

ABF PHILIPPINES BOND INDEX FUND

Key Information and Investment Disclosure Statement
As of June 30, 2023

BPI Wealth

FUND FACTS

| | | | |
|--------------------------------|-------------------------|---------------------------------|---------------------|
| Classification: | Index Tracker Bond Fund | NAVPU: | PHP 254.74 |
| Launch Date: | April 21, 2006 | Total Fund NAV (Mn): | PHP 15,480.19 |
| Minimum Investment: | PHP1,000.00 | Dealing Day: | Daily up to 2:00 PM |
| Additional Investment: | No minimum | 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: 0.0023% | Other Fees: License Fee: 0.01% |
| BPI Wealth | HSBC | Isla Lipana | Markit iBoxx |
| As a percentage of average daily NAV for the quarter valued at PHP 15,497.31 million | As declared in the Declaration of Trust/Plan Rules | Billings received in 2018 divided by average daily NAV | 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. |

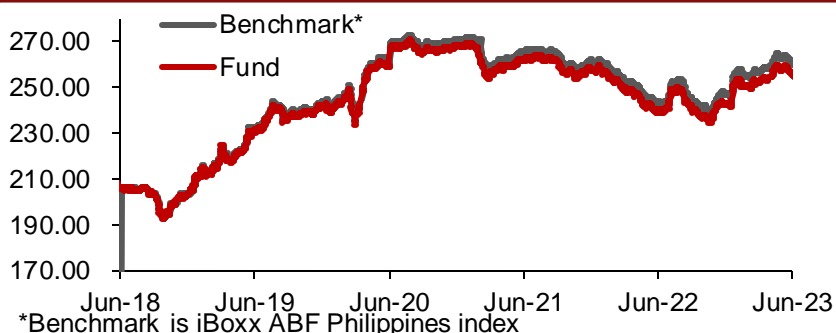
The Fund's investment outlets undergo proper screening and evaluation in accordance with the Trustee's accreditation process. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks.

- **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.**
- **THIS PRODUCT CANNOT BE SOLD TO YOU UNLESS ITS BENEFITS AND RISKS HAVE BEEN THOROUGHLY EXPLAINED. IF YOU DO NOT FULLY UNDERSTAND THIS PRODUCT, DO NOT PURCHASE OR INVEST IN IT.**

FUND PERFORMANCE AND STATISTICS AS OF JUNE 30, 2023

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

NAVPU GRAPH



NAVPU over the past 12 months

| | |
|---------|--------|
| Highest | 259.82 |
| Lowest | 234.90 |

STATISTICS

| | |
|---|------|
| Weighted Average Duration (Yrs) | 5.49 |
| Volatility, Past 1 Year (%) ³ | 3.87 |
| Portfolio Weighted Yield to Maturity (%) | 5.02 |
| Current Number of Holdings | 49 |
| Tracking Error (36-mo. Rolling, %) ⁴ | 0.09 |

CUMULATIVE PERFORMANCE (%) ¹

| | 1 mo | 3 mos | 6 mos | 1 YR | 3 YRS | S.I. ² |
|-------------|--------------|-------------|-------------|-------------|--------------|-------------------|
| Fund | -1.28 | 0.84 | 4.83 | 6.23 | -4.82 | 154.74 |
| Benchmark | -1.27 | 0.89 | 4.97 | 6.75 | -3.78 | 187.30 |

ANNUALIZED PERFORMANCE (%) ¹

| | 1 YR | 2 YRS | 3 YRS | 4 YRS | 5 YRS | S.I. ² |
|-------------|-------------|--------------|--------------|-------------|-------------|-------------------|
| Fund | 6.23 | -1.43 | -1.63 | 2.45 | 4.33 | 5.28 |
| Benchmark | 6.75 | -1.06 | -1.28 | 2.81 | 4.72 | 5.97 |

CALENDAR YEAR PERFORMANCE (%) ¹

| | YTD | 2022 | 2021 | 2020 | 2019 | 2018 |
|-------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Fund | 4.83 | -5.69 | -3.97 | 10.68 | 19.04 | -6.12 |
| Benchmark | 4.97 | -5.25 | -3.72 | 11.03 | 19.69 | -5.84 |

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.

PORTFOLIO COMPOSITION

| Allocation | % of Fund |
|---|-----------|
| Fixed Income | 98.53 |
| Other receivables – net of liabilities ⁵ | 1.25 |
| Time deposits and money market | 0.22 |
| Cash | 0.00 |

Maturity Profile

| | |
|---------------------------|-------|
| Cash and less than 1 year | 1.47 |
| Between 1 and 3 years | 23.10 |
| Between 3 and 5 years | 12.53 |
| Between 5 and 7 years | 16.40 |
| Between 7 and 10 years | 25.28 |
| More than 10 years | 21.22 |

TOP TEN HOLDINGS

| Name | Maturity | % |
|--------------------------|----------|------|
| Fixed Rate Treasury Note | 07/19/31 | 7.03 |
| Fixed Rate Treasury Note | 01/10/29 | 7.02 |
| Fixed Rate Treasury Note | 09/09/25 | 5.54 |
| Fixed Rate Treasury Note | 04/08/26 | 5.18 |
| Fixed Rate Treasury Note | 05/04/27 | 5.04 |
| Fixed Rate Treasury Note | 12/16/35 | 4.90 |
| Fixed Rate Treasury Note | 02/14/26 | 4.51 |
| Fixed Rate Treasury Note | 04/22/28 | 4.46 |
| Fixed Rate Treasury Note | 08/12/28 | 4.11 |
| Fixed Rate Treasury Note | 11/24/42 | 3.15 |

RELATED PARTY TRANSACTIONS*

The Fund has no investments but has trade transactions with BPI Wealth – A Trust Corporation (BPI Wealth).

Investments in the said outlets were approved by the BPI Wealth'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 Wealth'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 -1.35% in June as the local yield curve inverted, rising 39 basis points (bps) on average. Average daily trading volume fell significantly to PHP8.55 billion from May's PHP21.77 billion with trades mostly seen at the long end of the curve.

The Bureau of the Treasury (BTr) held four FXTN auctions in June. The 5-year FXTN 10-63, 15-year FXTN 20-22, 6-year FXTN 7-67, and 9-year FXTN 10-69 re-issuances were all fully awarded at average yields of 5.805%, 6.085%, 6.097%, and 6.243%, respectively. Towards the end of the month, the BTr released the July auction schedule with four Treasury Bill auctions and four FXTN issuances (9-, 15-, 6-, and 7-year tenors) while increasing the offer size to PHP30 billion each.

In the local space, May headline inflation slowed down further to 6.1% year-on-year, from last month's 6.6% year-on-year. The dwindling inflation figure was primarily driven by a decrease in transport prices and slower food inflation. During its scheduled policy meeting, the Bangko Sentral ng Pilipinas (BSP) paused its tightening cycle and kept its policy rate unchanged at 6.25% as headline inflation continued in a downward trend. Moreover, the central bank adjusted its inflation forecast lower for 2023 to 5.4% but higher for 2024 to 2.9%.

Fund Performance. The Fund continued to track the returns and duration of the iBoxx ABF Philippines. The Fund returned -1.28% 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 Wealth - A Trust Corporation ("BPI Wealth") is a subsidiary of the Bank of the Philippine Islands. For inquiries and comments, please send an email to bpiwealth@bpi.com.ph or call us at (02) 8580-2682.

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

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