

**BPI INVEST PREMIUM BOND FUND****KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT**

As of September 30, 2022

**FUND FACTS**

<b>Classification:</b>	Intermediate Bond Fund	<b>NAVPU:</b>	Php 197.52
<b>Launch Date:</b>	April 4, 2005	<b>Total Fund NAV (Mn):</b>	Php 5,857.03
<b>Minimum Investment:</b>	Php 10,000.00	<b>Dealing Day:</b>	Daily up to 2:30 PM
<b>Additional Investment:</b>	Php 1,000.00	<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> 1.500%	<b>Custodianship Fees:</b> 0.0004%	<b>External Auditor Fees:</b> 0.0039%	<b>Other Fees:</b> 0%
BPI Asset Management	HSBC	Isla Lipana	none

\*As a percentage of average daily NAV for the quarter valued at Php5,975.78 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.

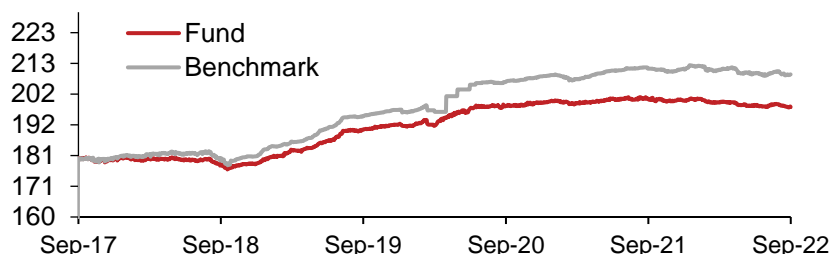
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks.

- **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 SEPTEMBER 30, 2022

(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 (%)<sup>1</sup>

	1 mo	3 mos	6 mos	1 YR	3 YRS	S.I. <sup>2</sup>
<b>Fund</b>	-0.44	-0.38	-0.80	-1.30	4.05	97.52
<b>Benchmark</b>	-0.44	-0.21	-0.80	-0.96	7.37	63.04

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

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. <sup>2</sup>
<b>Fund</b>	-1.30	-0.13	1.33	2.70	1.88	3.97
<b>Benchmark</b>	-0.96	0.60	2.40	3.87	3.01	2.83

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

	YTD	2021	2020	2019	2018	2017
<b>Fund</b>	-1.09	0.37	3.93	7.42	-0.80	1.27
<b>Benchmark</b>	-0.79	1.13	5.81	8.79	0.25	2.61

### PORTFOLIO COMPOSITION

Allocation	% of Fund
Government	36.88
Corporates	53.91
Cash	0.34
Time Deposits and Money Market	8.64
Other Receivables – Net of Liabilities <sup>6</sup>	0.23
<b>Maturity Profile</b>	
Cash and less than 1 year	21.27
Between 1 and 3 years	62.61
Between 3 and 5 years	10.86
Between 5 and 7 years	5.26
Between 7 and 10 years	-
More than 10 years	-
<b>Portfolio Weightings</b>	
Philippine Corporate Bonds	53.91
Philippine Sovereign Bonds	36.88

### 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.– Php224.64 Million, Ayala Land Inc.– Php137.72 Million, Bank of the Philippine Islands– Php164.71 Million, Globe Telecom, Inc – Php39.84 Million, ACEN Corporation– Php73.19 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.

### NAVPU over the past 12 months

Highest	200.75
Lowest	197.45

### STATISTICS

Weighted Ave Duration (Yrs)	1.84
Volatility, Past 1 Year (%) <sup>3</sup>	1.27
Sharpe Ratio <sup>4</sup>	-1.93
Information Ratio <sup>5</sup>	-0.22
Portfolio Weighted Yield to Maturity (%)	3.91
Current Number of Holdings	47

<sup>1</sup>Returns are net of fees.

<sup>2</sup>Since inception.

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

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

<sup>5</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.

### TOP TEN HOLDINGS

Name	Maturity	% of Fund
Retail Treasury Bond	03/12/2024	14.23
Retail Treasury Bond	08/12/2025	10.44
SM Prime Holdings, Inc.	03/25/2025	6.36
Fixed Rate Treasury Note	02/14/2026	5.45
Retail Treasury Bond	03/07/2028	5.26
Time Deposit		5.12
Rizal Comm'l Banking Corp.	05/21/2024	5.07
Dev't. Bank of the Phil.	12/11/2022	3.42
PS Bank	02/04/2023	3.39
BDO Unibank, Inc.	01/28/2024	3.36

## OUTLOOK AND STRATEGY

**Market Review.** The BPI Government Bond Index lost 2.44% in September, with benchmark government yields rising by 74.12 basis points (bps) on average. Average daily trading volume fell to PHP10.62 billion from August's PHP14.46 billion with trades mostly seen on the belly (5- to 10-year papers) of the curve.

The Bureau of the Treasury (BTr) held four FXTN auctions in September. Of the four, only two were awarded. The reissuance of the 10-year FXTN1069 and the 7-year FXTN767 were both fully awarded at average yields of 6.703% and 6.588%, respectively, while the reissuance of 3.5-year FXTN301 and the 16-year FXTN2023 were both rejected. Participation across all auctions was mostly healthy, though the BTr opted to reject bids that were deemed too high, especially as it had just concluded a substantial Retail Treasury Bond issuance earlier during the month. Towards the end of the month, the October auction schedule was released with four FXTN issuances (3-, 6-, 10-, and 13-year tenors) and four Treasury Bill auctions.

In the local economic space, inflation for the month of August rose by 6.3% year-on-year, slightly lower than the 6.4% in July. Prices for food and fuel remained elevated as supply side pressures persisted. Consequently, the Bangko Sentral ng Pilipinas hiked rates by another 50 basis points to 4.25%. It likewise revised upward its local inflation forecasts for 2022 to 2024. The central bank will continue to monitor economic data and adjust policy settings as needed.

**Fund Performance.** The Fund returned -0.44% for the month, in-line with its benchmark.

**Fund Strategy.** The Fund looks to maintain its underweight duration position given expectations of rising interest rates moving forward. It will likewise continue to hold high quality corporate bonds for yield enhancement. Though inflation has exceeded the government's target range, the BSP remains vigilant in monitoring supply side pressures and potential second-round effects. Volatility will 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](mailto:bpi_asset_management@bpi.com.ph) or call us at (02) 8580-AMTC (2682).

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