



# BPI FIXED INCOME PORTFOLIO FUND-OF-FUNDS

## KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of July 30, 2020

### FUND FACTS

<b>Classification:</b>	Long Term Bond Fund-of-Funds	<b>NAVPU:</b>	Php 123.23
<b>Launch Date:</b>	September 1, 2016	<b>Total Fund NAV (Mn):</b>	Php 2.51
<b>Minimum Investment:</b>	Php 1,000,000.00	<b>Dealing Day:</b>	Daily up to 12:00 PM
<b>Additional Investment:</b>	Php 10,000.00	<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> Waived	<b>Custodianship Fees:</b> 0%	<b>External Auditor Fees:</b> 0.1177%	<b>Other Fees:</b> 0%
BPI Asset Management	none	Isla Lipana	none

\*As a percentage of average daily NAV for the quarter valued at Php2.47 Million

\*\*Trustee Fees are collected at the target fund level

\*Billings for 2017 divided by the average daily NAV

### INVESTMENT OBJECTIVE AND STRATEGY

The Fund, operating as a Fund-of-Funds, intends to achieve for its Participants principal protection by investing in a diversified portfolio of primarily domestic money market and bond collective investment schemes. The Fund aims to provide excess return over the BPI Philippine Government 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 Fixed Income Portfolio Fund-of-Funds is suitable only for investors who:

- Are 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 an long 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.

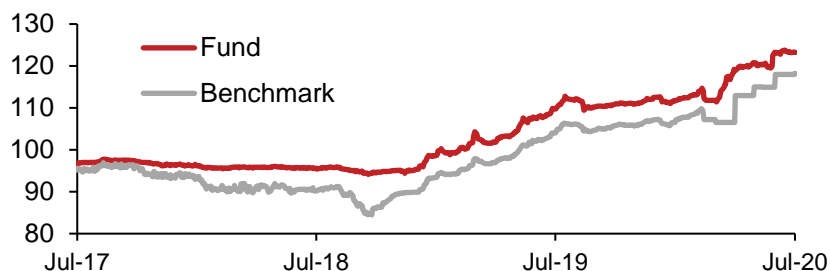
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks.

- **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.**

## FUND PERFORMANCE AND STATISTICS AS OF JULY 30, 2020

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

### NAVPU GRAPH



\* Benchmark is BPI Philippine Government Bond Index

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

	1 mo	3 mos	6 mos	1 YR	3 YR	S.I. <sup>2</sup>
<b>Fund</b>	<b>0.15</b>	<b>3.68</b>	<b>10.26</b>	<b>12.29</b>	<b>27.42</b>	<b>23.23</b>
<b>Benchmark</b>	0.19	4.64	10.24	13.55	23.59	18.15

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

	1 YR	2 YRS	3 YRS	S.I. <sup>2</sup>
<b>Fund</b>	<b>12.29</b>	<b>13.54</b>	<b>8.41</b>	<b>5.48</b>
<b>Benchmark</b>	13.55	14.47	7.31	4.36

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

	YTD	2019	2018	2017	2016
<b>Fund</b>	<b>9.61</b>	<b>17.99</b>	<b>-1.13</b>	<b>0.88</b>	<b>-4.46</b>
<b>Benchmark</b>	10.29	19.23	-4.40	0.58	-6.55

### PORTFOLIO COMPOSITION

Allocation	% of Fund
Bond Funds	100.13
Money Market Funds	-
Cash, Receivables, Liabilities	-0.13
Allocation by Sector	% of Fund
Corporate Bonds	21.44
Government Debt	66.65
Money Market	11.62
Cash, Receivables, Liabilities	0.29

### NAVPU over the past 12 months

Highest	123.78
Lowest	109.45

### STATISTICS

Weighted Ave Duration (Yrs)	5.58
Volatility, Past 1 Year (%) <sup>3</sup>	7.36
Sharpe Ratio <sup>4</sup>	1.35
Information Ratio <sup>5</sup>	-0.91
Portfolio Weighted Yield to Maturity (%)	2.39
Current Number of Holdings	2

<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	% of Fund
Odyssey Peso Bond Fund	85.33
Odyssey Peso Medium Term Bond Fund	14.81

### 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 BPI Asset Management and Trust Corporation (BPI AMTC):

Odyssey Peso Bond Fund, a fund managed by BPI AMTC – PHP 2.141 million  
Odyssey Peso Medium Term Bond Fund, a fund managed by BPI AMTC – PHP 0.372 million

Investments in the said outlets were approved by 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 BPI Government Bond Index returned 0.19% for the month of July with benchmark government yields flat, falling an average of 2 basis points (bps). The yield curve bear steepened, with benchmark yields in the long end of the curve rising with greater magnitude than the decline in short-term benchmark yields. Daily trading volumes rose to PHP22.1bn, with the 2.5-year RTB3-10 and 5-year FXTN10-60 securities seeing the highest trading volumes over the month.

The Bureau of the Treasury (BTr) held one FXTN auction in July: a PHP30bn offering of a new 10-year security, FXTN10-65. The auction saw moderate demand, with bids totaling PHP59.71bn, and was fully awarded at an average yield of 2.759%. In addition, mid-month, the BTr announced and priced a new 5-year retail treasury bond (RTB) that it planned to issue in the upcoming month.

In the local economic space, inflation for the month of June averaged 2.5% year-on-year, above market expectations of 2.2% and rising from May's 2.0% figure. The increase was mainly due to a rise in oil prices, which drove transportation and other related prices higher. Sentiment continued to be driven mainly by developments related to the COVID-19 pandemic, with positive risk sentiment at the start of the month turning negative amidst growing speculation of a potential reimposition of stricter quarantine measures due to a spike in viral transmission. Toward the end of the month, the Bangko Sentral ng Pilipinas (BSP) announced a full percentage-point cut to its reserve requirement ratio (RRR) for thrift banks (bringing the thrift bank RRR to 3%) and rural and cooperative banks (bringing the rural and cooperative bank RRR to 2%), releasing additional liquidity into the economic system. BSP Governor Diokno reiterated the central bank's assessment that inflationary risks would be limited by the effects of the pandemic on domestic and global demand, and that the central bank remained committed to supporting sustainable economic growth using monetary instruments and regulatory relief measures.

**Fund Performance.** The Fund increased by 0.15% for the month, underperforming the benchmark by 4 bps.

**Fund Strategy.** The fund will maintain slight underweight duration position relative to the BPI Government Bond Index.

## 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 in more than one collective investment schemes, that are approved/registered and supervised by the Bangko Sentral ng Pilipinas (the "BSP") or the Securities and Exchange Commission (the "SEC") and managed by the Trustee or by its related parties; provided further that such combined investment in collective investment schemes should not fall below ninety percent (90%) of the net asset value of the Fund.
- b) Short-term tradable fixed-income instruments issued or guaranteed by the Philippine government or the BSP; tradable 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 investments 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.
- c) Short-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 X410.12 (a) of the Manual of Regulations for Banks.
- d) Bank deposits, BSP special deposit account 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 regulated 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).

## INVESTMENT OBJECTIVES OF TARGET FUNDS

NAME	REGULATOR	OBJECTIVE
BPI Invest Short Term Fund	Bangko Sentral ng Pilipinas	The Fund aims to generate liquidity and stable income by investing in a diversified portfolio of primarily short-term fixed income instruments. The Fund aims to provide excess return over the return of the 91-day Philippine Treasury Bill, net of tax.
BPI Invest Money Market Fund	Bangko Sentral ng Pilipinas	The Fund aims to achieve liquidity and stable income derived from a diversified portfolio of primarily short-term fixed income instruments. The Fund aims to provide excess return over the return of the 91-day Philippine Treasury Bill, net of tax.
BPI Invest Premium Bond Fund	Bangko Sentral ng Pilipinas	<p>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.</p> <p>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.</p>
ABF Philippines Bond Index Fund	Bangko Sentral ng Pilipinas	<p>The Fund aims to generate income by investing in a diversified portfolio of Peso denominated sovereign and corporate debt securities. The Fund aims to outperform its benchmark which is the BPI Philippine Government Bond 1-5 Year Index.</p> <p>The Fund aims to achieve capital appreciation and income growth in Philippine Peso terms over a period of time by investing in a diversified portfolio of Philippine Peso denominated fixed income instruments. The Fund aims to outperform its benchmark which is the BPI Philippine Government Bond Index.</p>
Odyssey Peso Medium Term Bond Fund	Bangko Sentral ng Pilipinas	
Odyssey Peso Bond Fund	Bangko Sentral ng Pilipinas	

## SPECIFIC RISKS IN INVESTING IN A FUND-OF-FUNDS

The performance of the underlying Target Fund/s on an individual or collective basis impacts the performance of the BPI Fixed Income Portfolio Fund-of-Funds.

Trustee Fees are collected at the target fund level. Such fees are already included in the computation of the Net Asset Value per Unit (NAVPU), which is the price at which investors subscribe and redeem units of the Fund.

## Other Fund Facts

Fund Currency: Philippine Peso  
Benchmark: BPI Philippine Government Bond Index