues to assess inflation, exchange rate developments, and global risks.

Gross international reserves rise in June. The Philippines' gross international reserves (GIR) increased to $104.7 billion as of end-June 2026 from $104.2 billion in May, driven by higher national government foreign currency deposits with the BSP and income from the central bank's overseas investments. The increase was partly offset by valuation losses on gold and foreign currency assets, as well as government debt servicing. The reserve level remained adequate to cover 6.8 months of imports of goods, services, and primary income and 3.7 times the country's short-term external debt based on residual maturity.

FDI weakens in April. Foreign direct investment net inflows to the Philippines plummeted 58.8% year-on-year to $250 million in April 2026, hitting a nearly decade-long monthly low due to steep drops in debt instrument investments and earnings reinvestment amid global trade and geopolitical uncertainties. Despite gains in net equity capital, this sharp monthly drop dragged cumulative FDI inflows down 26.5% to $1.97 billion for the first four months of the year.

Balance of payments records strong June surplus. The balance of payments (BOP) posted a $3.4-billion surplus in June 2026, the largest monthly surplus in nearly two years, up from $131 million in May. The stronger external position was primarily driven by foreign borrowings by the national government, lower global oil prices that reduced the country's import bill, and sustained inflows from overseas Filipino remittances, trade in services, and foreign direct investment. As a result, the cumulative BOP deficit narrowed to $3.9 billion in the first half of 2026 from $7.3 billion as of end-May, although the country's external position continued to be weighed down by the persistent trade deficit and net foreign portfolio investment outflows.

Remittance growth slows in May. Cash remittances from overseas Filipino workers (OFWs) increased 2.0% year-on-year to $2.71 billion in May 2026 from $2.66 billion a year earlier, marking the slowest annual growth in four years despite remaining on an upward trend. Although remittance growth remained resilient and continued to support household consumption and domestic demand, the slower pace reflected higher living costs abroad, softer global economic activity, and persistent geopolitical uncertainties.

Hot money outflows persist in June. Foreign portfolio investments, or hot money, posted a $170-million net inflow in June 2026, down nearly 27% from the previous month, as stronger inflows into government securities offset larger foreign selling of local equities. Net inflows into government securities rose to $540 million, while equity outflows widened to $370 million amid persistent global uncertainties and risk aversion. Despite the June inflow, hot money recorded a $4.0-billion net outflow in the first half of 2026, reversing the nearly $2.0-billion net inflow in the same period last year.

Peso strengthens in July. The Philippine peso closed at ₱61.24 per US dollar on July 31, strengthening from ₱61.36 at end-June as broad U.S. dollar weakness and improving global risk sentiment supported the local currency. Although the peso briefly fell to a record low of ₱61.85 per dollar during the month amid heightened Middle East tensions, higher oil prices, and expectations of further U.S. Federal Reserve tightening, it recovered in the latter half of July as geopolitical tensions eased, oil prices declined, and expectations of a less hawkish Fed weakened the US dollar.