

**Changes to the BPI Premium Bond Fund**  
*Frequently Asked Questions as of June 24, 2025*

**1. What will happen to the BPI Premium Bond Fund?**

Starting July 16, 2025, the investment strategy of BPI Premium Bond Fund (the “Fund”) will be changed to allow greater flexibility in duration management.

This includes updates to the Fund’s investment objective, policy, benchmark, duration, and risk profile as follows:

|                                 | <b>Current</b>  | <b>NEW</b><br><i>Effective July 16, 2025</i>  |
|---------------------------------|---|---|
| <b>Investment Objective</b>     | Capital appreciation and income through a diversified portfolio of primarily medium-term fixed income instruments | Capital appreciation and income growth through a diversified portfolio of Peso-denominated fixed income instruments |
| <b>Investment Policy</b>        | Primarily medium-term fixed-income instruments  | Short-term to long-term fixed-income instruments  |
| <b>Benchmark</b>                | BPI Philippine Government Bond 1-3 Year Index   | BPI Philippine Government Bond 1-5 Year Index   |
| <b>Modified Duration Policy</b> | Not more than 3 years   | Not more than 8 years   |
| <b>Risk Profile</b>             | Moderately Conservative   | Moderately Aggressive   |

A summary of the Plan Rules changes may be found in the Annex.

**2. What does “duration flexibility” mean in fixed income / bond funds?**

Duration is a way to understand how sensitive a bond or fund is to changes in interest rates. When interest rates move, duration helps estimate how much the value of the fund might change.

Flexible duration management means the fund manager can adjust how much the fund is affected by interest rate changes. This gives the fund manager the ability to shift between short-term and long-term investments depending on what’s happening in the market.

Having a wider range of duration options allows the fund manager to respond more quickly to changing conditions. It helps keep the Fund adaptable and aligned with the fund manager’s views and strategy, based on BPI Wealth’s outlook for the economy and interest rates.

**3. Why are these changes being made?**

These enhancements are designed to allow the fund manager to effectively respond to market developments and take advantage of opportunities in the local fixed income space. The goal is to help the Fund perform better over time while staying aligned with the Fund’s investment mandate.

**4. How will these changes affect the Fund’s risk profile?**

The Fund’s risk profile will be reclassified from Moderately Conservative to **Moderately Aggressive**, reflecting the broader duration range and more dynamic investment approach.

As an investor, this means that if your risk profile is Conservative or Moderately Conservative and you choose to keep your BPI Premium Bond Fund units, you may need to **accomplish a manual CSA waiver at a BPI branch if you agree to the additional risks** associated with the new mandate.

## 5. How will I be impacted by the Fund's change in risk profile?

The Fund's reclassification to a more aggressive risk profile may mean additional risks due to the potential longer bond duration of the portfolio and acceptance of higher price volatility.

Take this opportunity to revisit your Client Suitability Assessment ("CSA") especially if there have been recent changes to your personal circumstances, characteristics and preferences. This will also help determine if the Fund's new mandate continues to be aligned with your investment objectives and risk tolerance. Kindly refer to Question # 6 for a guide.

### **For Conservative or Moderately Conservative investors:**

- By July 16, 2025, you can only subscribe or set up a new Regular Subscription Plan ("RSP") for BPI Premium Bond Fund by visiting a BPI branch. Processing these transactions via BPI online or BPI app is currently limited to funds that match your risk profile, even if you previously accomplished a CSA waiver at a BPI branch.

## 6. How do I update my Client Suitability Assessment (CSA)?

If necessary, you may easily update your risk profile through any of the following options:

- **At a BPI branch:** Visit any BPI branch to retake the CSA manually. Our Certified UITF Sales Personnel will guide you through the risk profiling process and answer any questions you may have.
- **Via BPI online:** Follow these steps to update your CSA digitally:
  1. Log in to BPI online (<https://online.bpi.com.ph/>). CSA update is currently available via web only. If you are an existing BPI app user, you may need to scan the QR code on the website using your BPI app QR code scanner for further authentication.
  2. Click 'Invest' on the left menu.
  3. Under 'Risk Profile', choose 'Review' to view your current risk profile or 'Update' to immediately proceed with CSA retake.
  4. Select 'Unit Investment Trust Fund' as Account Type.
  5. Answer the questions and click 'Confirm' to submit.

Once completed, you will receive an email notification from BPI Online to confirm your submission.

## 7. I am not comfortable with these changes. What should I do?

If the changes do not align with your investment objectives or risk preferences, you may explore the following alternative BPI Investment Funds:

### **BPI Short Term Fund** (*Money Market Unit Investment Trust Fund*)

Best for conservative investors who prioritize liquidity and capital stability. The BPI Short Term Fund serves as an effective cash management tool, offering easy access to your money.

### **ALFM Peso Bond Fund** (*Fixed Income Mutual Fund*)

Suited for investors looking for a more conservative bond fund with steady return potential. The ALFM Peso Bond Fund invests in a mix of high-quality government and corporate fixed income instruments.

**NOTE:** Planning to switch to the ALFM Peso Bond Fund? Make sure you have a mutual fund account. Don't have one yet? **Opening a mutual fund account is easy through e-Invest.** Visit [bit.ly/BPIWealth\\_e-Invest](https://bit.ly/BPIWealth_e-Invest).

**ABF Philippines Bond Index Fund** (*Fixed Income Unit Investment Trust Fund*)

Ideal for investors with a longer investment horizon and who prefer a reliable investment option with low credit risk. The ABF Philippines Bond Index Fund offers a diversified exposure to Philippine government bonds.

You may visit <https://bit.ly/BPIUITFs> to view other UITF options. If you would like to switch to any of these alternatives, please ensure to shift your BPI Premium Bond Fund investment to your preferred outlet **before July 16, 2025**.

**8. Where can I get more information or assistance in assessing the suitability of the changes to my current requirements?**

For any questions and concerns about the changes, please do not hesitate to send us an email at [bpiwealth@bpi.com.ph](mailto:bpiwealth@bpi.com.ph) or call us at (+632) 889-10000

**Annex**  
**Summary of Changes to the Plan Rules of the BPI Premium Bond Fund**

| Plan Rules Section  | From  | To  |
|---|---|---|
| <b>Article I</b><br><b>Creation of the Trust</b>            | That, for the purpose of providing its trust clients with investment returns derived from a <b>diversified portfolio medium-term fixed income instruments</b> , pursuant to investment objectives and policies herein stipulated, the Trustee hereby establishes and declares itself as Trustee, and has created and shall administer a Unit Investment Trust Fund (UITF), a trust product, for the collective investment of funds held by it in such capacity, upon the terms and conditions hereinafter set forth.  | That, for the purpose of providing its trust clients with investment returns derived from a <b>diversified portfolio of fixed income instruments</b> , pursuant to investment objectives and policies herein stipulated, the Trustee hereby establishes and declares itself as Trustee, and has created and shall administer a Unit Investment Trust Fund (UITF), a trust product, for the collective investment of funds held by it in such capacity, upon the terms and conditions hereinafter set forth.   |
| <b>Investment Objective</b><br>Appendix, Section 1          | The Fund aims to achieve capital appreciation and income by investing in a diversified portfolio of primarily medium-term fixed income instruments. The Fund aims to provide excess return over the return of the BPI Philippine Government Bond 1-3 Year Index.  | The Fund aims to achieve capital appreciation and income growth in Philippine Peso terms by investing in a diversified portfolio of Peso-denominated fixed income instruments. The Fund aims to provide excess return over the return of the BPI Philippine Government Bond 1-5 Year Index.   |
| <b>Investment Policy</b><br>Appendix, Section 2 (a) and (b) | <p>(a) Primarily medium-term tradable fixed-income instruments issued or guaranteed by the Philippine government or the BSP; tradable fixed-income securities issued by the government of a foreign country, any political subdivision/agency of a foreign country or any supranational entity; tradable fixed-income instruments issued by foreign or local financial institutions or private corporations; exchange-listed securities; marketable instruments that are traded in an organized exchange; loans traded in an organized market; and, such other tradable investments outlets/ categories as the BSP may allow. xxx</p> <p>(b) Primarily medium-term tradable fixed-income instruments issued, underwritten, or otherwise dealt by BPI and/or any of its subsidiaries, affiliates, their successors-in-interest or assignees, their directors, officers, stockholders, and related interest, and any of their trust and fund managed accounts, under such terms and conditions as the Trustee may deem to be in the best interest of the Fund; and,</p> | <p>(a) Short-term to long-term tradable fixed-income instruments issued or guaranteed by the Philippine government or the BSP; tradable fixed-income securities issued by the government of a foreign country, any political subdivision/agency of a foreign country or any supranational entity; tradable fixed-income instruments issued by foreign or local financial institutions or private corporations; exchange-listed securities; marketable instruments that are traded in an organized exchange; loans traded in an organized market; and, such other tradable investments outlets/ categories as the BSP may allow. xxx</p> <p>(b) Short-term to long-term tradable fixed-income instruments issued, underwritten, or otherwise dealt by BPI and/or any of its subsidiaries, affiliates, their successors-in-interest or assignees, their directors, officers, stockholders, and related interest, and any of their trust and fund managed accounts, under such terms and conditions as the Trustee may deem to be in the best interest of the Fund; and, any such other instruments as</p> |

| <b>Plan Rules Section</b>   | <b>From</b>   | <b>To</b>   |
|---|---|---|
|   | any such other instruments as may be allowed under BSP regulations. Investment with related interests shall be in accordance with Section 414-Q of the MORNBFi; | may be allowed under BSP regulations. Investment with related interests shall be in accordance with Section 414-Q of the MORNBFi; |
| <b>Risk Profile</b><br>Article III. Sec. 1 and<br>Appendix, Section 5           | Moderately Conservative   | Moderately Aggressive   |
| <b>Benchmark</b><br>Appendix, Section 4   | BPI Philippine Government Bond 1-3<br>Year Index  | BPI Philippine Government Bond 1-5<br>Year Index  |
| <b>Modified Duration</b><br>Appendix, Section 2.<br>Modified Duration<br>Policy | Not more than three (3) years   | Not more than eight (8) years   |