

# BPI INVEST US DOLLAR SHORT TERM FUND

## KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of July 30, 2021

### FUND FACTS

<b>Classification:</b>	Money Market Fund	<b>Net Asset Value per Unit (NAVPU):</b>	USD 312.93
<b>Launch Date:</b>	August 30, 1994 *	<b>Total Fund NAV (Mn):</b>	USD 934.55
<b>Minimum Investment:</b>	USD 500.00	<b>Dealing Day:</b>	Daily up to 1:30 PM
<b>Additional Investment:</b>	USD 200.00	<b>Redemption Settlement:</b>	T+0 End-of Day
<b>Minimum Holding Period:</b>	None	<b>Early Redemption Charge:</b>	None

### FEES\*

<b>Trustee Fees:</b> 0.50%	<b>Custodianship Fees:</b> 0.0007%	<b>External Auditor Fees:</b> 0.0060%	<b>Other Fees:</b> 0.00%
BPI Asset Management	HSBC	Isla Lipana	None
*As a percentage of average daily NAV for the quarter valued at USD 958.49 Million			
*Monthly rate: Billings received for April 2021 divided by average daily NAV			
*Billings for 2018 divided by average daily NAV			

### INVESTMENT OBJECTIVE AND STRATEGY

The Fund intends to achieve for its Participants liquidity and stable income derived from a diversified portfolio of foreign currency-denominated short-term fixed income instruments. The Fund aims to provide absolute returns in excess of the return of the 3-month U.S. Treasury Bill. The Fund was approved to be converted to a U.S. Dollar-denominated money market fund last March 6, 2015. \* It has likewise been renamed to the BPI U.S. Dollar Short Term Fund last June 1, 2015.

### 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 U.S. Dollar Short Term Fund is suitable only for investors who:

- Are at least classified as moderately conservative based on their risk profile.
- Have an investment horizon of up to 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 short term foreign currency denominated fixed income 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 political and economic conditions of countries where the securities are issued/ traded.

**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, 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.

**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 its home country's political and economic conditions.

**Forex Risk:** Investors are exposed to the risk of loss from a decline in fund value when the market value of foreign currency denominated fixed income securities held by the fund are converted/ translated to US Dollar.

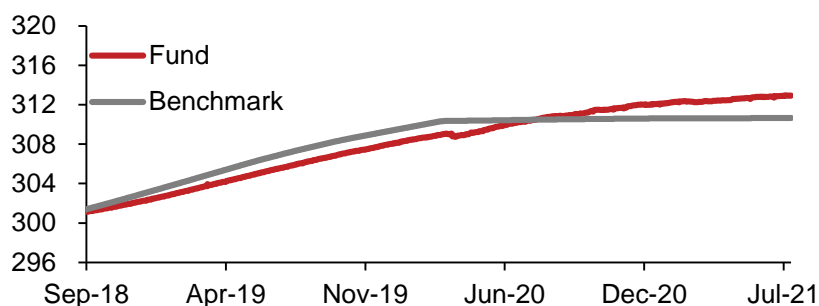
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks

- 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 3-month U.S. Treasury Bill

### NAVPU over the past 12 months

Highest	312.95
Lowest	310.68

### STATISTICS

Weighted Ave Duration (Yrs)	0.772
Annualized Volatility (%) <sup>2</sup>	0.10
Sharpe Ratio <sup>3</sup>	6.53
Information Ratio <sup>4</sup>	7.00
Port. Weighted Yield to Maturity (%)	0.799
Current Number of Holdings	136

### CUMULATIVE PERFORMANCE (%) <sup>1</sup>

	1 mo	3 mo	6 mo	1YR	2YRS	S.I.
<b>Fund</b>	<b>0.03</b>	<b>0.15</b>	<b>0.24</b>	<b>0.72</b>	<b>2.30</b>	<b>8.23</b>
<b>Benchmark</b>	0.00	0.01	0.01	0.05	1.09	5.80

### ANNUALIZED PERFORMANCE (%) <sup>1</sup>

	1YR	2YRS	3YRS	4YRS	5YRS	S.I.
<b>Fund</b>	<b>0.72</b>	<b>1.14</b>	<b>1.37</b>	<b>1.32</b>	<b>1.27</b>	<b>1.29</b>
<b>Benchmark</b>	0.05	0.54	1.13	1.22	1.10	0.92

### CALENDAR YEAR PERFORMANCE (%) <sup>1</sup>

	YTD	2020	2019	2018	2017	2016
<b>Fund</b>	<b>0.30</b>	<b>1.25</b>	<b>1.91</b>	<b>1.32</b>	<b>1.23</b>	<b>1.12</b>
<b>Benchmark</b>	0.02	0.37	2.07	1.96	0.93	0.31

<sup>1</sup>Returns are net of fees. The Fund was converted to the U.S. Dollar Short Term Fund last June 1, 2015.

<sup>2</sup>Measures the degree to which the Fund fluctuates vis-à-vis its average return over a period of time.

<sup>3</sup>Used to characterize how well the return of a Fund compensates the investor for the level of risk taken.

<sup>4</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>6</sup>Includes accrued income, investment securities purchased, accrued expenses, etc.

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

### PORTFOLIO COMPOSITION

Allocation	% of Fund
Government	10.85
Corporates	29.52
Cash	0.02
Time Deposits and Money Market	56.94
Other Receivables – Net of Liabilities <sup>6</sup>	2.67
<b>Maturity Profile</b>	
Cash and less than 1 year	64.88
Between 1 and 3 years	35.12
Between 3 and 5 years	
Between 5 and 7 years	
Between 7 and 10 years	
More than 10 years	

### TOP TEN HOLDINGS

Name	Maturity	%
Indonesia Sovereign Bond	4/25/2022	5.39
BDO Unibank, Inc.	3/6/2023	3.30
Time Deposit		3.21
Time Deposit		3.21
Rizal Commercial Banking Corp.	3/16/2023	3.14
JG Summit Holdings	1/23/2023	3.03
Int'l Container Terminal Services, Inc.	1/16/2023	2.70
Time Deposit		2.67
BDO Unibank, Inc.	10/24/2021	2.40
Time Deposit		2.35

### RELATED PARTY TRANSACTIONS\*

The Fund has transactions and outstanding investments including deposits, investment in the share/s of stocks, and/or debt issuances of the following companies related to BPI Asset Management and Trust Corporation (BPI AMTC):

Bank of the Philippine Islands – USD 24.88 Mn  
AC Energy – USD 11.81 Mn

Investments in the said outlets were approved by 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 JP Morgan Asia Credit Index (JACI) Philippines marginally rose by 0.44% in July as Philippine dollar-denominated bond yields mimicked the gains in US Treasuries.

US Treasury yields rallied strongly in July as concerns over the Delta variant of the coronavirus (COVID19) overshadowed earlier hopes that developed countries would soon be out of the woods. However, data releases throughout the month painted a mostly healthy picture of the US economy. June inflation surprised to the upside for a fourth straight month (+5.4% YoY vs +5.0%YoY expected) while the labor market recovery appeared to make headway with 850,000 jobs added. The Federal Reserve held rates steady during its July 28 Federal Open Markets Committee (FOMC) meeting but hinted at considering lifting bond purchases sometime in the future, should economic improvement be sustained. Though most perceived these comments to be “hawkish”, bond yields remained stubbornly close to beginning-of-the-year levels. For the month, the 10-year US Treasury benchmark yield fell to as low as 1.19%, before closing the month at the 1.22% level (-24 basis points MoM).

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 rose by 0.03% in July, ahead of its benchmark by 3 basis points.

**Fund Strategy.** The fund will maintain its duration of less than 1 and will continuously look into corporate bonds for yield enhancement.

## 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 short-term tradable fixed-income instruments issued or guaranteed by the Philippine government or the BSP; tradable 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 short-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 X410.12 (a) of the Manual of Regulations for Banks.
- (c) The principal investments of the Fund will be in money market instruments denominated in, but are not limited to, the following major currencies: U.S. Dollar, Euro, British Pound, Canadian Dollar, Australian Dollar, Swiss Franc, Danish Kroner, and Japanese Yen.
- (d) Bank deposits, BSP special deposit account or tradable debt instruments issued by the BSP.
- (e) 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](mailto:bpi_asset_management@bpi.com.ph) or call us at (02) 8580-AMTC (2682).

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