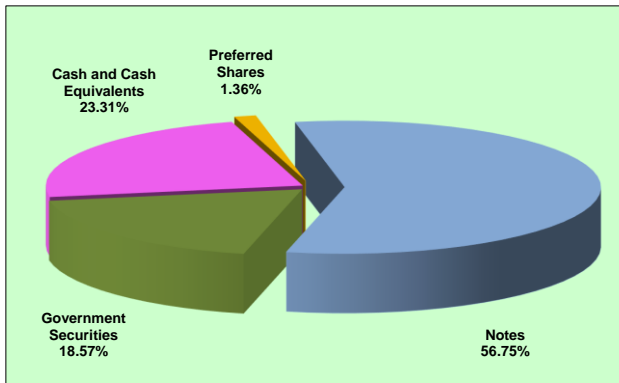


Cocolife Fixed Income Fund, Inc. is an income-oriented mutual fund, which seeks to generate regular interest income, consistent with its policy to preserve capital and to maintain liquidity of its investments through a diversified portfolio of corporate bonds, government securities and other fixed income instruments.

FUND FACTS AND FIGURES

Launch Date	2003
Structure	Mutual Fund
Domicile	Republic of the Philippines
Currency	Philippine Peso
Minimum Initial Investment	Php 1,000.00
Minimum Additional Investment	Php 500.00
Sales Load	2% of the NAVPS
Redemption Fee	3.5% of NAVPS
< 1 year from purchase date	
Fund Manager	Cocolife Asset Management Co., Inc.
Custodian Bank	UCPB-TBD
Transfer Agent	UCPB-TBD
External Auditor	Punongbayan & Araullo

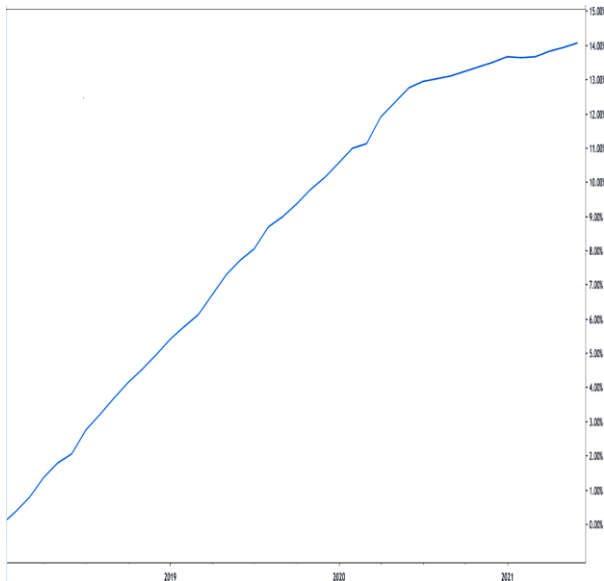
PORTFOLIO ALLOCATION



Fixed Rate Instruments	Up to 1 year	Over 1 year to 5 years	Over 5 years
Cash and Cash Equivalents	23.31%		
Notes	34.60%	22.16%	
Government Securities		18.57%	
Preferred Shares	1.36%		

Remaining Maturity (years) 0.71

FUND PERFORMANCE



NAVPS 6/30/2021	Year-to-Date Return
3.2289	0.42%

	Compounded Annual Return	Cumulative Return
One-year	1.16%	1.16%
Three-year	3.78%	11.77%
Five-year	4.31%	23.46%

Figures above were based on the fund's actual returns as of June 30, 2021. Note, however, that historical performance is not a guarantee of future results.

FUND MANAGER'S REPORT

For the month of June, local bond yields plunged by 16 basis points (bps), trailing a downward trend for a third consecutive month. Albeit yields curtailing towards the negative territory, bonds continued to outgrow previous levels concluding the first half of the year with an upside of 40 bps from recorded end-2020 yields. The market remained fazed by the recurring threat of the pandemic. With the economy still struggling to recover from the COVID-19 hysteria and haggling for both the delivery and rollout of the vaccines, the investment façade stayed muted amidst lackluster positive catalysts at ground. The resolution of the local central bank was not sufficient to dispel further dismal response among traders and uplift confidence. During the June Monetary Board meeting, the Bangko Sentral ng Pilipinas (BSP) kept its key interest rate at a record low for a fifth straight meeting as it vowed to maintain an accommodative stance to support economic recovery. The BSP left the rate on the overnight reverse repurchase facility at 2%, widely expected by most economic analysts in the country. Although, BSP Governor Benjamin Diokno cited the Monetary Board also observed that economic activity has improved but the overall momentum of the economic recovery remains tentative as the threat of COVID-19 infections continues. The central bank reiterated its support for the Philippine economy "for as long as necessary to ensure its strong and sustainable recovery".

The Bureau of Treasury (BTr) fully awarded its Treasury bonds (T-bonds) auctions for June. The BTr has been prudent in its debt securities' issuance, culminating in a weekly sale to shore up bigger funds. The government borrowed P35 billion last June 1 via its reissued 25-year T-bonds as bids reached P62 billion. As such, the securities fetched an average rate of 5.0840%. The agency also raised another P35 billion for the reissuance of its seven-year T-bonds last June 8. Tenders reached P84 billion and in turn, the T-bonds fetched an average rate of 3.6850% alongside opening a tap facility to offer another P7 billion. Meanwhile, the Treasury borrowed P35 billion for the reissued 10-year T-bonds last June 15, with bids reaching P85 billion. The debt papers, consequently, fetched an average rate of 3.7190%. For June 22, the BTr sapped P35 billion for another 10-year reissuance along total bids of P65 billion. Accordingly, the 10-year bonds fetched an average rate of 3.1850% while also launching a tap facility to raise another P5 billion for the debt papers. Lastly, the BTr raised P35 billion via the reissued 20-year T-bonds amid tenders of P65 billion, to clock an average rate of 4.1870%.

The BTr made a full award on the auction of its Treasury bills (T-bills) last June 29, borrowing P15 billion as total bids settled at P54 billion. Broken down, the Treasury awarded P5 billion in 91-day debt papers following bids for the tenor reached P20 billion. Accordingly, the three-month T-bills fetched an average rate of 1.0310%. The government, likewise, borrowed P5 billion from the 182-day T-bills after the bids sapped hit P18 billion. Consequently, the average rate of the six-month papers settled at an average yield of 1.3320%. As for the 364-day securities, the BTr awarded P5 billion as the tenor attracted tenders worth P16 billion. The one-year papers were quoted at 1.5620%.

Meanwhile, the BSP fully awarded the sale of its term deposit facilities (TDFs) last June 30. Total bids for the debt notes amounted to P653 billion, above the P530 billion on offer. Broken down, demand for the one-week papers stood at P208 billion, well above the P140 billion auction volume. The average rate of the seven-day term deposits settled at 1.7261%. Meanwhile, tenders for the 14-day papers amounted to P445 billion, surpassing the P390-billion offering. With this, the two-week paper's average rate was recorded at 1.8114%. On the other hand, the central bank raised P100 billion last June 25 as bids reached P136 billion. Accordingly, the bills fetched an average rate of 1.8158%.

As the third quarter commences, traders may still feel jittery towards traversing the local investment façade while digesting fresh leads in the economy as well as the developments in the country's COVID-19 response. The release of the June inflation rate at 4.1% could be warmly welcomed as it showcased a potential downtrend of prices amidst the start of the rainy season. This benign environment, coinciding with the benevolent interest rate path of the BSP could favor investors, ensuing better trading activities in the near-term future. With the dovish stance of the local policymakers expected to remain for the rest of the year, we believe locals could curb away from their restrained mindset and relive positivity towards the investment front.

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. 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.

Inflation eases to 4.1% in June. According to the Philippine Statistics Authority (PSA), the country's inflation rate grew by 4.1%, slower than the 4.5% recorded last May. The latest figure, although settling at a slower pace, is still above the 2% to 4% target band of government. Analysts cited the prices of basic goods increased at a slower pace in June, giving some purchasing power for Filipinos amid the pandemic-induced recession. This was slightly offset by the higher power rates and the peso's slightly weaker performance which put upward pressures on inflation. Accordingly, the first semester concluded with average inflation of 4.4%.

International agencies downplay PH GDP outlooks. The World Bank (WB) has further slashed its growth outlook for the Philippines to 4.7% this year, even as the multilateral lender remained optimistic that the ongoing mass inoculation against COVID-19 would allow consumer spending and businesses to rebound in the near term. The World Bank's latest gross domestic product (GDP) growth forecast for 2021 was not only a downgrade from the 5.5% projection in March but also way below the government's downscaled target range of 6.0-7.0%. Nevertheless, World Bank senior economist Kevin Chua was optimistic that progress on the nationwide vaccination program, especially expectations of faster rollout during the second half of 2021, would boost the confidence level of businesses as well as consumers. He added that this would allow a 5.9% GDP growth in 2022 and a faster 6.0% in 2023. Meanwhile, the International Monetary Fund (IMF) sharply cut its growth forecast for the Philippines this year, after a fresh wave of COVID-19 infections slowed the economy's recovery. The Philippine economy is now forecasted to grow by 5.4% this year, lower than its previous 6.9% projection. The lender's new growth projection is also less optimistic than the 6-7% target set by the government for this year. On the other hand, for next year, the IMF raised its GDP forecast to 7% from the previous projection of 6.5%. The IMF also expects inflation to reach 4.2% this year, beyond the 2-4% target and the 3.9% forecast of the Bangko Sentral ng Pilipinas (BSP).

BSP keeps policy rate at a record low. The BSP kept its key interest rate at a record low for a fifth straight meeting, as it vowed to maintain an accommodative stance to support economic recovery. The BSP left the rate on the overnight reverse repurchase facility at 2%, widely expected by most economic analysts in the country. Interest rates on the overnight deposit and lending facilities were also kept at 1.5% and 2.5%, respectively. BSP Governor Benjamin Diokno cited the Monetary Board also observed that economic activity has improved in recent weeks, but the overall momentum of the economic recovery remains tentative as the threat of COVID-19 infections continues. The central bank reiterated its support for the Philippine economy "for as long as necessary to ensure its strong and sustainable recovery". Meanwhile, BSP Deputy Governor Francisco Dakila said the central bank raised the inflation outlook for this year to 4%, from the previous forecast of 3.9%, matching the upper end of the BSP's 2-4% target. If realized, this would be much faster than 2.6% in 2020.

May unemployment rate falls as lockdown curbs ease. According to the PSA, the country's unemployment rate improved in May as the ranks of unemployed and underemployed Filipinos fell after lockdown curbs were eased. The preliminary results of the May 2021 round of the Labor Force Survey put the country's unemployment rate at 7.7%, down from the 8.7% recorded in April. This was the second-lowest unemployment rate recorded since the start of the year, following the 7.1% posted in March. This was equivalent to 3.730 million jobless Filipinos in May, down from 4.138 million in April. Meanwhile, the size of the labor force was approximately 48.446 million in May, up from 47.407 million in April. This brought the labor force participation rate to 64.6% of the country's working-age population in May from 63.2% the previous month.

Money supply jumps by 4.7% in May. The country's money supply grew by 4.7% year on year to P14.3 trillion in May. This latest reading would register a slower pace than the 5.2% in April. The BSP said domestic claims in May rose by 2.6% from the 1.9% in April, due mainly to the expansion in net claims on the central government although it has noted that bank lending to the private sector remained tepid. On a monthly basis, Month on month, the country's domestic liquidity inched up just by 0.3%.

Net exports widen in April. Exports went up by 72.1% year on year to \$5.71 billion in April, compared with a revised 33.3% expansion in March and a 41.3% decline in April 2020. Meanwhile, imports grew by 140.9% to \$8.45 billion versus the 22% year-on-year expansion in March and the 62.9% decline in April last year. For the same four-month period, exports and imports grew by an annual 19% (to \$23.37 billion) and 21.9% (to \$34.46 billion), respectively. These surpassed the Development Budget Coordination Committee's revised growth targets for exports and imports at 8% and 12% for the year. Accordingly, the trade balance swung to a deficit that stood at \$2.73 billion in April. This was a tad smaller than the \$2.75-billion shortfall in March but was bigger than the \$187.10-million gap in April 2020. Year to date, the trade balance widened to an \$11.09-billion deficit, from the \$8.64-billion trade gap in 2020's comparable four months.

Remittances grow to its fastest since 2016. Remittances rose to \$2.305 billion in April from \$2.046 billion a year earlier, earmarking the fastest since November 2016 and reflecting the global economic recovery amid a coronavirus pandemic. The remittance growth in April came from a low base in April last year, when cash remittances fell by 16.2% as migrant workers lost their jobs amid a coronavirus lockdown in many countries. Year-to-date, remittances have risen by 4.8% to \$9.898 billion from a year earlier.

Dollar reserves dip in May. The country's gross international reserves (GIR) declined by 0.67% to \$106.978 billion in May, from the \$107.705 billion lodged in April. However, this was 14.7% higher than the \$93.288 billion in foreign exchange buffers recorded in May 2020. The month-on-month decrease in the latest GIR level reflected outflows mainly from the foreign currency withdrawals of the national government from its deposits with the BSP to pay its foreign currency debt obligations and various expenditures. The Philippine dollar reserves are enough to cover 12.2 months' worth of imports of goods and payments of services and primary income.

May budget deficit narrows to P200B. The country's fiscal balance settled at a deficit in May despite the double-digit surge in revenues outpaced spending on base effects. The Treasury reported fiscal gap fell by 1% to P200.30 billion in May from P202.10 billion a year ago. However, this was nearly five times larger than the P44.00 billion deficit in April. The government has been running on a budget deficit as it spends more than the revenues it generates to boost growth. It borrows from local and foreign lenders to plug this fiscal gap that started to widen since last year after the pandemic-induced recession pulled down tax collections and bloated spending. Year to date, the budget deficit edged up by 0.7% to P566.2 billion in the five months to May.

Balance of payments back to deficit. The Philippines' balance of payments (BoP) position swung to a deficit of \$1.39 billion in May, as the government repaid some of its foreign debt obligations. The latest reading was a reversal from the \$2.43-billion surplus in May 2020 and the \$2.614-billion surplus in April. Markedly, May's deficit is also the biggest since the \$2.019-billion shortfall in February.

FDI inflows more than double in March. Foreign direct investments (FDI) surged in March, largely due to the low base effect from last year's slump as well as an improvement in investor sentiment. According to the BSP, FDI inflows in March more than doubled to \$808 million from \$337 million in the same month last year. March FDI inflows were also a third bigger than the \$608 million in February, but 16% smaller than the \$961 million in January. As such, this helped fuel a 45% rise in first-quarter FDI inflows to \$2.377 billion, from \$1.638 billion in the same period of 2020.

\$417-M in 'hot money' entered PHL in May. Foreign portfolio investments, also known as 'hot money', yielded a net inflow in May, reflecting renewed optimism in the local economy as restriction measures were gradually lifted during the month. Hot money posted a net inflow of \$416.74 million in May, a turnaround from the \$1.01 billion in net outflow in the same month of 2020 as well as the \$373.95 million in net outflow logged in April. For the first five months of 2021, hot money posted a net outflow of \$441 million, dropping by 85.8% from the \$3.1 billion in the same period of 2020.

Peso ends June with a slight beating. The Philippine peso closed at P48.80/dollar last June 30, slumping after earmarking its best reading in May. The peso fell to a crippling bloodbath alongside the lackluster positive catalysts at home. The peso retreated further as players remained cautious after the US Federal Reserve hinted at a possible tightening of its easy monetary policy. Markedly, the downward trend of the local currency is still imminent albeit the government eased quarantine restrictions in Metro Manila and nearby provinces for the rest of the month as the menace being prompted by the Delta variant of the COVID-19 spoiled investors' appetite. More so, the souring bets towards the local currency stemmed from the confidence towards the greenback, engaging with the more flourishing economy amidst hopes for an earlier rebound in the year. In turn, the local currency ended June on the negative territory after months of momentum buildup and flirting within the P47/\$ level. Of which, the peso recorded a downside of 1.62% from end-2020's close of P48.02/\$.