

FUND OVERVIEW

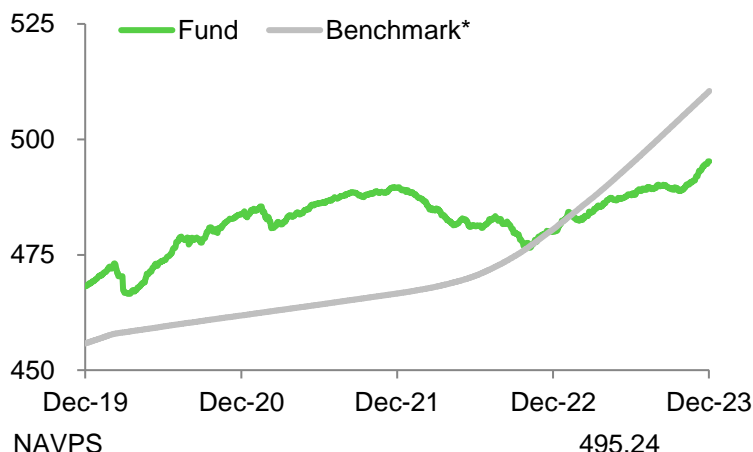
The Fund aims to achieve capital preservation through a steady stream of income by investing in a diversified portfolio of fixed income instruments issued by foreign and local entities.

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 2:00 PM
Minimum Investment:	USD 100.00 ¹
Min. Subsequent Order:	Equivalent amount of 1 share*
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 228.72

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	0.65	1.50	3.17	2.35	10.48	117.69
Benchmark	0.50	3.16	6.15	10.25	14.89	59.72

ANNUALIZED PERFORMANCE (%) ³

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. ⁴
Fund	3.17	0.57	0.78	1.41	2.01	3.61
Benchmark	6.15	4.50	3.30	2.79	2.81	2.16

CALENDAR YEAR PERFORMANCE(%) ³

	YTD	2022	2021	2020	2019	2018
Fund	3.17	-1.96	1.19	3.34	4.45	0.55
Benchmark	6.15	2.96	1.03	1.37	3.09	2.94

BENCHMARK

3-month US Treasury bill plus 1.00%

STATISTICS

Weighted Ave Duration (Yrs)	3.88
Volatility, Past 1 Year (%) ⁵	0.63
Sharpe Ratio ⁶	-3.16
Information Ratio ⁷	-4.47
Port. Weighted Yield to Maturity (%)	4.42
Number of Holdings	55

PORTFOLIO COMPOSITION

Allocation	% of Fund
Government	24.38
Corporates	70.98
Fixed Income Funds	3.00
Cash & Cash Equivalents ⁸	1.63

Asset Valuation

Marked-to-Market	22.33
Amortized Cost	77.67

Maturity Profile

Less than 1 year	23.19
1 – 3 years	11.68
3 – 5 years	10.48
More than 5 years	54.66

TOP HOLDINGS

Name	Maturity	%
Aboitiz Equity Ventures, Inc.	2030	8.50
Ayala Corporation	2071	7.20
First Pacific	2027	5.28
JG Summit Holdings	2030	4.88
Manila Water Corporation	2030	4.79

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 JP Morgan Asia Credit Index (JACI) Philippines rose by 8.98% in 2023 as Philippine dollar-denominated bonds tracked movements in US Treasuries.

Global bonds rallied once more after the US Federal Reserve (the Fed) concluded its Monetary Policy meeting for the month on a more dovish tone than expected. In line with market expectations, the Fed kept policy rates steady at 5.25%-5.50%, the third straight meeting it chose to do so. However, the Fed likewise signaled that it would potentially cut rates three times in 2024, based on projections released post-meeting. Policy officials nonetheless remained committed to the fight against inflation, which “has eased over the past year but remains elevated.”

US consumer inflation rose by 3.1% YoY for the month of November, in line with the consensus estimate and lower the previous month's 3.2%. Easing price pressures could be supportive of monetary policy easing down the line. Meanwhile, US GDP grew faster than expected for the third quarter of 2023, rising 5.2% YoY, the fastest pace in almost two years. Fed Chair Powell noted that there was currently little basis for a recession, though economic prospects for 2024 remained in question. Consequently, the 10-year US Treasury benchmark yield fell to as low as 3.85% for the month before ending 2023 just one basis point higher than end-2022 at 3.88%.

In the local space, inflation for the month of November fell to 4.1% year-on-year from the 4.9% print in October. The figure was well below market expectations (consensus estimate: +4.3% YoY) and was brought about by declining food and fuel prices. With easing inflation and mostly dovish rhetoric from global central banks, the BSP announced that it would hold policy rates steady during its last Monetary Policy Board meeting for the year. BSP Governor Eli Remolona nonetheless noted that the central bank would remain vigilant of its inflation target and would be ready to adjust policy rates as necessary.

Fund Performance. The Fund returned 0.65% for the month, outperforming its benchmark by 15 basis points. Year-to-date, return amounted to 3.17%, underperforming its benchmark by 298 basis points.

Fund Strategy. The fund manager is looking to gradually add duration to the portfolio. This is in light of signs that the Federal Reserve may be nearing the end of its rate hike cycle. 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.