



BPI Asset Management and Trust Corporation

PHILIPPINE DOLLAR BOND INDEX KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT As of April 30, 2018

FUND FACTS

| | | | |
|--------------------------------|-------------------------|--|---------------------|
| Classification: | Index Tracker Bond Fund | Net Asset Value per Unit (NAVPU): | USD 206.70 |
| Launch Date: | December 31, 2006 | Total Fund NAV (Mn): | USD 36.91 |
| Minimum Investment: | USD 500.00 | Dealing Day: | Daily up to 12:00PM |
| 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: 0.0053% | External Auditor Fees: 0.0082% | Other Fees: 0.00% |
| BPI Asset Management | HSBC | Isla Lipana | None |
| •As a percentage of ave. daily NAV for the quarter valued at USD 39.38 million | *Billings received in 2016 divided by the average daily NAV | *Billings received in 2016 divided by the 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 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 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.

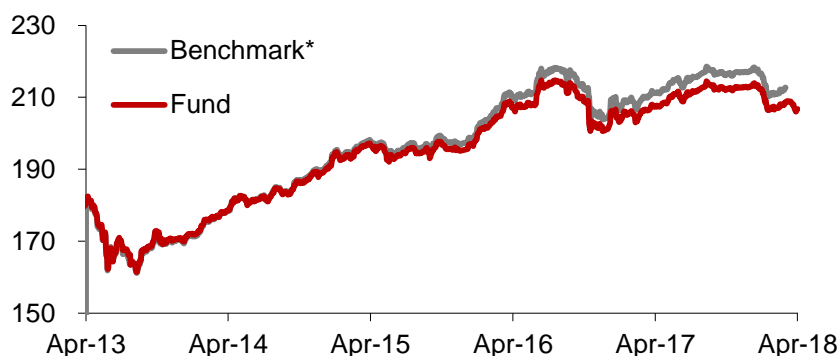
Index Tracking Risk: Investors are exposed to the risk of not being able to achieve a level of return that matches the index being tracked by the fund due primarily to operating and fund management expenses.

- 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 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 APRIL 30, 2018

(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 | -0.92 | -2.02 | -2.65 | -0.40 | 5.05 | 106.70 |
| Benchmark | -0.91 | -2.11 | -2.64 | -0.25 | 6.52 | 116.09 |

ANNUALIZED PERFORMANCE (%) ¹

| | 1YR | 2YRS | 3YRS | 4YRS | 5YRS | S.I. |
|------------------|--------------|--------------|-------------|-------------|-------------|-------------|
| Fund | -0.40 | -0.12 | 1.66 | 3.73 | 2.74 | 6.61 |
| Benchmark | -0.25 | 0.15 | 2.13 | 4.24 | 3.14 | 7.03 |

CALENDAR YEAR PERFORMANCE (%) ¹

| | YTD | 2017 | 2016 | 2015 | 2014 | 2013 |
|------------------|--------------|-------------|-------------|-------------|--------------|--------------|
| Fund | -2.97 | 5.85 | 2.96 | 3.41 | 10.75 | -5.23 |
| Benchmark | -3.08 | 6.36 | 3.53 | 3.97 | 11.47 | -5.10 |

PORTFOLIO COMPOSITION

| Allocation | % of Fund |
|---|-----------|
| Government | 63.56 |
| Corporates | 33.71 |
| Cash | 0.33 |
| Time deposits and money market | 1.49 |
| Other receivables – net of liabilities ⁵ | 0.91 |
| Maturity Profile | |
| Cash and Less than 1 Year | 3.41 |
| Between 1 and 3 Years | 19.86 |
| Between 3 and 5 Years | 12.26 |
| Between 5 and 7 Years | 18.19 |
| Between 7 and 10 Years | 7.97 |
| More than 10 Years | 38.31 |

RELATED PARTY TRANSACTIONS*

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

Ayala Corporation - USD 0.48 million; Bank of the Philippine Islands - USD 0.55 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 | 214.50 |
| Lowest | 206.03 |

STATISTICS

| | |
|--|------|
| Weighted Ave Duration (Yrs) | 6.66 |
| Volatility, Past 1 Year (%) ³ | 2.52 |
| Port. Weighted Yield to Maturity (%) | 4.03 |
| Current Number of Holdings | 50 |
| Tracking Error (3-Yr) ⁴ (%) | 0.42 |

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 | 2/2/2030 | 9.10 |
| RoP Bonds | 1/14/2031 | 6.97 |
| RoP Bonds | 3/16/2025 | 5.83 |
| RoP Bonds | 2/2/2042 | 5.06 |
| RoP Bonds | 1/20/2040 | 5.02 |
| RoP Bonds | 10/23/2034 | 4.89 |
| RoP Bonds | 2/1/2028 | 4.31 |
| RoP Bonds | 1/21/2024 | 4.07 |
| RoP Bonds | 1/15/2021 | 3.95 |
| RoP Bonds | 3/1/2041 | 3.23 |

OUTLOOK AND STRATEGY

Market Review. The JP Morgan Asia Credit Index (JACI) Philippines fell by 0.91% in April as Philippine dollar-denominated bond yields moved higher by an average of 17 basis points across the curve.

Global bond prices declined during the month as strong economic data releases from the US reignited arguments for a faster-than-anticipated Federal Reserve rate hike. The March US inflation figure came in at 2.4% year-on-year, faster than the 2.2% recorded in February. US GDP growth likewise came in quite strong growing at 2.3% quarter-on-quarter, beating the consensus estimate of 2.0%. Minutes of the last Federal Open Market Committee (FOMC) meeting held in March also revealed that policymakers felt inflation would rise and the economy would strengthen further in the coming months. Thus, despite persistent geopolitical and global trade war concerns, the US 10-year benchmark yield spiked to as high as 3.03% during the month before closing April at the 2.95% level.

On the local front, inflation for the month of March came in at 4.3% (using 2012 as the base year), much higher than the figure posted in February. The increase in consumer prices continued to be driven by rising costs in fuel, food, drinks and tobacco. While the figure exceeded the central bank's targeted range of 2-4% for the year, the Bangko Sentral ng Pilipinas assured investors that they would vigilantly monitor the data so as to determine the appropriate monetary policy response.

Fund Performance. The fund returned -0.92% for the month, underperforming its benchmark by 1 basis point.

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 any inquiries and complaints relating to our services and products you may call our hotline: 89-100, or send an email at bpi_asset_management@bpi.com.ph or write a letter addressed to BPI Asset Management – Consumer Protection, 17F, BPI Building, Ayala Ave. cor. Paseo De Roxas, Makati City, 1226. BPI AMTC as Trustee / Investment Manager is regulated by the Bangko Sentral ng Pilipinas (BSP) with telephone number (632) 708-7087 and email address: consumeraffairs@bsp.gov.ph. To know your rights under BSP Circular No. 857 (Regulations on Financial Consumer Protection), please access a copy at our website: www.bpiassetmanagement.com.