

**BPI PERA GOVERNMENT BOND FUND****KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT**

As of September 30, 2022

FUND FACTS

Classification:	PERA Long Term Bond Fund	Net Asset Value per Unit (NAVPU):	PHP 1.19
Launch Date:	December 19, 2016	Total Fund NAV (Mn):	PHP 17.73
Minimum Investment:	PHP 1,000	Dealing Day:	Daily up to 2:30 PM
Additional Investment:	PHP 1,000	Redemption Settlement:	T+1 End-of-Day
Minimum Holding Period:	None	Early Redemption Charge:	None

FEES*

Trustee Fees: 1.000%*	Custodianship Fees: 0%	External Auditor Fees: 0.0054%**	Other Fees: 0%
BPI Asset Management	None	Isla Lipana	None

*As a percentage of average daily NAV for the quarter valued at PHP 17.25 million

**Billings for 2018 divided by 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 long term fixed income securities issued by the Republic of the Philippines. The Fund aims to provide returns in excess of the return of the BPI Philippine Government Bond 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 PERA Government Bond Fund is suitable only for investors who:

- Are classified as moderate 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: Investors are exposed to adverse changes in the prices of domestic fixed income securities due to a rise in interest rates, which generally causes fixed income security prices to decline. Factors/ events that may lead to a rise in interest rates include adverse market conditions, issuer-specific factors / events and/or negative developments in domestic political and economic conditions.

Liquidity Risk: Possibility to experience losses due to the fund's inability to convert assets into cash immediately or in instances where conversion to cash is possible but at a highly disadvantageous price.

Related Party Risk: Risk of any actual or potential conflicts of interest in handling of related party transactions.

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.

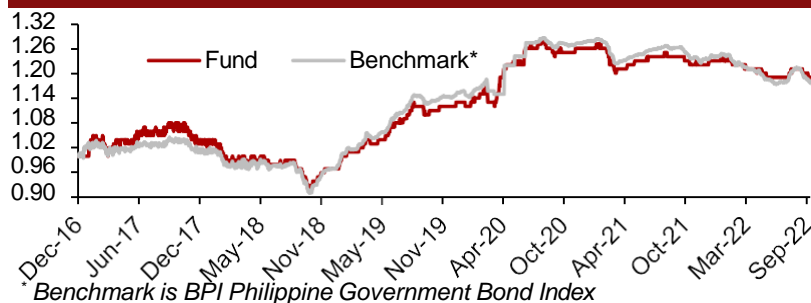
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks

- **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



CUMULATIVE PERFORMANCE (%)¹

	1 mo	3 mos	6 mos	1 YR	3 YRS	S.I. ²
Fund	-1.65	0.00	-1.65	-3.25	7.21	19.00
Benchmark	-2.44	-0.01	-2.73	-5.82	4.23	17.82

ANNUALIZED PERFORMANCE (%)¹

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. ²
Fund	-3.25	-2.43	2.35	5.79	1.96	3.05
Benchmark	-5.82	-3.44	1.39	5.65	2.50	2.88

CALENDAR YEAR PERFORMANCE (%)¹

	YTD	2021	2020	2019	2018	2017
Fund	-3.25	-2.38	11.50	16.49	-6.73	4.00
Benchmark	-4.99	-2.96	10.52	19.23	-4.40	0.58

PORTFOLIO COMPOSITION

Allocation	% of Fund
Government	97.38
Corporates	0.00
Cash	0.06
Time deposits and money market	1.18
Other receivables, net of liabilities	1.38
Maturity Profile	
Cash and less than 1 year	25.75
Between 1 and 3 years	36.48
Between 3 and 5 years	6.71
Between 5 and 7 years	5.35
Between 7 and 10 years	11.05
More than 10 years	14.67

NAVPU over the past 12 months

Highest	1.24
Lowest	1.19

STATISTICS

Weighted Ave Duration (Yrs)	3.00
Volatility, Past 1 Year (%) ³	4.29
Sharpe Ratio ⁴	-1.03
Information Ratio ⁵	0.60
Portfolio Weighted Yield to Maturity (%)	6.49
Current Number of Holdings	30

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 investment securities purchased, accrued expenses, etc.

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

TOP HOLDINGS

Name	Maturity	% of Fund
Fixed Rate Treasury Note	10/23/2023	17.46
Fixed Rate Treasury Note	2/20/2023	11.74
Fixed Rate Treasury Note	5/29/2023	11.11
Fixed Rate Treasury Note	6/3/2024	8.71
Fixed Rate Treasury Note	7/19/2031	8.40
Fixed Rate Treasury Note	1/24/2039	7.19
Retail Treasury Bond	3/12/2024	3.98
Fixed Rate Treasury Note	1/10/2029	3.71
Fixed Rate Treasury Note	11/11/2024	3.52
Fixed Rate Treasury Note	11/29/2032	2.89

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 – PHP 0.21 million

Investment 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 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 -1.65% during the month, above its benchmark by 78 basis points.

Fund Strategy: The Fund looks to maintain its underweight duration position given expectations of rising interest rates moving forward. With inflation having exceeded the government's target range, the BSP remains vigilant in monitoring supply side pressures and potential second-round 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 tradable fixed-income instruments issued or guaranteed by the Philippine government or the BSP; investment outlets/ categories the BSP allow. Provided, that, a financial instrument is regarded as tradable if quoted two-way prices are readily available and 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) Bank deposits or tradable debt instruments issued by the BSP.
- c) 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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