February 2026

PESO BOND FUND

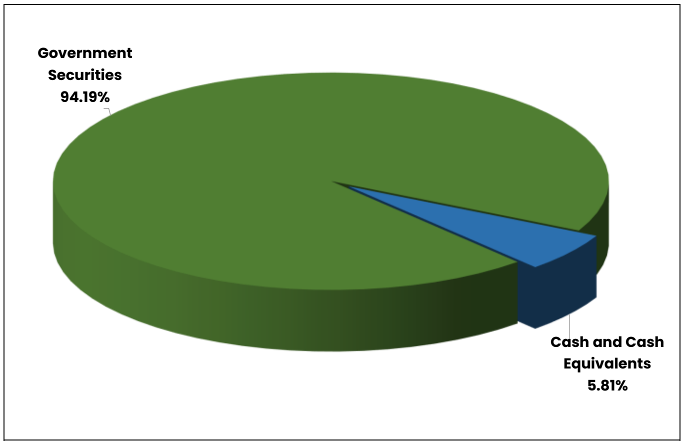
INVESTMENT OBJECTIVE

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 February 27, 2026	**1.3859**	**Domicile**	Republic of the Philippines
Inception Date	March 2014	**Fund Currency**	Philippine Peso
Fund Classification	Bond Fund		

PORTFOLIO COMPOSITION



HISTORICAL PERFORMANCE

February 27, 2026

NAVPU 1.3859	Year-to-date Return 1.26%	
	Annual Return	**Cumulative Return**
One-year	**5.56%**	**5.56%**
Three-year	**4.76%**	**14.96%**
Five-year	**2.63%**	**13.84%**

MARKET RECAP AND OUTLOOK

Local bond yields, on average, declined by 22 basis points (bps) versus end-2025 levels in February, marked by a general downward trend across almost all tenors, reflecting rising bond prices. Peso bonds delivered a resilient performance during the month, characterized by falling yields and rising prices across most tenors. A primary domestic catalyst was the Bangko Sentral ng Pilipinas (BSP) decision to cut its target reverse repurchase rate by 25 basis points to 4.25% during its February 19 meeting. This move was fueled by lower-than-expected GDP growth in the final quarter of 2025 and a manageable January inflation print of 2.0%. While local demand remained robust, the market also navigated external pressures, including a strengthening US dollar and volatile US Treasury yields as investors weighed a cooling US labor market against the prospect of "sticky" global inflation.

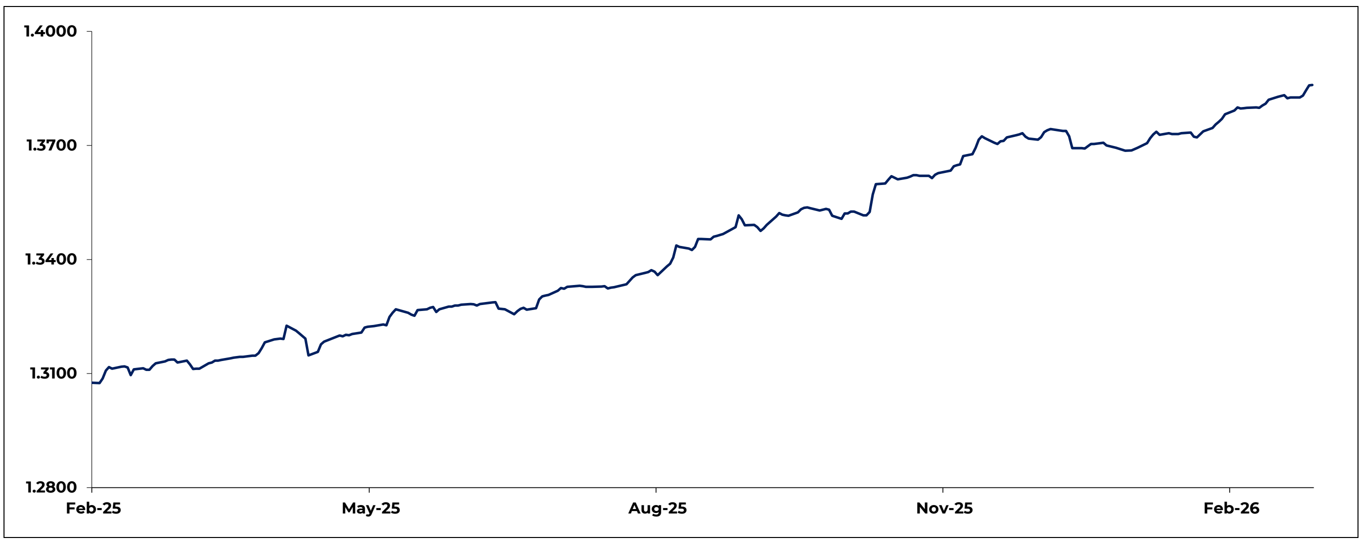
Throughout the month, the Bureau of the Treasury (BTr) raised a total of P151.2 billion worth of Treasury bills (T-bills) as demand for fixed-income securities picked up despite the cautious dovish outlook. The Bureau fully awarded its auctioned T-bills on February 26, raising P37.8 billion as tenders surged to P96.82 billion. For the 91-day T-bills, the average rate for the awarded securities was 4.2400%, with P12.60 billion awarded. The 182-day T-bills were awarded at an average rate of 4.3570%, with P12.60 billion awarded. Lastly, the 364-day T-bills fetched an average rate of 4.5010%, with P12.60 billion awarded.

The BTr's bond auction in February resulted in P212.07 billion in funds raised, as the strong influx in demand allowed the Treasury to offer in bulk volume. In its latest sale on February 24, the Treasury raised P25 billion from the offered 7-year reissued bonds with a remaining maturity of 2.5 years. Demand for these bonds was strong at P46.26 billion, exceeding the original offered P25 billion, with rates averaging 5.2960%.

Meanwhile, the BSP's offering of its Term Deposit Facility (TDF) accumulated P397.44 billion from auctions during the month. On February 25, the weekly TDF auction concluded with P90 billion raised from the offered 7-day TDF at a weighted average accepted yield of 4.2404%. Throughout February, the central bank did not offer 14-day securities.

The outlook for March 2026 suggests a period of consolidation with a slight upward bias for yields. While the BSP's easing cycle has provided a tailwind, the central bank's recent forecast that February inflation could accelerate to between 2.3% and 3.1%—driven by higher rice, fuel, and electricity costs—may limit further price appreciation. Investors are likely to engage in profit-taking as the market assesses whether the BSP is nearing the end of its rate-cutting phase. Additionally, the "low base effect" from 2025 is expected to make year-on-year inflation figures appear higher in the coming months, potentially steepening the yield curve. Market participants should keep a close eye on the March inflation announcement and the Fed's policy signals, as these will determine whether the peso bond market can maintain its bullish momentum or shifts toward a defensive, range-bound trade.

FUND PERFORMANCE



COCOLIFE Bldg., 6807 Ayala Avenue, Makati City 1226 MCC PO Box 1681

Trunk line: (632) 8-812-9015 to 58 **Customer Care Center: (632) 8-810-7888** **Email: customer_service@cocolife.com** **Website: www.cocolife.com**