

BPI PERA GOVERNMENT BOND FUND

Key Information and Investment Disclosure Statement
As of August 30, 2024

 BPI WEALTH

FUND FACTS

| | | | |
|--------------------------------|------------------------|--|---------------------|
| Classification: | PERA Fixed Income Fund | Net Asset Value per Unit (NAVPU): | PHP 1.39 |
| Launch Date: | December 19, 2016 | Total Fund NAV (Mn): | PHP 31.59 |
| Minimum Investment: | PHP 1,000 | Dealing Day: | Daily up to 2:00 PM |
| Additional Investment: | No minimum | Redemption Settlement: | T+1 End-of-Day |
| Minimum Holding Period: | None | Early Redemption Charge: | None |

FEES

| | | | |
|---|----------------------------------|---------------------------------------|-----------------------|
| Trustee Fees: 0.0846%* <i>1.00% per annum</i> | Custodianship Fees: 0.00% | External Auditor Fees: 0.00%** | Other Fees: 0% |
| BPI Wealth | ***DB AG Manila Branch | Isla Lipana | None |

*Monthly rate: billings received for August 2024 divided by the average daily NAV for the same month valued at PHP31.26 Mn

**Billing is received at the last quarter of the year

***Change in custodian to DB as of August 2024

INVESTMENT OBJECTIVE AND STRATEGY

The Fund intends to achieve for its participants capital appreciation and income derived from a diversified portfolio of primarily long-term fixed income securities issued by the Republic of the Philippines. The Fund aims to provide returns in excess of the return of 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 PERA Government Bond Fund is suitable only for investors who:

- Are classified as moderate 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.

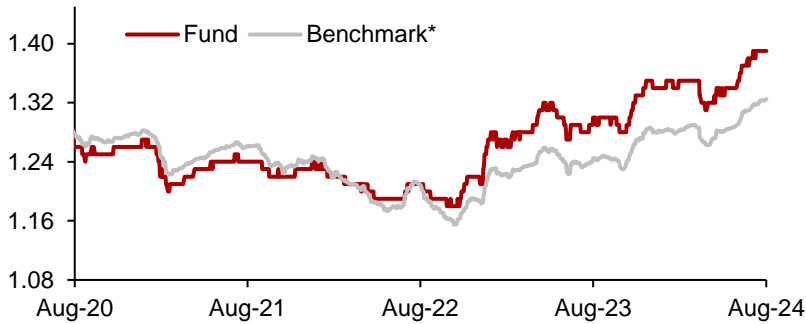
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks

- **THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE 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.**
- **THIS PRODUCT CANNOT BE SOLD TO YOU UNLESS ITS BENEFITS AND RISKS HAVE BEEN THOROUGHLY EXPLAINED. IF YOU DO NOT FULLY UNDERSTAND THIS PRODUCT, DO NOT PURCHASE OR INVEST IN IT.**

FUND PERFORMANCE AND STATISTICS AS OF AUGUST 30, 2024

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

NAVPU GRAPH



*Benchmark is BPI Philippine Government Bond Index

CUMULATIVE PERFORMANCE (%)¹

| | 1 mo | 3 mo | 6 mo | 1 YR | 3 YRS | S.I. ² |
|------------------|-------------|-------------|-------------|-------------|--------------|-------------------|
| Fund | 0.72 | 4.51 | 2.96 | 6.92 | 12.10 | 39.00 |
| Benchmark | 0.73 | 3.39 | 3.25 | 6.43 | 5.00 | 32.45 |

ANNUALIZED PERFORMANCE (%)¹

| | 1 YR | 2 YRS | 3 YRS | 4 YRS | 5 YRS | S.I. ² |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------------|
| Fund | 6.92 | 7.18 | 3.88 | 2.49 | 4.41 | 4.37 |
| Benchmark | 6.43 | 4.72 | 1.64 | 0.90 | 2.95 | 3.72 |

CALENDAR YEAR PERFORMANCE (%)¹

| | YTD | 2023 | 2022 | 2021 | 2020 | 2019 |
|------------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Fund | 2.96 | 10.66 | -0.81 | -2.38 | 11.50 | 16.49 |
| Benchmark | 3.03 | 8.24 | -4.22 | -2.96 | 10.52 | 19.23 |

PORTFOLIO COMPOSITION

| Allocation | % of Fund |
|---|-----------|
| Government | 97.27 |
| Corporates | - |
| Cash and Cash Equivalents | 0.56 |
| Other Receivables – Net of Liabilities ⁶ | 2.17 |
| Maturity Profile | |
| Cash and less than 1 year | 4.67 |
| Between 1 and 3 years | 5.54 |
| Between 3 and 5 years | 16.03 |
| Between 5 and 7 years | 15.70 |
| Between 7 and 10 years | 2.82 |
| More than 10 years | 55.25 |

NAVPU over the past 12 months

| | |
|---------|------|
| Highest | 1.39 |
| Lowest | 1.28 |

STATISTICS

| | |
|--|------|
| Weighted Ave Duration (Yrs.) | 5.73 |
| Volatility, Past 1 Year (%) ³ | 4.96 |
| Sharpe Ratio ⁴ | 0.48 |
| Information Ratio ⁵ | 0.11 |
| Portfolio Weighted Yield to Maturity (%) | 6.52 |
| Current Number of Holdings | 26 |

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.

⁴Used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better.

⁵Measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

⁶Includes investment securities purchased, accrued expenses, etc.

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

TOP HOLDINGS

| Name | Maturity | % of Fund |
|--------------------------|------------|-----------|
| Fixed Rate Treasury Note | 11/05/2034 | 23.36 |
| Fixed Rate Treasury Note | 09/30/2035 | 14.80 |
| Fixed Rate Treasury Note | 09/06/2027 | 12.38 |
| Fixed Rate Treasury Note | 01/26/2031 | 8.13 |
| Fixed Rate Treasury Note | 01/24/2039 | 5.64 |
| Fixed Rate Treasury Note | 12/16/2035 | 5.56 |
| Fixed Rate Treasury Note | 07/19/2031 | 5.55 |
| Fixed Rate Treasury Note | 11/24/2042 | 4.57 |
| Fixed Rate Treasury Note | 11/29/2025 | 2.40 |
| Fixed Rate Treasury Note | 10/20/2025 | 2.35 |

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 Wealth - A Trust Corporation ("BPI Wealth"):

No related party holdings

*Related party in accordance with BPI Wealth's internal policy.

OUTLOOK AND STRATEGY

Market Review. The BPI Government Bond Index rose by 0.72% in August as Philippine government bond yields decreased by an average of seven basis points (bps). Average daily trading volume for the month reached Php41.3 billion, up from Php34.5 billion in July, with most trades concentrated in 5- to 10-year securities. The Bureau of the Treasury (BTr) held four FXTN auctions in August, fully awarding the 5-, 7-, 15-, and 20-year tenors. Auction highs generally aligned with, or came in slightly below, secondary market bids at the time, with the BTr awarding at 6.128%, 6.14%, 6.125%, and 6.22%, respectively.

On the domestic front, July headline inflation accelerated to 4.4% from 3.7% in June, exceeding economists' median estimate of 4.0%. The higher-than-expected inflation was driven mainly by increases in housing & utilities (2.3% vs 0.1% in June), education (5.8% vs 3.8%), transport (3.6% vs 3.1%), and food & non-alcoholic beverages (6.4% vs 6.1%). Despite the inflationary pressure, the BSP cut rates by 25 bps in August, marking the first reduction in four years. Economists forecast that inflation may have cooled to 3.7% in August.

Internationally, US inflation decelerated from 3.0% in June to 2.9% in July, slightly below the 3.0% expectation. US Federal Reserve officials highlighted the ongoing moderation in inflation and slowing economic data, supporting the case for eventual policy rate cuts.

Fund Performance. The Fund returned 0.72% during the month of August, underperforming its benchmark by 1 basis point.

Fund Strategy. The Fund looks to gradually increase its duration position as interest rates are expected to fall towards year-end. While inflation has settled within the BSP's target in the past months, upside risks are still present. The BSP has already decreased its policy rates by 25 basis points to 6.25%. The central bank remains vigilant in monitoring inflation figures before easing rates further. Volatility may persist in the global space, and the portfolio will be actively managed to take advantage of this. 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 tradable 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) Bank deposits or tradable debt instruments issued by the BSP.
- c) Such other investments allowed under regulations issued by the BSP.

BPI Wealth is a subsidiary of the Bank of the Philippine Islands. For inquiries and comments, please send us a message through <https://www.bpi.com.ph/contactus> or call our 24-hour BPI Contact Center at (+632) 889-10000.

BPI Wealth as Trustee/Investment Manager is regulated by the Bangko Sentral ng Pilipinas. <https://www.bsp.gov.ph>