

**FUND FACTS**

<b>Classification:</b>	Fixed Income Fund	<b>NAVPU:</b>	Php 206.55
<b>Launch Date:</b>	April 4, 2005	<b>Total Fund NAV (Mn):</b>	Php 4,113.15
<b>Minimum Investment:</b>	Php 1,000.00	<b>Dealing Day:</b>	Daily up to 2:00 PM
<b>Additional Investment:</b>	No minimum	<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> 0.1230%* <i>1.50% per annum</i>	<b>Custodianship Fees:</b> 0.0006%**	<b>External Auditor Fees:</b> 0.00%***	<b>Other Fees:</b> 0%
BPI Wealth	HSBC	Isla Lipana	None
*Monthly rate: billings received for June 2024 divided by the average daily NAV for the same month valued at 4,116.75 Mn			
**Monthly rate: received for May 2024 divided by the average daily NAV for the same month valued at Php 4,131.68 Mn			
***Billing is received at the last quarter of the year.			

**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 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.

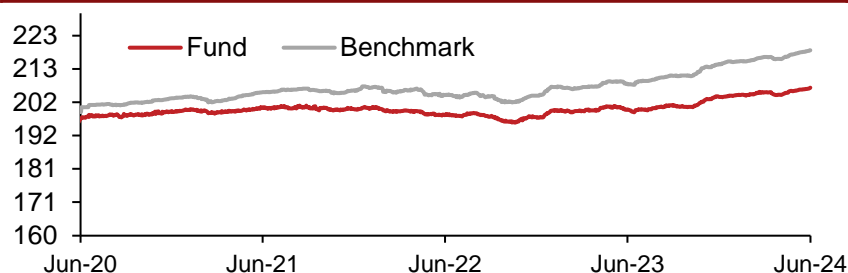
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks.

- **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 JUNE 28, 2024

(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>	<b>0.39</b>	<b>0.70</b>	<b>1.40</b>	<b>3.48</b>	<b>3.10</b>	<b>106.55</b>
<b>Benchmark</b>	0.48	0.98	2.05	5.18	6.42	28.55

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

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. <sup>2</sup>
<b>Fund</b>	<b>3.48</b>	<b>2.06</b>	<b>1.02</b>	<b>1.20</b>	<b>2.13</b>	<b>3.84</b>
<b>Benchmark</b>	5.18	3.37	2.10	2.16	3.27	1.31

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

	YTD	2023	2022	2021	2020	2019
<b>Fund</b>	<b>1.40</b>	<b>3.34</b>	<b>-1.29</b>	<b>0.37</b>	<b>3.93</b>	<b>7.42</b>
<b>Benchmark</b>	2.05	4.89	-0.75	1.13	5.81	8.79

### PORTFOLIO COMPOSITION

Allocation	% of Fund
Government	58.90
Corporates	27.78
Cash	0.51
Time Deposits and Money Market	12.18
Other Receivables – Net of Liabilities <sup>6</sup>	0.64

#### Maturity Profile

Cash and less than 1 year	29.84
Between 1 and 3 years	26.71
Between 3 and 5 years	29.98
Between 5 and 7 years	13.46
Between 7 and 10 years	-
More than 10 years	-

#### Portfolio Weightings

Philippine Corporate Bonds	27.78
Philippine Sovereign Bonds	58.90

### NAVPU over the past 12 months

Highest	206.55
Lowest	198.86

### STATISTICS

Weighted Ave Duration (Yrs.)	2.35
Volatility, Past 1 Year (%) <sup>3</sup>	0.89
Sharpe Ratio <sup>4</sup>	-1.19
Information Ratio <sup>5</sup>	-2.06
Portfolio Weighted Yield to Maturity (%)	5.06
Current Number of Holdings	31

<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	02/28/2029	13.32
SM Prime Holdings, Inc.	03/25/2025	8.45
Fixed Rate Treasury Note	02/14/2026	7.68
Retail Treasury Bond	03/07/2028	7.63
Retail Treasury Bond	03/04/2027	6.83
Fixed Rate Treasury Note	10/13/2029	5.58
Time Deposit		5.35
Time Deposit		4.86
Aboitiz Equity Ventures, Inc.	08/09/2025	4.05
Fixed Rate Treasury Note	09/06/2027	3.76

### 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 51.93 Million, Ayala Land Inc.– Php 110.34 Million, Bank of the Philippine Islands – Php 126.52 Million, ACEN Corporation– Php 25.29 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.

## OUTLOOK AND STRATEGY

**Market Review.** The BPI Government Bond Index rose 0.68% in June as the local yield curve fell by 6 basis points (bps) on average. Average daily trading volume for the month amounted to Php20.86 billion, lower than May's Php23.86 billion with trades mostly seen on the belly of the curve.

The Bureau of the Treasury (BTr) held four FXTN auctions in June. The 7-year FXTN 20-17 and 20-year FXTN 20-27 re-issuances were fully awarded at average yields of 6.624% and 6.860%, respectively. Meanwhile, the 10-year FXTN 10-72 and 15-year FXTN 20-23 re-issuances, were partially awarded at average yields of 6.754% and 6.781%, respectively. The Bureau of Treasury (BTr) announced its borrowing program for the third quarter of 2024, with weekly Treasury bill offers increased to PHP 20 billion. The BTr plans to issue more tenors for the quarter, offering PHP 30 billion each for the 3-, 5-, 7-, and 10- year papers while the 14- and 20-year Treasury bond offers were reduced to PHP 25 billion.

In the local space, May headline inflation accelerated for the fourth straight month by 3.9% year-on-year from the previous month's 3.8%. The main drivers of inflation included housing, water, electricity, and gas while rice prices saw a deceleration from the previous figure of 23.9% to 23%. In an effort to curb elevated rice prices, the National Economic Development Authority (NEDA) Board approved the new Comprehensive tariff program which reduces tariff rates for rice imports alongside other essential commodities effective until 2028. The Bangko Sentral ng Pilipinas (BSP) held its policy rate steady at 6.5% during their Monetary Board meeting in June. Despite the weakening Peso, BSP Governor Eli Remolona had dovish remarks on the possibility of an August rate cut, which is ahead of the market expectations of the Federal Reserve to begin easing in September. The BSP revised both its 2024 and 2025 inflation forecast to 3.1% from 3.8% and 3.7%, respectively.

**Fund Performance.** The Fund rose by 0.39% for the month, 9 basis points below its benchmark.

**Fund Strategy.** The Fund looks to maintain its current duration position as interest rates are expected to stabilize over the medium term. It will likewise continue to hold high quality corporate bonds for yield enhancement. While inflation has settled within the BSP's target in the past months, upside risks are still present. The BSP remains vigilant in monitoring supply side pressures and potential second-round effects. The central bank signalled that it is waiting for inflation rates to fall comfortably within the 2-4% target before cutting policy rates. 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 investment 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 is a subsidiary of the Bank of the Philippine Islands. For inquiries and comments, please send us a message through <https://www.bpi.com.ph/contactus> or call our 24-hour BPI Contact Center at (+632) 889 10000.*

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