

FUND FACTS

Classification:	Intermediate Bond Fund	NAVPU:	Php 200.54
Launch Date:	April 4, 2005	Total Fund NAV (Mn):	Php 4,543.80
Minimum Investment:	Php 10,000.00	Dealing Day:	Daily up to 2:00 PM
Additional Investment:	No minimum	Redemption Settlement:	T+0 End-of-Day
Minimum Holding Period:	None	Early Redemption Charge:	None

FEES*

Trustee Fees: 0.1274%	Custodianship Fees: 0.0005%	External Auditor Fees: 0%	Other Fees: 0%
BPI Wealth	HSBC	Isla Lipana	none

*Monthly rate: billings received for August 2023 divided by the average daily NAV for the same month valued at Php 4,576.37 Million

*Monthly rate: billings received for July 2023 divided by the average daily NAV for the same month valued at Php 4,777.31 Million

*Billing is received at the last quarter of the month

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.

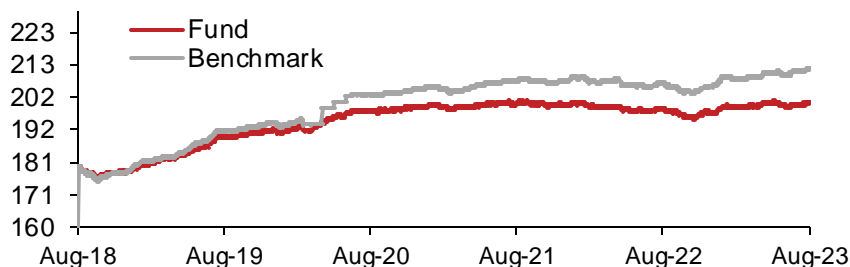
• THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE.

• 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 AUGUST 31, 2023

(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	0.44	-0.01	0.60	1.08	1.24	100.54
Benchmark	0.48	0.57	1.51	2.37	4.19	67.65

ANNUALIZED PERFORMANCE (%) ¹

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. ²
Fund	1.08	0.03	0.41	1.42	2.20	3.85
Benchmark	2.37	0.90	1.38	2.52	3.30	2.84

CALENDAR YEAR PERFORMANCE (%) ¹

	YTD	2022	2021	2020	2019	2018
Fund	1.74	-1.29	0.37	3.93	7.42	-0.80
Benchmark	2.78	-0.75	1.13	5.81	8.79	0.25

PORTFOLIO COMPOSITION

Allocation	% of Fund
Government	50.25
Corporates	33.23
Cash	0.45
Time Deposits and Money Market	15.56
Other Receivables – Net of Liabilities ⁶	0.51
Maturity Profile	
Cash and less than 1 year	24.63
Between 1 and 3 years	51.77
Between 3 and 5 years	20.77
Between 5 and 7 years	2.83
Between 7 and 10 years	-
More than 10 years	-
Portfolio Weightings	
Philippine Corporate Bonds	33.23
Philippine Sovereign Bonds	50.25

RELATED PARTY TRANSACTIONS

The Fund has investments and trade transactions with BPI Wealth – A Trust Corporation (BPI Wealth), its subsidiaries and related parties:

Ayala Corp.– Php 87.45 Million, Ayala Land Inc.– Php 137.99 Million, Bank of the Philippine Islands– Php 188.53 Million, ACEN Corporation– Php 23.82 Million

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.

NAVPU over the past 12 months

Highest	200.85
Lowest	195.60

STATISTICS

Weighted Ave Duration (Yrs)	2.02
Volatility, Past 1 Year (%) ³	1.32
Sharpe Ratio ⁴	-2.05
Information Ratio ⁵	-0.96
Portfolio Weighted Yield to Maturity (%)	4.99
Current Number of Holdings	39

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
Fixed Rate Treasury Note	02/14/2026	17.06
Retail Treasury Bond	03/07/2028	9.07
Retail Treasury Bond	08/12/2025	8.09
SM Prime Holdings, Inc.	03/25/2025	7.53
Retail Treasury Bond	08/22/2028	4.40
Time Deposit		4.40
Retail Treasury Bond	03/04/2027	4.02
Aboitiz Equity Ventures, Inc.	08/09/2025	3.55
Time Deposit		3.30
Time Deposit		3.30

OUTLOOK AND STRATEGY

Market Review. The BPI Government Bond Index returned 0.50% in August as the belly of the curve dropped while the short end of the curve went up. The average daily trading volume for the month amounted to PHP16.82 billion similar to July's PHP16.94 billion with trades mostly seen on the short end of the curve.

The Bureau of the Treasury (BTr) held five FXTN auctions in August. A new 10-year paper issuance, FXTN 10-71, was fully awarded at a coupon rate of 6.625%. The 5-year FXTN 10-63 and 6-year FXTN 7-68 re-issuances were partially awarded at average yields of 6.337% and 6.468% while the 5-year FXTN 10-64 re-issuance was fully awarded at an average yield of 6.220%. The 15-year FXTN 20-23 re-issuance was the first auction rejected for the year. Had the BTr fully awarded the paper, average yields would have risen to 6.927%. Towards the end of the month, the BTr released the September auction schedule with four Treasury Bill auctions and four PHP30 billion FXTN issuances (3-, 7-, 10-, and 3-year tenors).

In the local space, July headline inflation eased further to 4.7% year-on-year, from last month's 5.4%. The food, utilities, and transport prices drove the inflation lower marking six straight months of deceleration. The Philippine economy grew weaker than expected at 4.3% in the second quarter of the year, compared to the market expectation of 6%. Growth momentum was at its slowest pace since 2011 due to above-target inflation, elevated borrowing costs, and government underspending. The Bangko Sentral ng Pilipinas (BSP) kept its policy rate at 6.25% for the third time. BSP Governor Eli Remolona reiterated that they remain data-dependent but ready to hike policy rates if necessary. The BSP revised its inflation forecast upward, settling at 5.6% (from 5.4%) for 2023 and 3.3% (from 2.9%) for 2024 due to developments in global energy and food prices.

Fund Performance. The Fund rose by 0.44% for the month, 4 basis points below its benchmark.

Fund Strategy. The Fund looks to gradually add to its duration position as interest rates are expected to stabilize in the near term. Inflation remains above the government's target range, and the BSP will be vigilant in monitoring supply side pressures moving forward. 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 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 (632) 8580-2682.

BPI Wealth as Trustee/Investment Manager is regulated by the Bangko Sentral ng Pilipinas (BSP). <https://www.bsp.gov.ph>