

**BPI INVEST PHILIPPINE DOLLAR BOND INDEX FUND**

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of August 31, 2021

FUND FACTS

Classification:	Index Tracker Bond Fund	Net Asset Value per Unit (NAVPU):	USD 258.37
Launch Date:	December 31, 2006	Total Fund NAV (Mn):	USD 50.39
Minimum Investment:	USD 500.00	Dealing Day:	Daily up to 2:30 PM
Additional Investment:	USD 200.00	Redemption Settlement:	T+3 End-of-Day
Minimum Holding Period:	None	Early Redemption Charge:	None

FEES*

Trustee Fees: 0.25%	Custodianship Fees: 0.0024%	External Auditor Fees: 0.0051%	Other Fees: 0.00%
BPI Asset Management	HSBC	Isla Lipana	None
*As a percentage of ave. daily NAV for the quarter valued at USD 51.49 million			
*Monthly rate: Billings received for April 2021 divided by average daily NAV		*Billings for 2018 divided by average daily NAV	

INVESTMENT OBJECTIVE AND STRATEGY

The Fund aims to achieve investment returns that closely track the total return of a U.S. dollar-denominated index, the JP Morgan Asia Credit Philippines Total Return Index, before fees and taxes, by investing in a diversified portfolio of Philippine sovereign and corporate fixed income instruments.

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 Philippine Dollar Bond Index Fund is suitable only for investors who:

- Are at least classified as aggressive based on their risk profile
- Have an investment horizon of more than 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 a portfolio of Philippine Sovereign and corporate securities comprising the JP Morgan Asia Credit Philippines Total Return 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, issuer-specific factors/ events and/ or negative developments in domestic and global 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.

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 and global political and economic conditions.

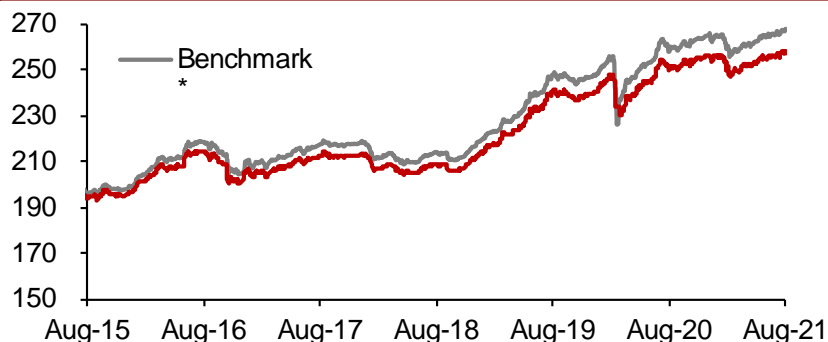
Index Tracking Risk: Investors are exposed to the risk of not being able to achieve a level of return that matches the index being tracked by the fund due primarily to operating and fund management expenses.

- THE 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 AUGUST 31, 2021

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

NAVPU GRAPH



*Benchmark is the JP Morgan Asia Credit Philippines Total Return Index

CUMULATIVE PERFORMANCE (%) ¹

	1 mo	3 mo	6 mo	1YR	3YRS	S.I. ²
Fund	0.93	2.12	3.22	3.57	23.63	158.37
Benchmark	0.97	2.11	3.39	3.87	25.23	173.94

ANNUALIZED PERFORMANCE (%) ¹

	1YR	2YRS	3YRS	4YRS	5YRS	S.I.
Fund	3.57	3.59	7.33	4.97	3.81	6.68
Benchmark	3.87	3.94	7.79	5.35	4.16	7.11

CALENDAR YEAR PERFORMANCE (%) ¹

	YTD	2020	2019	2018	2017	2016
Fund	0.93	6.87	13.27	-0.73	5.85	41.36
Benchmark	1.11	7.30	13.95	-0.61	6.36	45.61

NAVPU over the past 12 months

Highest	246.74
Lowest	258.37

STATISTICS

Weighted Ave Duration (Yrs)	7.67
Volatility, Past 1 Year (%) ³	3.16
Port. Weighted Yield to Maturity (%)	2.39
Current Number of Holdings	72
Tracking Error (3-Yr) ⁴ (%)	0.50

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.

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
Government	58.07
Corporates	39.87
Cash	0.22
Time deposits and money market	0.44
Other receivables – net of liabilities ⁵	1.41

Maturity Profile

Cash and Less than 1 Year	3.30
Between 1 and 3 Years	14.79
Between 3 and 5 Years	24.28
Between 5 and 7 Years	5.94
Between 7 and 10 Years	20.92
More than 10 Years	30.78

TOP TEN HOLDINGS

Name	Maturity	% of Fund
RoP Bonds	2/2/2030	5.45
RoP Bonds	1/20/2040	4.75
RoP Bonds	2/1/2028	4.00
RoP Bonds	10/23/2034	3.97
RoP Bonds	2/2/2042	3.85
RoP Bonds	1/14/2031	3.66
RoP Bonds	3/16/2025	3.44
RoP Bonds	3/1/2041	3.43
RoP Bonds	7/6/2046	3.18
RoP Bonds	1/13/2037	3.04

RELATED PARTY TRANSACTIONS*

The Fund has investments and trade transactions with BPI Asset Management and Trust Corporation (BPI AMTC):

Ayala Corporation – USD 0.69 million, AC Energy – USD 0.88 million, Bank of the Philippine Islands – USD 0.22 million Globe Telecom – USD 0.57 million, Manila Water Company, Inc. – USD 0.43 million

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.

OUTLOOK AND STRATEGY

Market Review. The JP Morgan Asia Credit Index (JACI) Philippines rose by 0.97% in August as Philippine dollar-denominated bond yields mimicked the gains in US Treasuries.

US Treasury yields ended August higher despite hitting new lows earlier during the month. US economic data remained mostly positive with PMI (Purchasing Managers Index) figures coming in strong, while headline Consumer Price Index (CPI) printed at +5.4% year-on-year. Labor was also looking healthy with 943,000 jobs added to the economy. In the last week of the month, Federal Reserve Chairman Jerome Powell gave his virtual speech at the much-awaited Jackson Hole Symposium. His comments were mostly well-received, as he stated that the Fed was content with the progress on inflation, though it was still believed to be transitory. He likewise emphasized that the timeline for tapering should be viewed as separate from that of the rate increases. For the month, the 10-year US Treasury benchmark yield fell to as low as 1.17% (beginning of August), before closing the month at the 1.31% level (+8.65 basis points MoM).

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 returned 0.93% in August, underperforming its benchmark by 4 basis points. Year-to-date, it underperformed the benchmark by 18 basis points with a return of 0.93%.

Fund Strategy. The Fund will continue to closely track the JPMorgan Asia Credit Total Return Index. 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 long term tradable fixed-income instruments issued or guaranteed by the Philippine government or the BSP; tradable fixed-income instruments issued by 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.
- (b) Tradable fixed-income securities 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
- (c) The principal investments of the Fund will be in fixed-income instruments denominated in, but are not limited to, the following major currencies: U.S. Dollar, Euro, British Pound, Canadian Dollar, Australian Dollar, Swiss Franc, Danish Kroner, and Japanese Yen.
- (d) 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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