

FUND OVERVIEW

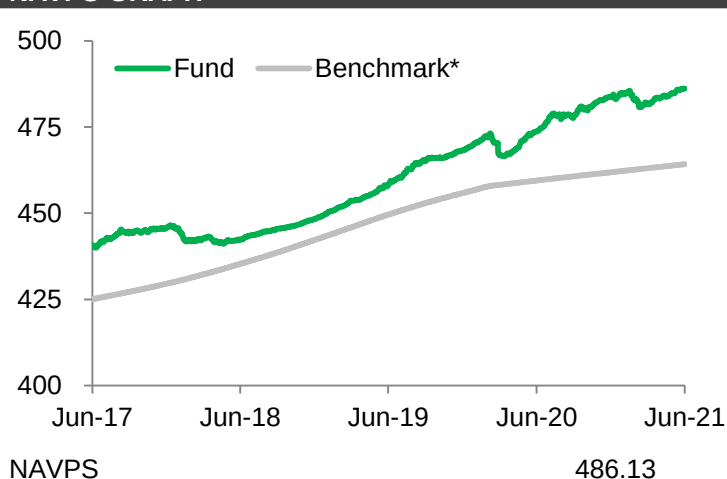
The Fund aims to achieve capital preservation through a steady stream of income by investing in a diversified portfolio of fixed income instruments issued by foreign and local entities.

The fund is suitable for investors who:

- Are at least classified as **moderately aggressive** based on their risk profile.
- Have an investment horizon of up **at least three (3) years**.

FUND FACTS

Classification:	Medium-Term Bond Fund
Launch Date:	February 5, 2002
Dealing Day:	Daily up to 12:00 PM
Minimum Investment:	USD 500.00 ¹
Min. Subsequent Order:	USD 100.00 ¹
Minimum Holding Period:	180 calendar days
Redemption Settlement:	T+0 End-of-Day
Early Redemption Charge:	1.00%
Total Management Fee²:	1.25% per annum
Total Fund NAV (Mn) :	USD 288.63

FUND PERFORMANCE AND STATISTICS *(Purely for reference purposes and is not a guarantee of future results)*
NAVPS GRAPH

CUMULATIVE PERFORMANCE (%) ³

	1 mo	6 mos	1 YR	3 YRS	5 YRS	S.I. ⁴
Fund	0.27	0.47	2.59	9.89	11.70	113.68
Benchmark	0.09	0.51	1.06	6.59	10.61	47.05

ANNUALIZED PERFORMANCE (%) ³

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. ⁴
Fund	2.59	3.02	3.19	2.50	2.24	3.99
Benchmark	1.06	1.63	2.15	2.19	2.04	2.01

CALENDAR YEAR PERFORMANCE(%) ³

	YTD	2020	2019	2018	2017	2016
Fund	0.47	3.34	4.45	0.55	3.15	3.29
Benchmark	0.51	1.37	3.09	2.94	1.93	1.30

BENCHMARK

3-month US Treasury bill plus 1.00%

STATISTICS

Weighted Ave Duration (Yrs)	4.53
Volatility, Past 1 Year (%) ⁵	0.83
Sharpe Ratio ⁶	3.05
Information Ratio ⁷	1.84
Port. Weighted Yield to Maturity (%)	2.95
Number of Holdings	66

PORTFOLIO COMPOSITION

Allocation	% of Fund
Government	23.42
Corporates	61.41
Fixed Income Funds	9.71
Cash & Cash Equivalents ⁸	5.46

Asset Valuation

Marked-to-Market	31.88
Amortized Cost	68.12

Maturity Profile

Less than 1 year	19.06
1 – 3 years	22.01
3 – 5 years	17.91
More than 5 years	41.02

TOP HOLDINGS

Name	Maturity	%
Aboitiz Equity Ventures Bond	2030	6.93
Fixed Income Fund		6.50
AC Energy Bond	2022	5.00
First Pacific Bond	2027	4.44
Globe Telecom Bond	2030	3.73

¹Contribution rounded down/redemption rounded off to the nearest whole share. Mutual Fund shares do not issue fractional shares.

²Management, Distribution & Transfer Agency Fees

³Returns are net of fees.

⁴Since Inception.

⁵Measures the degree to which the Fund fluctuates vis-à-vis its average return over a period of time.

⁶Used to characterize how well the return of a Fund compensates the investor for the level of risk taken.

⁷Measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

⁸Includes time deposits, other receivables (accrued income, investment securities purchased, accrued expenses, etc.) Net of Liabilities⁸

Fund prospectus is available upon request through BPI Investment Management Inc. (BIMI), authorized distributors and sales agents.

- **THE MUTUAL FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORP. (PDIC).**
- **RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPS IS FOR ILLUSTRATION OF NAVPS MOVEMENTS/ FLUCTUATIONS ONLY.**
- **WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES WILL BE SOLELY FOR THE ACCOUNT OF THE CLIENT.**
- **THE FUND MANAGER IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE.**

OUTLOOK AND STRATEGY

Market Review. The 10-year benchmark US Treasuries fell 13 bps in June to 1.47%.

US headline inflation rose higher than expected at 5% year-on-year in May, while the core consumer price index measure (ex volatile food and energy components) rose 3.8% year-on-year. Core Personal Consumption Expenditures (PCE) inflation rose 3.4%. Markets seemed to overlook the rise in prices and supported the Fed's transitory view as the details showed the move higher was primarily driven by temporary factors like the rise in used and new cars prices and categories affected by the economic reopening like airlines and clothing. Nonfarm payrolls in the US rose 559,000 in May (vs 675k consensus). Although it is roughly twice as fast as the 278k increase in April, it was a disappointment for those expecting "+1mm jobs per month" as it most likely gives the Fed more time hold off on tapering.

In the FOMC meeting held last June 15-16, the US Federal Reserve kept the federal funds rate steady at 0-0.25% as expected. The FOMC's policy statement was largely unchanged but noted that the COVID 19 vaccination progress "will likely reduce the effects of the public health crisis on the economy." Median forecast for economic growth in 2020 was raised to 7.0% (from 6.5% in March) and median core PCE inflation raised to 3% for end-2021. Fed Chair Powell continues to reiterate that inflation is transitory and should drop back to their longer run goal of about 2% when the supply effects subside. Chair Powell has also stated that the FOMC has begun discussions on tapering its current USD 120 Bn per month asset purchases as the economy continues to show progress towards the Fed's goals, however there are still no specific details on how the tapering may be structured. The Fed's median dot now shows two 25 bp rate hikes by end 2023, as well as 7 out of 18 participants now projecting a rate hike by the end of 2022. Although more hawkish than expected, the June FOMC meeting continues to emphasize a patient response. Chair Powell stated in a testimony to Congress that they will not raise rates preemptively and will continue to support the economy for as long as it takes until complete recovery.

The Republic of the Philippines offered another round of USD denominated bonds on June 28, issuing USD 750 Mn of 10.5 year bonds with a 1.95% coupon and USD 2.25 Bn of 25 year bonds with a 3.20% coupon. Treasurer Rosalia de Leon stated that the bias towards the 25 year bond shows investors' belief of an imminent strong economic recovery for the country.

Fund Performance. The Fund returned 0.27% for the month, outperforming its benchmark by 18 basis points. Year-to-date, return amounted to 0.47%, underperforming its benchmark by 4 basis points.

Fund Strategy. The fund will maintain its current duration. Investors in the bond fund must be prepared to withstand short-term volatility as higher investment value is normally achieved over the medium- to long-term.