

ABF PHILIPPINES BOND INDEX FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE



BPI Asset Management
and Trust Corporation

As of July 30, 2021

FUND FACTS

Classification:	Index Tracker Bond Fund	NAVPU:	PHP 263.54
Launch Date:	April 21, 2006	Total Fund NAV (Mn):	PHP 13,263.21
Minimum Investment:	PHP10,000.00	Dealing Day:	Daily up to 12:00 PM
Additional Investment:	PHP1,000.00	Redemption Settlement:	T+1 End-of-Day
Minimum Holding Period:	None	Early Redemption Charge:	None

FEES*

Management Fees (based on fund NAV): Up to Php3 billion, 0.274% > Php 3 billion up to Php 6 billion, 0.252% > Php 6 billion up to Php 10 billion, 0.230% > Php 10 billion, 0.186%	Trustee Fees: 0.08%	External Audit Fees: 0.0041%	Other Fees: License Fee: 0.01%
BPI Asset Management As a percentage of average daily NAV for the quarter valued at PHP 13,187.42 million	HSBC As declared in the Declaration of Trust/Plan Rules	Isla Lipana Billings received in 2017 divided by average daily NAV	Markit iBoxx Contractual amount

INVESTMENT OBJECTIVE AND STRATEGY

The Fund aims to achieve investment returns that closely track the total return of the iBoxx ABF Philippines index, before fees and expenses, by investing in a diversified portfolio of peso-denominated sovereign, quasi-sovereign, and supranational bonds.

CLIENT SUITABILITY

A client profiling process shall be performed prior to participating in the Fund to guide the prospective investor if the Fund is suited to his/her investment objectives and risk tolerance. Clients are advised to read the Declaration of Trust/Plan Rules of the Fund, which may be obtained from the Trustee, before deciding to invest.

The ABF Philippines Bond Index Fund is for investors who:

- Are at least classified as moderately aggressive based on their risk profile.
- Have an investment horizon of at least five (5) years

KEY RISKS AND RISK MANAGEMENT

You should not invest in this Fund if you do not understand or are not comfortable with the accompanying risks.

Interest Rate Risk:	The fund invests in domestic government- issued/ guaranteed securities comprising the iBoxx ABF Philippines Index, exposing investors to the risk of loss arising from a rise in interest rates, which generally causes fixed income security prices to decline. Factors/ events that may lead to a rise interest rates include adverse market conditions, and/ or negative developments in domestic political and economic conditions.
Liquidity Risk:	Investors are exposed to the risk of loss due to the fund's inability to convert security holdings to cash immediately or in instances where conversion to cash is possible but at a highly disadvantageous price due to limited buyers/ sellers in the market, low trading volumes or market disruptions, among other reasons/ factors.
Related Party Risk:	Investors are exposed to actual or potential conflicts of interest in the handling of related party transactions by the Trustee, specifically, the execution of trade transactions with related counterparties.
Down-grade Risk:	Investors are exposed to the risk of loss arising from adverse changes in the prices of domestic government-issued/ guaranteed securities due to a downgrade in the credit rating of the Philippines.
Index Tracking Risk:	Investors are exposed to the risk of not being able to achieve a level of return that matches the index being tracked by the fund due primarily to operating and fund management expenses.

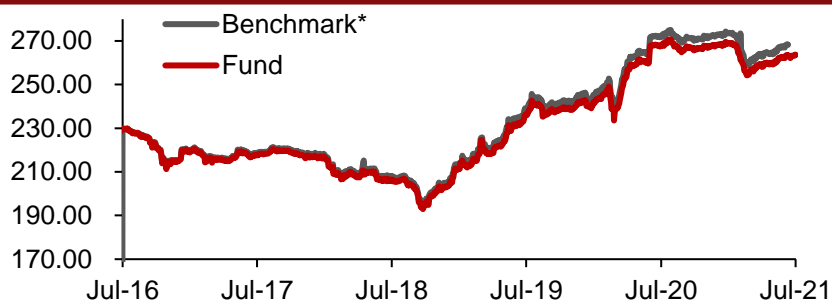
The Fund's investment outlets undergo proper screening and evaluation in accordance with the Trustee's accreditation process. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks.

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

For more information, you may contact us at (632) 8580-AMTC (2682),
email us at bpi_asset_management@bpi.com.ph or visit our website, www.bpiassetmanagement.com.

FUND PERFORMANCE AND STATISTICS AS OF JULY 30, 2021

(Purely for reference purposes and is not a guarantee of future results)

NAVPU GRAPH

*Benchmark is iBoxx ABF Philippines index

CUMULATIVE PERFORMANCE (%) ¹

	1 mo	3 mos	6 mos	1 YR	3 YRS	S.I. ²
Fund	0.53	2.13	-2.04	-1.62	27.63	163.54
Benchmark	0.56	2.20	-1.90	-1.34	29.06	195.11

ANNUALIZED PERFORMANCE (%) ¹

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. ²
Fund	-1.62	5.71	8.47	4.91	2.79	6.14
Benchmark	-1.34	6.04	8.87	5.29	3.17	6.88

CALENDAR YEAR PERFORMANCE (%) ¹

	YTD	2020	2019	2018	2017	2016
Fund	-1.77	10.68	19.04	-6.12	0.85	2.15
Benchmark	-1.63	11.03	19.69	-5.84	1.18	2.63

PORTFOLIO COMPOSITION

Allocation	% of Fund
Fixed Income	98.88
Other receivables – net of liabilities ⁵	0.86
Time deposits and money market	0.27
Cash	0.00

Maturity Profile

Cash and less than 1 year	3.82
Between 1 and 3 years	14.50
Between 3 and 5 years	22.83
Between 5 and 7 years	12.69
Between 7 and 10 years	21.44
More than 10 years	24.71

NAVPU over the past 12 months

Highest	270.74
Lowest	254.14

STATISTICS

Weighted Average Duration (Yrs)	5.95
Volatility, Past 1 Year (%) ³	4.09
Portfolio Weighted Yield to Maturity (%)	2.66
Current Number of Holdings	43
Tracking Error (36-mo. Rolling, %) ⁴	0.13

¹Returns are net of fees.²Since Inception as an Investment Management Arrangement (IMA) on April 26, 2005.³Measures the degree to which the Fund fluctuates vis-à-vis its average return over a period of time.⁴Measure of deviation between the Fund's return and benchmark returns. A lower number means the Fund's return is closely aligned with the benchmark.⁵Includes accrued income, investment securities purchased, accrued expenses, etc.

*Declaration of Trust is available upon request through branch of account.

TOP TEN HOLDINGS

Name	Maturity	%
Fixed Rate Treasury Note	7/19/2031	8.35
Fixed Rate Treasury Note	9/9/2025	7.33
Fixed Rate Treasury Note	12/16/2035	7.29
Fixed Rate Treasury Note	1/10/2029	6.17
Fixed Rate Treasury Note	5/4/2027	5.76
Fixed Rate Treasury Note	2/14/2026	4.64
Fixed Rate Treasury Note	4/21/2023	4.49
Fixed Rate Treasury Note	9/9/2040	4.36
Fixed Rate Treasury Note	9/10/2023	3.90
Fixed Rate Treasury Note	8/20/2024	3.69

RELATED PARTY TRANSACTIONS*

The Fund has no investments but has trade transactions with BPI Asset Management and Trust Corporation (BPI AMTC).

Investments in the said outlets were approved by the BPI AMTC's Board of Directors. Likewise, all related party transactions are conducted on an arm's length and best execution basis and within established limits.

* Related party in accordance with BPI AMTC's internal policy.

OTHER FUND FACTS**Fund Currency:** Philippine Peso**Benchmark:** iBoxx ABF Philippines Index

OUTLOOK AND STRATEGY

Market Review. The BPI Government Bond Index returned 0.50% in July, with benchmark government yields dropping 5.47 basis points (bps) on average. The yield curve flattened, with rates on the short-end of the curve rising while yields on the belly and long-end of the curve declined. Average daily trading volume fell to PHP20.60bn from June's PHP27.99bn with trades were mostly seen on the short-end (Treasury Bills) and belly (3 to 7-year papers) of the curve.

The Bureau of the Treasury (BTr) held four FXTN auctions (20-, 10- and 2 11.7-year tenors) and four Treasury Bill auctions in June. Demand was quite healthy across all four FXTNs, with bid volumes considerably higher than offered amounts. However, reception to the BTr's tap offerings were luke-warm to mixed. There were 2 newly issued papers last month, the partially awarded 20-year FXTN20-24 (coupon of 5.125% with average yield of 5.085%) and the fully awarded 10-year FXTN10-66 (coupon of 4.000% with average yield of 3.920%). Meanwhile, average yields for the twice reissued FXTN7-64 were awarded at 3.576% and 3.651%, respectively. Towards month-end, the BTr released its August auction schedule, announcing four weekly FXTN issuances (10-, 7-, 20-, and 11-year tenors) and four weekly Tbill auctions.

In the local economic space, June inflation fell to 4.1% year-on-year, compared to May's 4.5% and lower than the median forecast. Though it declined, the figure marks another month that inflation has been higher than the Bangko Sentral ng Pilipinas' (BSP) target band of 2-4% for the year. Bloated pork prices persisted due to the ongoing supply pressures brought about by the African Swine Fever outbreak. Meanwhile, transport costs eased due to base effects from last year. The BSP noted that this was still in line with its projection of elevated prices given supply side pressures on food, and that by 2022 prices should stabilize. BSP Governor Benjamin Diokno has continuously reiterated that the central bank would utilize its full arsenal of tools to support growth and stability.

Fund Performance. The Fund continued to track the returns and duration of the iBoxx ABF Philippines. The Fund returned 0.53% for the month, closely tracking the benchmark index.

Fund Strategy. The iBoxx index will see minimal changes for the month. The Fund will rebalance to reflect any changes to continue to closely track the duration of its benchmark.

LIST OF PROSPECTIVE INVESTMENTS

ABF Philippines Bond Index Fund may invest in the following:

- (a) Index securities consisting of peso-denominated debt obligations issued or guaranteed by the Philippine Government, by an agency or instrumentality of the Philippine Government, by a Philippine Government sponsored entity or quasi Philippine Government entity and peso-denominated debt obligations issued by supranational financial institution, or by an agency or instrumentality of any supranational financial institution or by an entity sponsored by any supranational financial institution, in each case as determined by the Index Licensor and which are for the time being constituent securities of the iBoxx ABF Philippines Index.
- (b) Non-index securities consisting of peso-denominated securities which are issued by an issuer of any Index Security and are similar to comparable Index Securities and are likely to behave in such a manner that is consistent with the Investment Objective.
- (c) Bank deposits and such other investments allowed under regulations issued by the BSP.

BPI Asset Management and Trust Corporation (BPI AMTC) is a subsidiary of the Bank of the Philippine Islands. For inquiries and comments, please send an email to bpi_asset_management@bpi.com.ph or call us at (02) 8580-AMTC (2682).

Regulated by the Bangko Sentral ng Pilipinas. <https://www.bsp.gov.ph>, BSP Webchat <https://www.bsp.gov.ph>

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