



**BPI ASSET MANAGEMENT AND TRUST GROUP**  
**BPI U.S. DOLLAR SHORT TERM FUND**  
**KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT**  
As of October 30, 2015

**FUND FACTS**

|                                |                   |  |                     |
|--------------------------------|-------------------|--|---------------------|
| <b>Classification:</b>         | Money Market Fund | <b>Net Asset Value per Unit (NAVPU):</b> | USD 290.90          |
| <b>Launch Date:</b>            | August 30, 1994   | <b>Total Fund NAV (Mn):</b>              | USD 130.54          |
| <b>Minimum Investment:</b>     | USD 500.00        | <b>Dealing Day:</b>                      | Daily up to 12:00NN |
| <b>Additional Investment:</b>  | USD 200.00        | <b>Redemption Settlement:</b>            | T+0 End-of Day      |
| <b>Minimum Holding Period:</b> | None              | <b>Early Redemption Charge:</b>          | None                |

**FEES\***

|                            |                                    |                                      |                          |
|----------------------------|------------------------------------|--------------------------------------|--------------------------|
| <b>Trustee Fees:</b> 0.50% | <b>Custodianship Fees:</b> 0.0125% | <b>External Auditor Fees:</b> 0.007% | <b>Other Fees:</b> 0.00% |
| BPI Asset Management       | HSBC                               | Isla Lipana                          | None                     |

\* As a percentage of average daily\*Billings received in 2014 divided\*Billings received in 2013 divided NAV for the quarter valued at USDby the average daily NAV by the average daily NAV  
125.50 Million

**INVESTMENT OBJECTIVE AND STRATEGY**

The Fund intends to achieve for its Participants liquidity and stable income derived from a diversified portfolio of foreign currency-denominated short-term fixed income instruments. The Fund aims to provide absolute returns in excess of the return of the 3-month U.S. Treasury Bill. The Fund was approved to be converted to a U.S. Dollar-denominated money market fund last March 6, 2015. It has likewise been renamed to the BPI U.S. Dollar Short Term Fund last June 1, 2015.

**CLIENT SUITABILITY**

A client profiling process should 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 U.S. Dollar Short Term Fund is suitable only for investors who:
- Are at least classified as moderately conservative based on their risk profile.
  - Have an investment horizon of up to one (1) year.

**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.

|                              |   |
|------------------------------|---|
| <b>Interest Rate Risk:</b>   | The fund invests in short term foreign currency denominated fixed income 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 political and economic conditions of countries where the securities are issued/ traded. |
| <b>Liquidity Risk:</b>       | 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.  |
| <b>Related Party Risk:</b>   | 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.   |
| <b>Credit/ Default Risk:</b> | 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 its home country's political and economic conditions.               |
| <b>Forex Risk:</b>           | Investors are exposed to the risk of loss from a decline in fund value when the market value of foreign currency denominated fixed income securities held by the fund are converted/ translated to US Dollar.   |

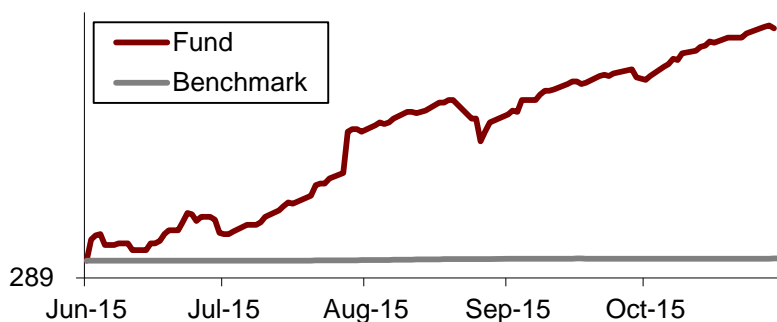
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks

- **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 WILL 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 OCTOBER 30, 2015

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

### NAVPU GRAPH



### NAVPU over the past 12 months

|         |        |
|---------|--------|
| Highest | 290.90 |
| Lowest  | 289.13 |

### STATISTICS

|  |          |
|--|----------|
| Weighted Ave Duration (Yrs)            | 0.46     |
| Annualized Volatility (%) <sup>2</sup> | 0.18     |
| Sharpe Ratio <sup>3</sup>              | n.a.     |
| Information Ratio <sup>4</sup>         | n.a.     |
| Port. Weighted Yield to Maturity (%)   | 1.81     |
| Current Number of Holdings             | 79       |
| Average Credit Rating (Moody's/S&P)    | Baa2/BBB |

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

|                  | 1 mo        | 3 mo        | 6 mo | 1YR | 3YRS | S.I.        |
|------------------|-------------|-------------|------|-----|------|-------------|
| <b>Fund</b>      | <b>0.14</b> | <b>0.28</b> |      |     |      | <b>0.61</b> |
| <b>Benchmark</b> | 0.00        | 0.01        |      |     |      | 0.01        |

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

|                  | S.I.        |
|------------------|-------------|
| <b>Fund</b>      | <b>0.61</b> |
| <b>Benchmark</b> | 0.02        |

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

|                  | YTD         |
|------------------|-------------|
| <b>Fund</b>      | <b>n.a.</b> |
| <b>Benchmark</b> | n.a.        |

<sup>1</sup>Returns are net of fees. The Fund was converted to the U.S. Dollar Short Term Fund last June 1, 2015.

<sup>2</sup>Measures the degree to which the Fund fluctuates vis-à-vis its average return over a period of time.

<sup>3</sup>Used to characterize how well the return of a Fund compensates the investor for the level of risk taken.

<sup>4</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.

### PORTFOLIO COMPOSITION

| Allocation                      | % of Fund |
|---------------------------------|-----------|
| Corporates                      | 20.13     |
| Cash                            | 79.87     |
| <b>Top Fixed Income Sectors</b> |           |
| Cash and less than 1 year       | 83.35     |
| Between 1 and 3 years           | 16.65     |
| Between 3 and 5 years           | 0.00      |
| Between 5 and 7 years           | 0.00      |
| Between 7 and 10 years          | 0.00      |
| More than 10 years              | 0.00      |

### TOP TEN HOLDINGS

| Name                | Maturity  | %    |
|---------------------|-----------|------|
| RCBC Note           | 1/31/2017 | 4.64 |
| Dollar Time Deposit |           | 3.06 |
| Dollar Time Deposit |           | 2.68 |
| MBTC Perp Bond      | 2/15/2016 | 2.48 |
| Dollar Time Deposit |           | 2.30 |
| Dollar Time Deposit |           | 2.30 |
| Dollar Time Deposit |           | 2.30 |
| Dollar Time Deposit |           | 2.30 |
| Dollar Time Deposit |           | 2.30 |
| First Pacific Bond  | 7/24/2017 | 2.22 |

### RELATED PARTY TRANSACTIONS\*

The Fund has investments and trade transactions with Bank of the Philippine Islands, its subsidiaries and related parties:

Bank of the Philippine Islands – USD18.90 million  
 Petron Corporation – USD1.09 million  
 Philippine Long Distance Telephone Company – USD0.59 million

Investments in the said outlets were approved by the Trust Committee. 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's internal policy.

## OUTLOOK AND STRATEGY

**Market Review.** The JP Morgan Chase Asia Total Return Philippines Bond Index increased by 1.93% in October. Yields of Philippine dollar denominated bonds decreased an average of 37basis points as global risk appetite was noted at the start of the month.

Investors were encouraged to take on positions, given expectations of a delay in the Federal Reserve lift off after disappointing payrolls figures. Comments from ECB president Mario Draghi that suggested readiness to further stimulate the economy further increased risk appetite. However, sentiment quickly changed towards the end of the month after FED Chairwoman Yellen highlighted that a tightening in policy rates could still occur within 2015.

**Fund Performance.** The fund gained 0.14% in October, outperforming the benchmark by 14 basis points.

**Fund Strategy.** The fund will maintain its duration of less than 1 and will continue to look for opportunities to diversify into short term corporate bonds for yield enhancement.

## 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 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.
- (b) Primarily 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.
- (c) The principal investments of the Fund will be in money market 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, BSP special deposit account or tradable debt instruments issued by the BSP.
- (e) Such other investments allowed under regulations issued by the BSP.