

**BPI INVEST PHILIPPINE DOLLAR BOND INDEX FUND**

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of July 30, 2021

FUND FACTS

Classification:	Index Tracker Bond Fund	Net Asset Value per Unit (NAVPU):	USD 255.98
Launch Date:	December 31, 2006	Total Fund NAV (Mn):	USD 51.98
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 51.77 for April 2021 divided by million		*Monthly rate: Billings received *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 JULY 30, 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	0.37	1.68	-0.07	1.13	23.08	155.98
Benchmark	0.44	1.73	0.23	1.38	24.72	171.30

ANNUALIZED PERFORMANCE (%)¹

	1YR	2YRS	3YRS	4YRS	5YRS	S.I.
Fund	1.13	4.68	7.17	4.93	3.68	6.65
Benchmark	1.38	5.06	7.64	5.31	4.03	7.08

CALENDAR YEAR PERFORMANCE (%)¹

	YTD	2020	2019	2018	2017	2016
Fund	0.00	6.87	13.27	-0.73	5.85	41.36
Benchmark	0.14	7.30	13.95	-0.61	6.36	45.61

PORTFOLIO COMPOSITION

Allocation	% of Fund
Government	56.49
Corporates	41.45
Cash	0.19
Time deposits and money market	0.99
Other receivables – net of liabilities ⁵	0.88
Maturity Profile	
Cash and Less than 1 Year	3.26
Between 1 and 3 Years	15.89
Between 3 and 5 Years	25.60
Between 5 and 7 Years	6.24
Between 7 and 10 Years	21.93
More than 10 Years	27.08

RELATED PARTY TRANSACTIONS*

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

Ayala Corporation – USD 0.98 million, AC Energy – USD 0.88 million, Bank of the Philippine Islands – USD 0.51 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.

NAVPU over the past 12 months

Highest	256.77
Lowest	246.74

STATISTICS

Weighted Ave Duration (Yrs)	7.28
Volatility, Past 1 Year (%) ³	3.51
Port. Weighted Yield to Maturity (%)	2.36
Current Number of Holdings	70
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.

TOP TEN HOLDINGS

Name	Maturity	% of Fund
RoP Bonds	02/02/2030	5.55
RoP Bonds	01/20/2040	4.52
RoP Bonds	01/14/2031	4.52
RoP Bonds	02/01/2028	4.37
RoP Bonds	10/23/2034	4.09
RoP Bonds	02/02/2042	4.08
RoP Bonds	03/16/2025	3.62
RoP Bonds	03/01/2041	3.27
RoP Bonds	01/13/2037	2.91
RoP Bonds	01/14/2029	2.83

OUTLOOK AND STRATEGY

Market Review. The JP Morgan Asia Credit Index (JACI) Philippines marginally rose by 0.44% in July as Philippine dollar-denominated bond yields mimicked the gains in US Treasuries.

US Treasury yields rallied strongly in July as concerns over the Delta variant of the coronavirus (COVID19) overshadowed earlier hopes that developed countries would soon be out of the woods. However, data releases throughout the month painted a mostly healthy picture of the US economy. June inflation surprised to the upside for a fourth straight month (+5.4% YoY vs +5.0%YoY expected) while the labor market recovery appeared to make headway with 850,000 jobs added. The Federal Reserve held rates steady during its July 28 Federal Open Markets Committee (FOMC) meeting but hinted at considering lifting bond purchases sometime in the future, should economic improvement be sustained. Though most perceived these comments to be “hawkish”, bond yields remained stubbornly close to beginning-of-the-year levels. For the month, the 10-year US Treasury benchmark yield fell to as low as 1.19%, before closing the month at the 1.22% level (-24 basis points MoM).

In the local economic space, June inflation fell to 4.1% year-on-year, compared to May’s 4.5% 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. Bloated pork prices persisted due to the ongoing supply pressures brought about by the African Swine Fever outbreak. Meanwhile, transport costs eased due to base effects from last year. The BSP noted that this was still in line with its projection of elevated prices given supply side pressures on food, and that by 2022 prices should stabilize. 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 0.37% in July, underperforming its benchmark by 7 basis points. Year-to-date, it underperformed the benchmark by 14 basis points with a return of 0.00%.

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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