

**BPI PERA CORPORATE INCOME FUND****KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT**

As of August 28, 2020

**FUND FACTS**

|                                |                    |  |                    |
|--------------------------------|--------------------|--|--------------------|
| <b>Classification:</b>         | PERA Balanced Fund | <b>Net Asset Value per Unit (NAVPU):</b> | PHP 1.08           |
| <b>Launch Date:</b>            | December 19, 2016  | <b>Total Fund NAV (Mn):</b>              | PHP 8.988          |
| <b>Minimum Investment:</b>     | PHP 1,000          | <b>Dealing Day:</b>                      | Daily up to 2:30PM |
| <b>Additional Investment:</b>  | PHP 1,000          | <b>Redemption Settlement:</b>            | T+3 End-of-Day     |
| <b>Minimum Holding Period:</b> | None               | <b>Early Redemption Charge:</b>          | None               |

**FEES\***

|                             |                                    |                                       |                       |
|-----------------------------|------------------------------------|---------------------------------------|-----------------------|
| <b>Trustee Fees:</b> 1.250% | <b>Custodianship Fees:</b> 0.00%** | <b>External Auditor Fees:</b> 1.28%** | <b>Other Fees:</b> 0% |
| BPI Asset Management        | HSBC                               | Isla Lipana                           | None                  |

\*As a percentage of average daily NAV for the quarter valued at PHP 8.80 Million

\*\*Billings in 2017 divided by average daily NAV

**INVESTMENT OBJECTIVE AND STRATEGY**

The Fund intends to achieve for its participants capital appreciation and income derived from a diversified mix of preferred stocks and fixed income securities primarily issued by Philippine corporations. The Fund aims to provide returns in excess of the return of the BPI Philippine Corporate Bond 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 PERA Corporate Income Fund is suitable only for investors who:

- Are classified as 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:** Investors are exposed to adverse changes in the prices of domestic fixed income securities due to a rise in interest rates, which generally causes fixed income security prices to decline. Factors/ events that may lead to a rise in interest rates include adverse market conditions, issuer-specific factors / events and/or negative developments in domestic political and economic conditions.

**Liquidity Risk:** Possibility to experience losses due to the fund's inability to convert assets into cash immediately or in instances where conversion to cash is possible but at a highly disadvantageous price.

**Related Party Risk:** Risk of any actual or potential conflicts of interest in handling of related party transactions.

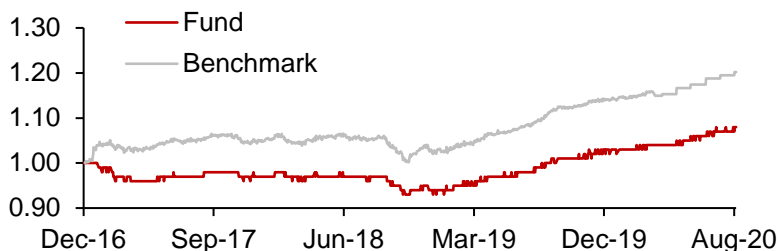
**Credit/Default Risk:** Investors are exposed to the risk of loss due to the failure of the borrower/ debt issuer to make timely interest and/ or principal payments on its deposit liabilities, loans, bonds or other debt instruments due to a deterioration in the borrower's/ issuer's financial condition or external factors and events that may affect its ability to repay financial obligations such as negative developments in domestic political and economic conditions.

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 PHIL. 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 28, 2020**

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

**NAVPU GRAPH**

\*Benchmark is the BPI Philippine Corporate Bond Index

**CUMULATIVE PERFORMANCE (%) <sup>1</sup>**

|                  | 1 mo        | 3 mos       | 6 mos       | 1 YR        | S.I. <sup>2</sup> |
|------------------|-------------|-------------|-------------|-------------|-------------------|
| <b>Fund</b>      | <b>0.93</b> | <b>1.89</b> | <b>3.85</b> | <b>6.93</b> | <b>8.00</b>       |
| <b>Benchmark</b> | 0.62        | 2.37        | 4.04        | 6.89        | 20.25             |

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

|                  | 1 YR        | 2 YRS       | S.I. <sup>5</sup> |
|------------------|-------------|-------------|-------------------|
| <b>Fund</b>      | <b>6.93</b> | <b>5.52</b> | <b>2.11</b>       |
| <b>Benchmark</b> | 6.89        | 6.47        | 5.12              |

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

|                  | YTD         | 2019        | 2018         | 2017         |
|------------------|-------------|-------------|--------------|--------------|
| <b>Fund</b>      | <b>5.88</b> | <b>8.51</b> | <b>-3.09</b> | <b>-3.00</b> |
| <b>Benchmark</b> | 5.57        | 11.15       | -2.71        | 4.40         |

**PORTFOLIO COMPOSITION**

| Allocation                     | % of Fund |
|--------------------------------|-----------|
| Government                     | -         |
| Corporates                     | 98.62     |
| Time deposits and money market | 2.79      |
| Preferred shares               | 0.58      |
| Other receivables              | -2.06     |
| Cash                           | 0.06      |

**Maturity Profile**

|                           |       |
|---------------------------|-------|
| Cash and less than 1 year | 34.36 |
| Between 1 and 3 years     | 55.39 |
| Between 3 and 5 years     | 6.66  |
| Between 5 and 7 years     | 3.59  |
| Between 7 and 10 years    | 0.00  |

**Portfolio Weightings**

|                            |       |
|----------------------------|-------|
| Philippine Corporate Bonds | 98.62 |
|----------------------------|-------|

**RELATED PARTY TRANSACTIONS**

The Fund has transactions and outstanding investments including deposits, investment in the share/s of stocks, and/or debt issuances of the following companies related to the BPI Asset Management and Trust Corporation (BPI AMTC):

Ayala Corp.– PHP 0.60mn, Ayala Land, Inc. – PHP 0.10mn, Globe Telecommunications, Inc. - PHP 0.07mn

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 | 1.08 |
| Lowest  | 0.99 |

**STATISTICS**

|  |      |
|--|------|
| Weighted Ave Duration (Yrs)              | 1.72 |
| Volatility, Past 1 Year (%) <sup>3</sup> | 2.68 |
| Sharpe Ratio <sup>4</sup>                | 1.77 |
| Information Ratio <sup>5</sup>           | 0.02 |
| Portfolio Weighted Yield to Maturity (%) | 3.67 |
| Current Number of Holdings               | 40   |

<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.

\*Declaration of Trust is available upon request through branch of account.

**TOP TEN HOLDINGS**

| Name                                  | Maturity   | % of Fund |
|---------------------------------------|------------|-----------|
| GT Capital Holdings Inc               | 8/7/2021   | 11.32     |
| SM Investments Corporation            | 7/16/2022  | 9.51      |
| PLDT, Inc.                            | 2/6/2021   | 7.81      |
| Cyberzone Properties, Inc.            | 1/7/2023   | 7.02      |
| SMC Global Power Holdings Corporation | 5/3/2023   | 7.01      |
| Energy Development Corp.              | 12/22/2022 | 6.87      |
| Security Bank Corp.                   | 6/28/2021  | 5.69      |
| Aboitiz Equity Ventures, Inc.         | 8/6/2022   | 4.55      |
| SMC Global Power Holdings Corporation | 4/24/2022  | 4.06      |
| Filinvest Land, Inc.                  | 8/20/2022  | 2.85      |

## OUTLOOK AND STRATEGY

**Market Review.** The BPI Government Bond Index returned 0.19% for the month of August with benchmark government yields flat, rising an average of 1 basis point (bp). The yield curve flattened, with benchmark yields in the long end of the curve falling with greater magnitude than the coincident increase in short-term benchmark yields. Daily trading volumes rose to PHP29.4bn, with the new 5-year RTB5-13 and 10-year FXTN10-65 securities seeing the highest trading volumes over the month.

The Bureau of the Treasury (BTr) held two FXTN auctions in August, with PHP30bn on offer for each of the new 10-year FXTN10-65 security, first issued in July, and a reissuance of the 13-year FXTN20-20. The reissuance of FXTN10-65 saw moderate demand, with bids totaling PHP54.73bn, and was fully awarded at an average yield of 2.724%—3bps lower than the average yield it was awarded at in its July issuance, with a PHP10-bn tap opened and fully awarded in the afternoon of the auction. However, the second auction saw all bids for the FXTN20-20 reissuance rejected, despite receiving PHP46.92bn-worth of bids. Additionally, mid-month, the BTr issued a new 5-year retail treasury bond, RTB5-13. The issuance was one of the largest local single-security issuances in history; with the BTr raising PHP516.31 bn from the offering, awarded at a yield of 2.625%.

In the local economic space, July inflation came in at 2.7% year-on-year, above market expectations of 2.5% and continuing to rise from June's 2.5% figure. The increase was mainly due to a rise in oil prices, which drove transportation and other related prices higher. Risk sentiment was driven by local developments in the COVID-19 pandemic, with the reimposition of stricter local quarantine measures in the country's economic center in the first half of the month dampening risk appetites across the local allocation universe. The release of lower than expected second-quarter GDP (-16.5% year-on-year versus expectations of -9.4%) and poor company second-quarter earnings also drove asset prices lower. In comments made over the course of the month, Bangko Sentral ng Pilipinas (BSP) Governor Diokno suggested a pause to monetary policy cuts by the central bank, and called for fiscal policy to take up the stimulative role played by monetary policy over the first half of the year.

**Fund Performance.** The Fund outperformed its benchmark by 31 bps in August.

**Fund Strategy.** The Fund will continue to invest in a diversified mix of securities primarily issued by Philippine corporations.

## 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 tradable fixed-income instruments issued or guaranteed by Philippine corporations; marketable instruments that are traded in an organized exchange; fixed-income instruments issued or guaranteed by the Philippine government or the BSP; investment outlets/ categories the BSP allow. Provided, that, a financial instrument is regarded as tradable if quoted two-way prices are readily available and 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 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 or any such instrument 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) Shares of preferred stock of selected corporations which are already listed or being offered publicly and soon to be listed in the Philippine stock market.
- d) Bank deposits or tradable debt instruments issued by the BSP.
- e) 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 any inquiries and complaints relating to our services and products you may call our hotline: 889-10000, or send an email at [bpi\\_asset\\_management@bpi.com.ph](mailto:bpi_asset_management@bpi.com.ph) or write a letter addressed to BPI Asset Management and Trust Corporation - Consumer Assistance Office, 7/F, BPI Buendia Center, Sen. Gil J. Puyat Avenue, Makati City 1209.

BPI AMTC as Trustee / Investment Manager is supervised by the Bangko Sentral ng Pilipinas (BSP) with telephone number (632) 8708-7087 and e-mail address: [consumeraffairs@bsp.gov.ph](mailto:consumeraffairs@bsp.gov.ph).