

**FUND OVERVIEW**

The Fund aims to achieve a steady stream of income by investing in a diversified portfolio of Philippine Peso denominated high-grade fixed income instruments, such as, but not limited to, government securities, corporate notes and bonds, and fixed income funds.

The fund is suitable for investors who:

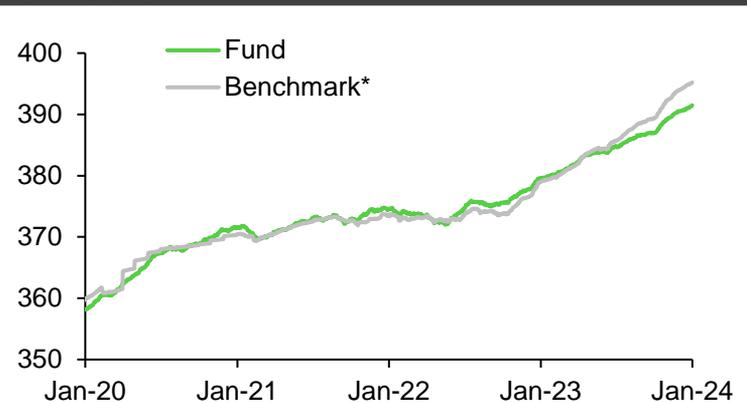
- Are at least classified as **moderately conservative** based on their risk profile.
- have an investment horizon of up **at least three (3) years**.

**FUND FACTS**

<b>Classification:</b>	Medium Term Bond Fund
<b>Launch Date:</b>	July 18, 1997
<b>Dealing Day:</b>	Daily up to 2:00 PM
<b>Minimum Investment:<sup>1</sup></b>	PHP 1,000.00
<b>Min. Subsequent Order:<sup>1</sup></b>	Equivalent amount of 1 share*
<b>Minimum Holding Period:</b>	90 calendar days
<b>Redemption Settlement:</b>	T+0 End-of-Day
<b>Early Redemption Charge:</b>	1.00%
<b>Total Management Fee:<sup>2</sup></b>	1.00% per annum
<b>Total Fund NAV (Mn) :</b>	PHP 36,431.83

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

**NAVPS GRAPH**



NAVPS 391.49

**STATISTICS**

Weighted Ave Duration (Yrs)	2.89
Volatility, Past 1 Year (%) <sup>5</sup>	0.33
Sharpe Ratio <sup>6</sup>	-3.96
Information Ratio <sup>7</sup>	-4.29
Port. Weighted Yield to Maturity (%)	4.39
Number of Holdings	89

**PORTFOLIO COMPOSITION**

Allocation	% of Fund
Government	37.02
Corporates	56.25
Fixed Income Funds	0.00
Cash & Cash Equivalents <sup>8</sup>	6.74

Asset Valuation	
Marked-to-Market	23.58
Amortized Cost	76.42

Maturity Profile	
Less than 1 year	21.46
1 – 3 years	21.43
3 – 5 years	33.06
More than 5 years	24.05

**CUMULATIVE PERFORMANCE (%) <sup>3</sup>**

	1 mo	6 mos	1 YR	3 YRS	5 YRS	S.I. <sup>4</sup>
<b>Fund</b>	0.25	1.71	3.12	5.36	13.51	291.49
<b>Benchmark</b>	0.32	2.46	4.28	6.69	14.88	218.58

**ANNUALIZED PERFORMANCE (%) <sup>3</sup>**

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. <sup>4</sup>
<b>Fund</b>	3.12	2.24	1.75	2.25	2.57	5.27
<b>Benchmark</b>	4.28	2.85	2.18	2.37	2.81	4.46

**CALENDAR YEAR PERFORMANCE (%) <sup>3</sup>**

	YTD	2023	2022	2021	2020	2019
<b>Fund</b>	0.25	3.38	0.91	0.88	3.71	4.20
<b>Benchmark</b>	0.32	4.65	0.94	0.75	2.90	5.43

**BENCHMARK**

75% of the 91-day Philippine Treasury Bill (net of tax) + 25% of the BPI Philippine Government 1-5 Year Index

**TOP HOLDINGS**

Name	Maturity	%
Retail Treasury Bond	2027	5.42
Fixed Rate Treasury Note	2032	4.12
Fixed Rate Treasury Note	2028	3.81
Ayala Corporation	2025	3.66
Aboitiz Equity Ventures Inc.	2027	3.29

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

<sup>2</sup>Management, Distribution & Transfer Agency Fees

<sup>3</sup>Returns are net of fees.

<sup>4</sup>Since Inception.

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

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

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

<sup>8</sup>Includes time deposits, other receivables (accrued income, investment securities purchased, accrued expenses, etc.) Net of Liabilities<sup>8</sup>

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 BPI Government Bond Index returned -0.18% in January as the local yield curve bear steepened, rising 13 basis points (bps) on average. Average daily trading volume for the month amounted to PHP20.98 billion higher than December's PHP15.48 billion with trades mostly seen on the long end of the curve.

The Bureau of the Treasury (BTr) held four FXTN auctions in January, all of which are new issuances. The 3-year FXTN 03-30, 5-year FXTN 05-78, 7-year FXTN 07-71, and 10-year FXTN 10-72 were priced at coupon rates of 6.000%, 6.125%, 6.125%, and 6.250%, respectively. In addition, with the tender bids reaching more than PHP100 million, the BTr offer tap issuances for the 7-year and 10-year papers, awarding PHP5 billion each.

In the local space, December headline inflation fell sharply to 3.9% year-on-year from previous month's 4.1%. Despite the December figure being the slowest print since February 2022, average inflation for 2023 concluded at 6%, which is still above the BSP's target range of 2% to 4%. The slowdown was mainly driven by easing inflation from most commodity groups such as housing, water, electricity, gas, and other fuels. Although price pressures are starting to ease, the BSP noted the unlikelihood of cutting policy rates for the first half of the year due to risks of supply shocks, consistent with the tones of the FED and other central banks.

**Fund Performance.** The Fund returned 0.25% for the month, underperforming its benchmark by 7 basis points. Year-to-date, return amounted to 0.25%, underperforming its benchmark by 7 basis points.

**Fund Strategy.** The fund manager is looking to gradually add duration since the BSP has decided to pause hiking rates in their last 2 policy rate meetings given the easing inflationary environment. 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.