



**BPI ASSET MANAGEMENT AND TRUST GROUP  
PHILIPPINE DOLLAR BOND INDEX FUND  
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT  
As of July 29, 2016**

**FUND FACTS**

<b>Classification:</b>	Index Tracker Bond Fund	<b>Net Asset Value per Unit (NAVPU):</b>	USD 213.70
<b>Launch Date:</b>	December 31, 2006	<b>Total Fund NAV (Mn):</b>	USD 70.46
<b>Minimum Investment:</b>	USD 500.00	<b>Dealing Day:</b>	Daily up to 12:00PM
<b>Additional Investment:</b>	USD 200.00	<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> 0.25%	<b>Custodianship Fees:</b> 0.0094%	<b>External Auditor Fees:</b> 0.0090%	<b>Other Fees:</b> 0.00%
BPI Asset Management	HSBC	Isla Lipana	None
*As a percentage of average daily*Billings received in 2015 divided by the average daily NAV for the quarter valued at USD 64.39 Million		*Billings received in 2014 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.

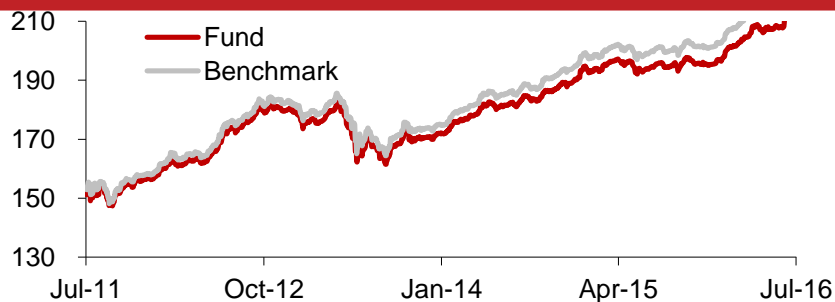
**Index Tracking Risk:** Investors are exposed to the risk of not being able to achieve a level of return that matches the index being tracked by the fund due primarily to operating and fund management expenses.

**• 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 July 29, 2016

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

### NAVPU GRAPH



### NAVPU over the past 12 months

Highest	214.77
Lowest	193.08

### STATISTICS

Weighted Ave Duration (Yrs)	7.674
Volatility, Past 1 Year (%) <sup>2</sup>	2.85
Port. Weighted Yield to Maturity (%)	2.73
Current Number of Holdings	48
Tracking Error (3-Yr) <sup>4</sup>	0.72
Average Credit Rating (Moody's/S&P)	Baa2/BBB

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

	1 mo	3 mo	6 mo	1YR	3YRS	S.I. <sup>4</sup>
<b>Fund</b>	<b>1.35</b>	<b>3.14</b>	<b>7.00</b>	<b>9.59</b>	<b>26.47</b>	<b>113.70</b>
<b>Benchmark</b>	1.51	3.38	7.70	10.58	29.41	122.71

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

	1YR	2YRS	3YRS	4YRS	5YRS	S.I.
<b>Fund</b>	<b>9.59</b>	<b>8.20</b>	<b>8.14</b>	<b>5.37</b>	<b>7.17</b>	<b>8.25</b>
<b>Benchmark</b>	10.58	9.02	8.97	5.96	7.69	8.71

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

	YTD	2015	2014	2013	2012	2011
<b>Fund</b>	<b>9.33</b>	<b>3.41</b>	<b>10.75</b>	<b>-5.23</b>	<b>15.09</b>	<b>9.91</b>
<b>Benchmark</b>	10.00	3.97	11.47	-5.10	15.79	10.44

<sup>1</sup>Returns are net of fees.

<sup>2</sup>Since Inception as an Investment Management Arrangement (IMA) on April 26, 2005

<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>Measure of deviation between the Fund's return and benchmark returns. A lower number means the Fund's return is closely aligned with the benchmark.

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

### PORTFOLIO COMPOSITION

Allocation	% of Fund
Government	68.23
Corporates	29.44
Cash and Other Receivables	2.33

### Maturity Profile

Cash and Less than 1 Year	2.33
Between 1 and 3 Years	14.57
Between 3 and 5 Years	16.04
Between 5 and 7 Years	6.20
Between 7 and 10 Years	20.73
More than 10 Years	40.14

### TOP TEN HOLDINGS

Name		% of Fund
RoP Bonds	10/23/2034	10.60
RoP Bonds	3/1/2041	7.33
RoP Bonds	1/21/2024	7.29
RoP Bonds	2/2/2030	6.56
RoP Bonds	1/15/2021	5.99
RoP Bonds	1/14/2031	5.54
RoP Bonds	1/13/2037	4.39
RoP Bonds	3/16/2025	3.70
RoP Bonds	1/15/2019	3.44
PSALM Bond	12/2/2024	3.12

### 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 – USD950,000.0

International Container Terminal Services, Inc. – USD4,825,699.70

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 (JACI Philippines) increased by 1.51% in July as Philippine dollar-denominated bond yields moved lower across the yield curve by an average of 17 basis points.

Volatility persisted throughout the month as risk-off sentiment continued to dominate markets following the “Brexit” vote during the last week of June. The June Federal Open Market Committee (FOMC) meeting minutes released mid-month indicated that 2 rate hikes for 2016 were still on the table. However, six members now anticipate only one hike in 2016 compared to just one member in the prior survey. The July FOMC meeting concluded with the expected decision to keep rates steady, though the Fed stated that risks to the US economy had subsided and the labor market was getting tighter. Over-all, the key message from the Fed was still consistent with their commitment of a “gradual path towards hiking”, which indicated that interest rates would likely be kept lower for longer. The 10-year US Treasury yield, which had risen to as high as 1.58% during the month, ended July at the 1.45% level.

On the local front, Philippine dollar-denominated bond prices were supported by strong liquidity owing to a number of coupon payments settling during the month.

**Fund Performance.** The fund returned 1.35% for the month, missing its benchmark by 16 basis points. The fund underperforms its benchmark by 67 basis points on a year-to-date basis.

**Fund Strategy.** The Fund will continue to closely track changes to 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 is regulated by the Bangko Sentral ng Pilipinas (BSP). 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](mailto:bpi_asset_management@bpi.com.ph) or write a letter addressed to BPI Asset Management, 17F, BPI Building, Ayala Ave. cor. Paseo De Roxas, Makati City, 1226. You may also file your complaints at BSP Financial Consumer Department at (632) 708-7087 or [consumeraffairs@bsp.gov.ph](mailto: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](http://www.bpiassetmanagement.com).