COCOLIFE FIXED INCOME FUND, INC.

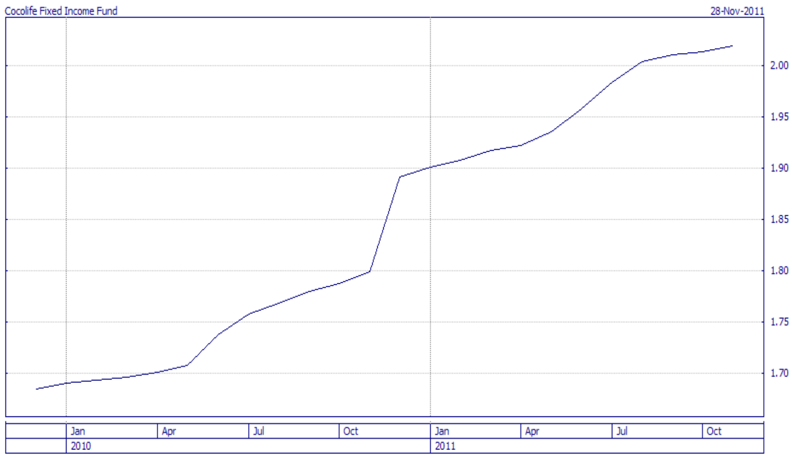
NOVEMBER 2011

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 that generate regular interest income.

FUND FACTS AND FIGURES

Launch Date	2003
Structure	Mutual Fund
Currency	Philippine Peso
Minimum Initial	Php 5,000.00
Minimum Additional	Php 1,000.00
Sales Load	2%
Redemption Fee	
< 1 year from	3.5% of NAVPS

FUND PERFORMANCE



NAVPS 11/29/2011	Year-to-Date Return
2.0188	6.48%

	Annual Return	Cumulative Return
One-year return	12.25%	12.25%
Three-year return	11.08%	37.05%
Five-year return	8.65%	51.44%

RISK DISCLOSURE

The funds' investments in fixed income and equity securities are exposed to the following risks, a change in any of which may result in a change in the Net Asset Value per Unit.

Market Risk, the risk that the value of an investment will decrease due to movements in market factors, specifically, the following market risk factors:

*** Interest Rate Risk.** This refers to the volatility of bond prices that result from changes in interest rates. If bonds are purchased and interest rates subsequently rise, then the market prices of the purchased bonds will decline.

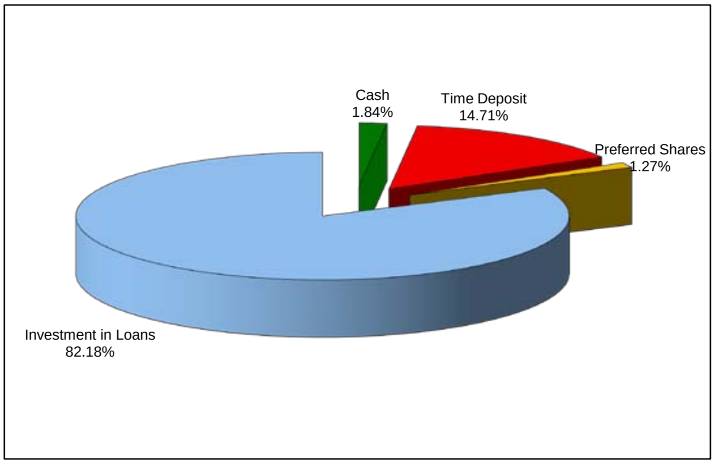
Liquidity Risk. The risk stemming from the lack of marketability of an investment that cannot be sold quickly enough to prevent or minimize a loss.

Credit/Default Risk. This refers to the "creditworthiness" of the bond issuer or its expected ability to pay interest and repay its debt.

Call/Prepayment Risk. The possibility that a bond will be called away from the investors or will be prepaid by the issuer before its maturiy date. This usually happens when interest rates drop and the issuer has an opportunity to borrow money at a lower rate than the one currently being paid. As a consequence, the bondholder will not receive any more interest payments from the investment and may be forced to reinvest his money at lower rates.

Reinvestment Risk. This is defined as the risk of having lower returns or earnings when maturing funds or the interest earnings of funds are reinvested.

PORTFOLIO ALLOCATION



Fixed Rate Instruments	Up to 1 year	Over 1 year to 5 years	Over 5 years
Cash	1.84%	-	-
Time Deposit	14.71%	-	-
Investment in Loans	9.88%	71.09%	1.21%
Preferred Shares	-	1.27%	

Weighted Maturity (years)	1.11
Portfolio Weighted Yield to Maturity per annum	8.47%

FUND MANAGER'S REPORT

For the month of November, the local bond yields ended with mixed results, with the short tenors rising by an average of 22 basis points while the medium and long rates fell by 7 bps and 2 bps, respectively.

Meanwhile, amid international volatility, particularly in Europe, the government rejected all bids for Treasury bills in an auction held last November 28 after investors tried to push rates up by an average of at least 100 basis points. According to Finance Undersecretary Gil Beltran, the government was in a strong cash position and could afford to reject bids. Had the Treasury accepted bids for the 91-day papers, the rate would have risen to 2.165%, up by 119 basis points from the 0.969% accepted at the November 14 auction. Likewise, rate for 182-day papers would have surged by 141 basis points to 2.614% from the 1.204% accepted at the previous auction, while that of the 364-day papers could have gone up by 180.1 basis points to 2.88% from the 1.079% accepted at the November 2 auction. Total bids reached only P9.12 billion, just slightly above the P9 billion offered by the government. This offer is low compared to the volume of bids in past auctions which often reached three times more than the debt program.

On the contrary, investors swamped the 10-year Treasury bonds in an auction held last November 22 given that the country's finances are stable. The 10-year T-bonds fetched an average rate of 5.75%. Total tenders reached P23.88 billion, almost thrice the planned debt sale of P9 billion. The government sold as planned.

As for the Cocolife Fixed Income Fund, Inc., it registered a positive year-to-date return of 6.48%.

In the coming weeks, investors are expected to be in an upbeat mood as the government continued to show strong fundamentals with a healthy external payments position, a sound fiscal position and a high liquidity level. Further, the market may be buoyed by the BSP's decision to keep its key its interest rates steady for the 5th consecutive meeting amid benign inflationary environment.

Historical performance is not a guarantee of future results. The Net Asset Value per Share (NAVPS) may go up or down depending on market fluctuations. Mutual Funds are not deposit products, and, as such, yields are not guaranteed.

October inflation rises to 5.2%, November inflation seen to rise anew. October inflation rose to 5.3% from 4.6% in September amid continued rise in food prices particularly vegetables and fish, which reflected the agricultural damages wrought by two powerful typhoons in late September and early October. This brings the country's year-to-date inflation at 4.8%, settling just at the higher end of the BSP's inflation target of 3-5% for the year 2011. Likewise, core inflation rose to 3.9% in October from 3.5% in September. Further, according to the BSP, inflation could pick up in November, falling within the range of 4.5-5.4% on the back of higher prices of electricity and commodities. However, full-year inflation could still fall within the central bank's 3-5% target for 2011.

BSP maintains policy rates and reserve requirement ratios. Despite the uptick in inflation rate last October, the BSP decided to keep the policy rates and reserve requirement ratios unchanged in a Monetary Board meeting held last December 01. The BSP's decision is due to slower-than-expected third quarter GDP growth and based on its assessment that the inflation outlook continues to be manageable, as the latest baseline forecasts indicate that the annual inflation rates for 2011 to 2013 are likely to fall within the 3-5% range. The overnight policy rates remained at 4.5% for lending and 6.5% for borrowing while the reserve requirement ratios were held at 21%. Nevertheless, the BSP will remain watchful of any remaining upside risks to inflation to ensure that monetary policy is still in line with price stability while being supportive of economic growth.

Government rejects bids for Treasury bills. The government rejected all bids for Treasury bills in the November 28 auction after investors tried to push rates up by an average of at least 100 basis points amid international volatility, particularly in Europe. Finance Undersecretary Gil Beltran said that the government was in a strong cash position and could afford to reject bids. Had the Treasury accepted bids for the 91-day papers, the rate would have risen to 2.165%, up by 119 basis points from the 0.969% accepted at the November 14 auction. Likewise, rate for 182-day papers would have surged by 141 basis points to 2.614% from the 1.204% accepted at the previous auction. While that of the 364-day papers could have gone up by 180.1 basis points to 2.88% from the 1.079% accepted at the November 2 auction. Further, according to Beltran, the auction showed poor investor appetite for government securities, offering only P9.12 billion—just above the P9 billion offered by the government. This is significantly low compared to the volume of bids in past auctions which often reached three times more than the debt program.

Investors swamp the 10-year bond auction. In an auction held last November 22, investors swamped the 10-year Treasury bonds which fetched an average rate of 5.75%. Total tenders amounted to P23.88 billion almost thrice the planned debt sale of P9 billion. The government sold as planned. The high demand for the papers was due to the country's stable fiscal position and expectations that inflation would remain manageable in the next two years.

Domestic liquidity growth decelerates in September. Domestic liquidity or M3 grew at a slower pace of 7.4% in September to P4.4 trillion from 9.4% in August on the back of sustained foreign capital inflow and remittances from overseas Filipinos. On a monthly basis, seasonally-adjusted M3 increased slightly from a revised growth of 1% in the previous month. Meanwhile, according to Governor Amando M. Tetangco Jr., the slowdown in money demand growth during the month reflects the impact of past monetary policy actions of the BSP in reducing liquidity in the financial system to manage potential inflation pressures. Too much money in the financial system can result in higher commodity prices.

GDP growth for 2nd quarter decelerates to 3.2%. The country's economy continued to decelerate, posting just a 3.2% growth in the third quarter of 2011 compared to the 7.3% honeymoon growth last year. Gains in service sector were not enough to offset slower growth in agricultural sector and a decline in construction activity from the much delayed implementation of the Public-Private Partnership program. The lower than expected growth was due also to the poor export performance in the third quarter which declined 13.1% year-on-year. The third quarter GDP is lower than the government's forecast of 3.8-4.8% and puts the growth for the first nine months of 2011 at 3.6%, below the government's revised target of 4.5-5.5% for this year. According to some analysts, the country's economy needs to grow by at least 6.9% in the last quarter for the government to achieve the lower end of the estimates for 2011. Given the sluggish growth in the third quarter, the Development Bank of Singapore (DBS) believes that the government's revised target is out of reach and expects that the country's economy to grow by only 3.6% this year. However, President Aquino remains optimistic that the growth targets for 2011 and 2012 are still achievable.

Balance of payments surplus declines to $208 million in October. The October balance of payments (BOP) surplus plunged to $208 million, down by 71% from the $719 million recorded in September and 92.4% from $2.736 billion in October last year due to the swelling trade deficit and the debt problems in Europe which reduced the inflows of foreign capital into the country. However, despite a sharp decline in the October figure, the BOP surplus stood at $9.929 billion in the first ten months of the year, 8.2% higher than the $9.179 billion surplus recorded in the same period last year. Full year BOP target of $6.7 billion has already been breached. In line with this, the BSP is reviewing its current forecast and may revise it upward.

Imports up by 11.7% in September. Data from the National Statistics Office showed that imports posted a double-digit growth in September, the fastest growth in five months, up by 11.7% to $5.13 billion from $4.60 billion a year ago. On a monthly basis, imports also went up by 4.3% from the $4.93 billion registered in August. Meanwhile, the manufacturing sector's 1.2% growth in September was its slowest in three months and much lower than September 2010's 15.7%. Japan was the top source of shipments for September, accounting for $627.43 million worth of imports-up by 12.8% from the $556.04 million reported in the same month last year. Other top import sources were the United States, China, Singapore, Saudi Arabia, Thailand, South Korea and Taiwan

September Exports slump the most since 2009. The country's export earnings in September plummeted 27.4% to $3.876 billion from $5.341 billion recorded in the same period last year, the steepest decline since April 2009 due largely to the 47.9% drop in shipments of electronic and semiconductor products amid weak demand from the United States and Europe. Further, on a monthly basis, exports fell by 6% from $4.123 billion in August. Further, on a monthly basis, exports fell by 6% from $4.123 billion in August. Also, year-to-date exports are now down by 3.1% to $37.185 billion from $38.362 billion recorded in the same period in 2010. Meanwhile, despite the overseas decline in electronic products, most export products continued to grow such as garment wears, woodcraft and furniture and agro-based products. Still, these increases were not enough to offset the drop in sales of electronic and semiconductor products in September with revenues dropping to $3.87 billion from $5.34 billion recorded in the same period last year.

OFW remittances reach $14.8 billion in nine months. Despite global uncertainties, remittances from overseas Filipino workers grew by 8.4% in September to $1.74 billion. For the first nine months of the year, cumulative remittances rose by 7.1% to $14.8 billion compared to the $13.78 billion posted in the same period last year. The sustained growth in remittances may be attributed to the continued strong demand for Filipino workers in various parts of the world as well as the wider remittance network of banks and financial institutions. Data from the Philippine Overseas Employment Administration (POEA) showed an increase of 4.5% in the number of processed job orders for land-based workers while those of sea-based workers increased by 5.5%. These data on job orders abroad provide support for a stable outlook on the growth of remittances in the last quarter of 2011. Further, BSP officials believe that OFW remittances are likely to exceed the P20.1-billion target for this year.

400,000 Filipino seafarers deployment seen by year-end. Based on the projections of the Philippine manning industry, 400,000 Filipino seafarers may be deployed worldwide by the end of 2011 despite the financial crisis affecting European economies. The projected seafarers' deployment would have an expected foreign currency remittance of about $4 billion to the country's economy. The Department of Labor Employment (DOLE) and other overseas shipping agencies are working together to preserve the sector's achievement as the top supplier of seafarers to the world's merchant marine fleet.

GIR bounces back in October. After a slight drop in previous month, the country's gross international reserves (GIR) stood at $75.8 billion as of end-October 2011, higher by $0.6 billion compared to the end-September 2011 GIR of $75.2 billion. This was brought about by foreign exchange operations and income from investments abroad of the BSP as well as revaluation gains on its gold holdings. Year-on-year, the GIR grew by 32.6% from $57.1 billion posted in the same period last year. Further, the current level of GIR was sufficient to cover 11.2 months worth of imports of goods, payments of services, income and corresponds to 10.6 times the country's short-term external debt based on original maturity and 6.4 times based on residual maturity.

Government posts P21.3 billion budget deficit in October. The government recorded a budget deficit of P21.257 billion in October, higher by 102% compared to the P10.514 billion deficit incurred in the same month last year and 12.87% higher year-on-year. Still, the cumulative deficit totaled only P74.251 billion for the year, significantly narrower than the P270 billion recorded in the same period of 2010 and way below the revised deficit forecast of P260 billion for 2011 attributed to the improved collections from different government agencies.

FDI inflows down 19.2% in 8 months. Investors continued to ignore the solid macroeconomic fundamentals of the country as foreign direct investment inflows declined by 19.2% in the first eight months of the year amid economic slowdown in the US as well as the debt crisis in Europe. Year-to-date, net FDI inflows through August 2011 reached $810 million, $192 million lower than the $1.002 billion net inflows recorded in the comparable period last year. For the month of August alone, net FDI inflows fell 55% to $50 million from $111 million in the same month last year. The decline was due to the 51% drop in reinvested earnings and capital other than equity as foreign investors remained cautious due to the global developments. Bulk of the investments came from the U.S., Japan, Hong Kong, South Korea, and Singapore and was channeled mainly to real estate, manufacturing, mining and quarrying, utilities, and wholesale and retail trade sectors.

"Hot Money" inflows plunge 78.2% in October. Foreign portfolio investments, also known as "hot money" for the month of October yielded net inflows of $237 million, 58.6% higher than the $150 million level for September 2011. The ten-month tally of $3.4 billion was also 37.3% better compared to last year but 78.2% lower than the 1.1 billion recorded in the same month last year as investors remained jittery due to the lingering debt crisis in Europe and the economic uncertainty in the US. October's transactions included investments relating to the initial public offering of Puregold Price Club, Inc. (PGOLD) shares. Still, combined investments in PSE-listed securities and Peso GS of $849 million were much lower than the $1.3 billion level last month and $1.7 billion in October last year amid global financial crisis.

Peso closed at 43.64, 2.39% weaker than previous month. For the eleventh month of the year, the local currency closed at 43.64 against the greenback, or 2.39% higher than the previous month's close of 42.62. The peso has been depreciating against the dollar amid risk aversion by market players given the unresolved Eurozone debt crisis. Investors continued to pull out their investments from the region and either hold on to cash or invest in US Treasuries.