COCOLIFE

December 2025

PESO BOND FUND

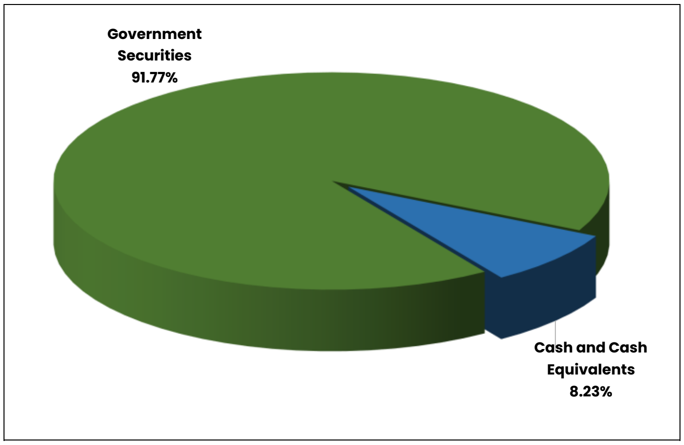
INVESTMENT OBJECTIVE

The Peso Bond Fund 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 high-grade bonds and evidences of debts of solvent corporations and institutions.

KEY FIGURES

NAVPU as of December 29, 2025	1.3686	**Domicile**	Republic of the Philippines
Inception Date	March 2014	**Fund Currency**	Philippine Peso
Fund Classification	Bond Fund		

PORTFOLIO COMPOSITION



HISTORICAL PERFORMANCE

December 29, 2025

NAVPU 1.3686	Year-to-date Return 5.33%	
	Annual Return	**Cumulative Return**
One-year	5.33%	5.33%
Three-year	5.04%	15.89%
Five-year	1.98%	10.30%

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.

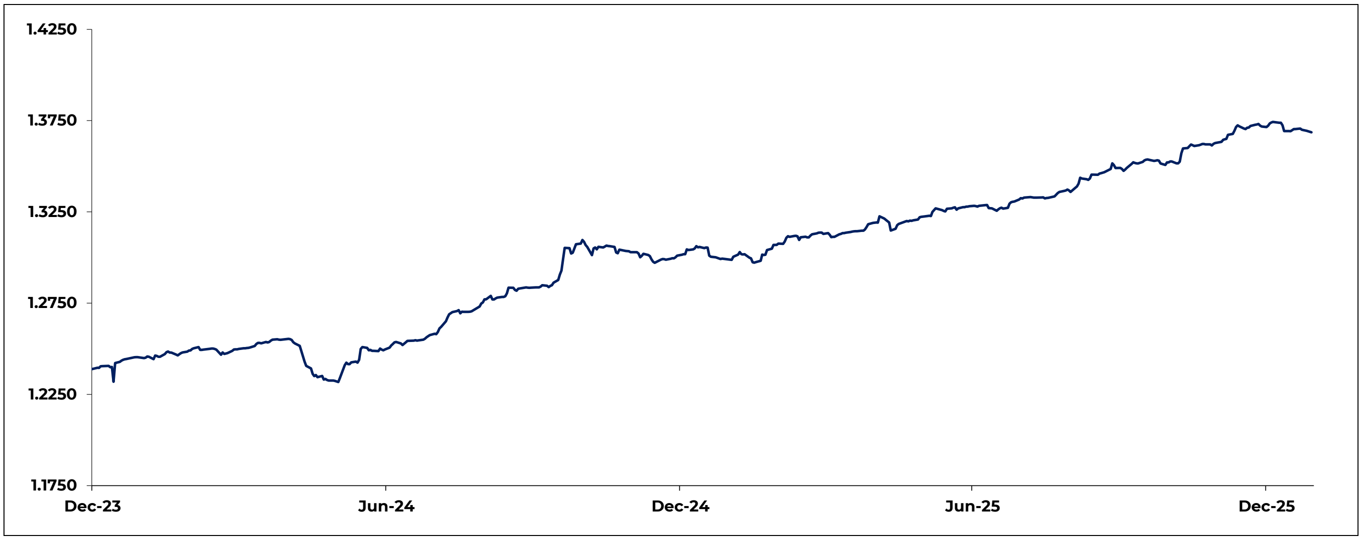
Throughout the month, the BTr raised a total of P67 billion worth of Treasury bills (T-bills) as demand for fixed-income securities picked up given the dovish outlook. The Bureau fully awarded its auctioned Treasury bills (T-bills) last December 15, raising a total of P20 billion as tenders surged to 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



DISCLAIMER: Historical performance is not indicative of future results. The price per unit may go up or down depending on market fluctuations. The Fund is NOT a deposit product, and, as such, yields are NOT guaranteed. The performance of the fund is reflected by the Net Asset Value (NAV) computed at the end of each business day.

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