

ABF PHILIPPINES BOND INDEX FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE



BPI Asset Management
and Trust Corporation

As of August 31, 2021

FUND FACTS

Classification:	Index Tracker Bond Fund	NAVPU:	PHP 262.25
Launch Date:	April 21, 2006	Total Fund NAV (Mn):	PHP 13,124.15
Minimum Investment:	PHP10,000.00	Dealing Day:	Daily up to 12:00 PM
Additional Investment:	PHP1,000.00	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: 0.0041%	Other Fees: License Fee: 0.01%
BPI Asset Management	HSBC	Isla Lipana	Markit iBoxx
As a percentage of average daily NAV for the quarter valued at PHP 13,220.29 million	As declared in the Declaration of Trust/Plan Rules	Billings received in 2017 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.

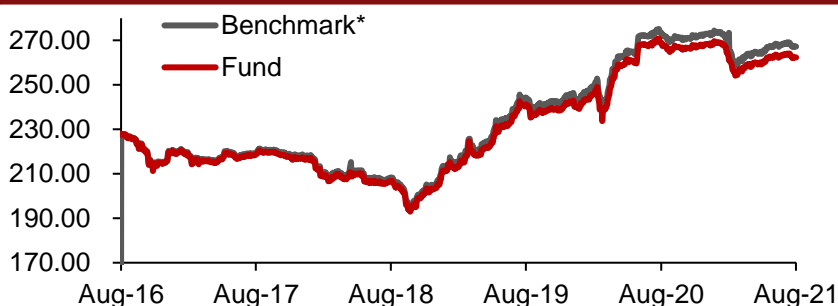
- **THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORP. (PDIC).**
- **RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/ FLUCTUATIONS ONLY.**
- **WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND 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.**

For more information, you may contact us at (632) 8580-AMTC (2682),
email us at bpi_asset_management@bpi.com.ph or visit our website, www.bpiassetmanagement.com.

FUND PERFORMANCE AND STATISTICS AS OF AUGUST 31, 2021

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

NAVPU GRAPH



NAVPU over the past 12 months

Highest	269.67
Lowest	254.14

STATISTICS

Weighted Average Duration (Yrs)	6.06
Volatility, Past 1 Year (%) ³	4.06
Portfolio Weighted Yield to Maturity (%)	2.79
Current Number of Holdings	44
Tracking Error (36-mo. Rolling, %) ⁴	0.13

CUMULATIVE PERFORMANCE (%) ¹

	1 mo	3 mos	6 mos	1 YR	3 YRS	S.I. ²
Fund	-0.49	1.11	-0.84	-2.51	26.82	162.25
Benchmark	-0.48	1.18	-0.70	-2.24	28.26	193.70

ANNUALIZED PERFORMANCE (%) ¹

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. ²
Fund	-2.51	4.28	8.24	4.64	2.86	6.07
Benchmark	-2.24	4.59	8.65	5.03	3.25	6.81

CALENDAR YEAR PERFORMANCE (%) ¹

	YTD	2020	2019	2018	2017	2016
Fund	-2.25	10.68	19.04	-6.12	0.85	2.15
Benchmark	-2.10	11.03	19.69	-5.84	1.18	2.63

PORTFOLIO COMPOSITION

Allocation	% of Fund
Fixed Income	98.71
Other receivables – net of liabilities ⁵	1.00
Time deposits and money market	0.29
Cash	0.00

Maturity Profile

Cash and less than 1 year	1.37
Between 1 and 3 years	18.06
Between 3 and 5 years	18.89
Between 5 and 7 years	14.59
Between 7 and 10 years	21.85
More than 10 years	25.24

TOP TEN HOLDINGS

Name	Maturity	%
Fixed Rate Treasury Note	7/19/2031	8.29
Fixed Rate Treasury Note	9/9/2025	7.42
Fixed Rate Treasury Note	12/16/2035	7.33
Fixed Rate Treasury Note	1/10/2029	6.17
Fixed Rate Treasury Note	5/4/2027	5.77
Fixed Rate Treasury Note	4/22/2028	5.41
Fixed Rate Treasury Note	4/21/2023	4.54
Fixed Rate Treasury Note	9/9/2040	4.31
Fixed Rate Treasury Note	2/14/2026	4.31
Fixed Rate Treasury Note	9/10/2023	3.94

RELATED PARTY TRANSACTIONS*

The Fund has no investments but has trade transactions with BPI Asset Management and Trust Corporation (BPI AMTC).

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.

OTHER FUND FACTS

Fund Currency: Philippine Peso

Benchmark: iBoxx ABF Philippines Index

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.

OUTLOOK AND STRATEGY

Market Review. The BPI Government Bond Index returned -0.09 % in August, with benchmark government yields rising 8.53 basis points (bps) on average. The yield curve steepened, with rates on the long-end of the curve rising more than those of the belly or the short-end. Average daily trading volume rose to PHP22.20bn from July's PHP20.60bn with trades mostly seen on the belly (3 to 7-year papers) of the curve.

The Bureau of the Treasury (BTr) held four FXTN auctions (10-, 7-, 20 and 11-year tenors) and five Treasury Bill auctions in August. Demand was quite healthy for the first two FXTNs, while reception for the third was somewhat lukewarm, and the last (11-year reissuance of FXTN20-20) fully rejected with market bids seen as too high. There was 1 newly issued paper last month, the fully awarded 7-year FXTN7-65 (coupon of 3.750% with average yield of 3.674%). Meanwhile, average yields for the reissued FXTN10-66 and FXTN25-11 (reissued as a 20-year) were awarded at 3.914% and 4.986%, respectively. The rejected FXTN20-20 auction would have averaged at 4.533%, had the issue been fully awarded. Towards month-end, the BTr released its September auction schedule, announcing five weekly FXTN issuances (5-, twice 7-, and twice 10-year tenors) and five weekly Tbill auctions.

In the local economic space, July inflation continued to ease to 4.0% year-on-year, compared to June's 4.4% and lower than the median forecast. Though it declined, the figure marks another month that inflation has been higher than the Bangko Sentral ng Pilipinas' (BSP) target band of 2-4% for the year. The country's 2Q2021 GDP grew by 11.8% YoY, ending the recession mostly due to base effects. Growth was driven by industry and services, while the agricultural sector lagged. During its Monetary Board held August 12, the Bangko Sentral ng Pilipinas hiked its average inflation forecasts by 1% each year, to 4.1% in 2021 and 3.1% for 2022-2023. It stated however, that the rate of price increases has likely peaked as of earlier this year. BSP Governor Benjamin Diokno has continuously reiterated that the central bank would utilize its full arsenal of tools to support growth and stability.

Fund Performance. The Fund continued to track the returns and duration of the iBoxx ABF Philippines. The Fund returned -0.49% 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 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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