



BPI INVEST PREMIUM BOND FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of July 30, 2021

FUND FACTS

Classification:	Intermediate Bond Fund	NAVPU:	Php 200.44
Launch Date:	April 4, 2005	Total Fund NAV (Mn):	Php 7,111.81
Minimum Investment:	Php 10,000.00	Dealing Day:	Daily up to 2:30 PM
Additional Investment:	Php 1,000.00	Redemption Settlement:	T+0 End-of-Day
Minimum Holding Period:	None	Early Redemption Charge:	None

FEES*

Trustee Fees: 1.500%	Custodianship Fees: 0.0004%	External Auditor Fees: 0.0049%	Other Fees: 0%
BPI Asset Management	HSBC	Isla Lipana	none

*As a percentage of average daily NAV for the quarter valued at Php6,914.79 Million

*Monthly rate: Billings received for April 2021 divided by the average daily NAV

*Billings for 2018 divided by the average daily NAV

INVESTMENT OBJECTIVE AND STRATEGY

The Fund intends to achieve for its Participants capital appreciation and income derived from a diversified portfolio of primarily medium-term fixed income instruments. The Fund aims to provide absolute returns in excess of the return of the BPI Philippine Government Bond 1-3 Year Index.

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 BPI Invest Premium Bond Fund is suitable only for investors who:

- Are at least classified as moderately conservative based on their risk profile
- Have an investment horizon of at least one (1) year

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 an intermediate term portfolio of domestic government and corporate securities, 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, issuer-specific factors/ events 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.
Credit/Default Risk:	Investors are exposed to the risk of loss due to the failure of the borrower/ debt issuer to make timely interest and/ or principal payments on its deposit liabilities, loans, bonds or other debt instruments due to a deterioration in the borrower's/ issuer's financial condition or external factors and events that may affect its ability to repay financial obligations such as negative developments in domestic political and economic conditions.
Related Party Risk:	Investors are exposed to actual or potential conflicts of interest in the handling of related party transactions by the Trustee, specifically, time deposit placements with the Trustee's own bank and/ or its subsidiary, purchase of debt securities issued by related parties, as well as the execution of trade transactions with related counterparties.

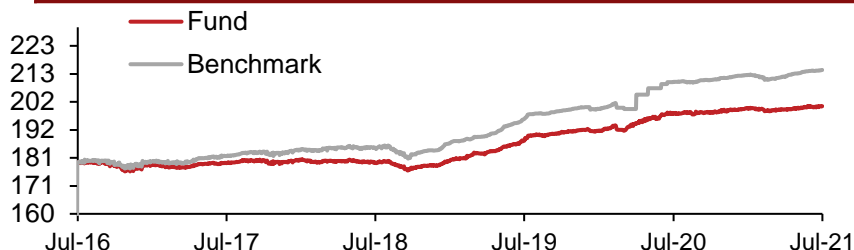
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks.

- 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.

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 BPI Philippine Government Bond 1-3 Year Index.

CUMULATIVE PERFORMANCE (%) ¹

	1 mo	3 mos	6 mos	1 YR	3 YRS	S.I. ²
Fund	0.05	0.63	0.41	1.44	11.79	100.44
Benchmark	0.17	1.19	0.88	2.15	15.82	64.33

ANNUALIZED PERFORMANCE (%) ¹

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. ²
Fund	1.44	3.27	3.79	2.85	2.25	4.35
Benchmark	2.15	4.58	5.02	4.18	3.60	3.09

CALENDAR YEAR PERFORMANCE (%) ¹

	YTD	2020	2019	2018	2017	2016
Fund	0.74	3.93	7.42	-0.80	1.27	1.12
Benchmark	1.12	5.81	8.79	0.25	2.61	2.14

PORTFOLIO COMPOSITION

Allocation	% of Fund
Government	30.73
Corporates	57.80
Cash	0.28
Time Deposits and Money Market	10.80
Other Receivables – Net of Liabilities ⁶	0.38
Maturity Profile	
Cash and less than 1 year	36.40
Between 1 and 3 years	46.06
Between 3 and 5 years	17.54
Between 5 and 7 years	-
Between 7 and 10 years	-
More than 10 years	-
Portfolio Weightings	
Philippine Corporate Bonds	57.80
Philippine Sovereign Bonds	30.73

NAVPU over the past 12 months

Highest	200.47
Lowest	197.24

STATISTICS

Weighted Ave Duration (Yrs)	1.69
Volatility, Past 1 Year (%) ³	0.86
Sharpe Ratio ⁴	0.58
Information Ratio ⁵	-1.01
Portfolio Weighted Yield to Maturity (%)	2.11
Current Number of Holdings	52

¹Returns are net of fees.

²Since inception.

³Measures the degree to which the Fund fluctuates vis-à-vis its average return over a period of time.

⁴Used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better.

⁵Measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

⁶Includes accrued income, investment securities purchased, accrued expenses, etc.

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

TOP TEN HOLDINGS

Name	Maturity	% of Fund
Retail Treasury Bond	03/12/2024	11.14
Retail Treasury Bond	08/12/2025	7.75
Retail Treasury Bond	02/11/2023	5.08
SM Investments Corp.	12/09/2023	4.27
Dev't Bank of the Phil.	12/11/2022	4.24
SMC Global Power Holdings	04/24/2022	3.93
SM Prime Holdings, Inc.	03/25/2025	3.85
BPI Family Savings Bank	06/16/2022	3.73
Filinvest Land, Inc.	12/04/2021	3.62
Petron Corp.	10/27/2021	3.56

RELATED PARTY TRANSACTIONS

The Fund has investments and trade transactions with BPI Asset Management and Trust Corporation (BPI AMTC), its subsidiaries and related parties:

Ayala Corp.– Php112.36 Million, Ayala Land Inc.– Php128.10 Million, Bank of the Philippine Islands– Php189.45 Million, BPI Family Savings Bank– Php265.40 Million, Globe Telecom, Inc – Php30.34 Million

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.

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 returned 0.05% for the month, below its benchmark by 12 basis points.

Fund Strategy. The Fund looks to maintain a neutral duration position given expectations of accelerating local inflation amid recovering oil prices and dwindling base effects. Volatility may persist in the global space, and the portfolio will be actively managed to take advantage of this. Investors in a bond fund must be prepared to withstand volatility as higher investment value is typically achieved over the medium to long term.

LIST OF PROSPECTIVE INVESTMENTS

The following are among the Fund's approved investment outlets, wherein the Trustee intends to invest depending on strategy, availability, or other market-driven circumstances:

- 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. Provided, that, a financial instrument is regarded as tradable if two-way prices are quoted, readily available or regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.
- 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, any such other instruments as may be allowed under BSP regulations. Investment with related interests shall be in accordance with Subsection X 410.12 (a) of the Manual of Regulations for Banks.
- c) Bank deposits, BSP special deposit account or tradable debt instruments issued by the BSP.
- d) 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>

SMS: 021582277 & BSP CAMS Facebook: <https://www.facebook.com/BangkoSentralngPilipinas>