

Investment Objective

To achieve preservation of capital and income growth in Philippine Peso terms over a period of time by investing in a diversified portfolio of Philippine Peso denominated fixed income securities.

31 JANUARY 2019

PESO FIXED INCOME FUND

FUND DETAILS:

Inception Date	25 May 2005	Latest NAVPU	2.066006
Fund Manager	BPI Asset Management & Trust Corp.	Initial NAVPU	1.000000
Fund Currency	Peso	Highest NAVPU (08.01.2016)	2.334089
Fund Size	Php993.5 Million	Lowest NAVPU (5.25.2005)	1.000000
Management Fee	1.50% p.a.	Pricing / Valuation	Daily

RISK CLASSIFICATION

The Fund is suitable for investors who take medium to long - term views. As a marked -to-market Fund, its net asset value and total return may fall or rise as a result of interest rates movements. On redemption of units, a policyholder may receive an amount less than the original amount invested. Prior to investment in the Fund, the policyholder shall undergo a client suitability assessment procedure to determine whether the Fund is appropriate for him considering his investment objective, risk tolerance, preferences and experience.

Bids totaled Php52.99 billion, compared to the initial offer of Php20 billion. Strong demand prompted the BTr to open a tap issuance, which resulted in a total of Php40 billion worth of FXTN 10-64 being awarded to the market. The second auction was a new 20-year FXTN issuance (FXTN 20-23) which likewise saw healthy demand. It yielded an average of 6.716%, and had a coupon of 6.75%. The government also opened a tap for this issue, leading to a total of Php40 billion sold to the market.

MARKET OUTLOOK

Domestically, macroeconomic fundamentals have proved to be supportive for fixed income recently. Domestic inflation slid to a comfortable level, practically easing pressure for the Bangko Sentral ng Pilipinas to raise policy rates. Further, global rates likewise are consolidating as the Federal Reserve recent tone has become more dovish. With this, we expect yield curve to remain flat and as such short-term investments still remain attractive. While maintaining the underweight duration position relative to the benchmark, the portfolio will continue to add corporate bonds for accrual yield.

MARKET COMMENTARY

The BPI Government Bond Index rose by 4.29% in January as yields fell by an average of 68.6 basis points across the curve. Peso-denominated government bonds were more actively traded this month compared to December. Trades were observed across the curve, especially on the short-dated Treasury Bills, as well as newly-issued securities such as the 10-year FXTN 10-64 and the 20-year FXTN 20-23. The Bureau of the Treasury held two FXTN auctions for the month of January. The first was an issuance of the new 10-year FXTN 10-64, awarded a coupon of 6.875%, with an average yield of 6.829%. The yield was 10 basis points lower than where it was awarded in a similar auction held December.

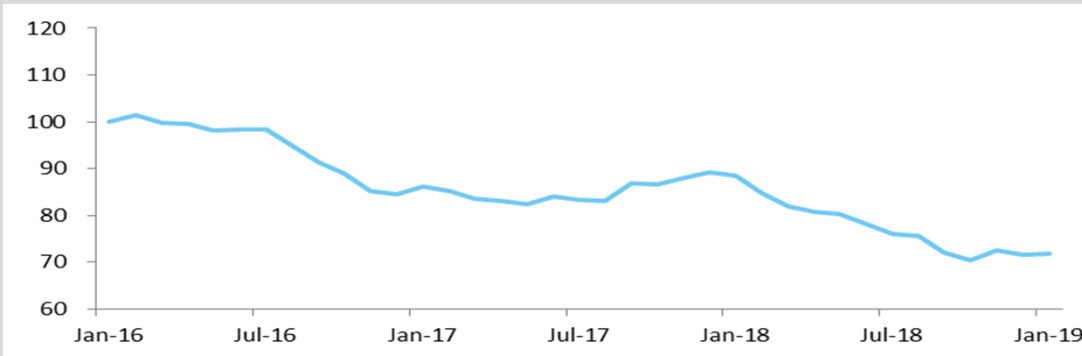


RISK PROFILE ●●●○○○

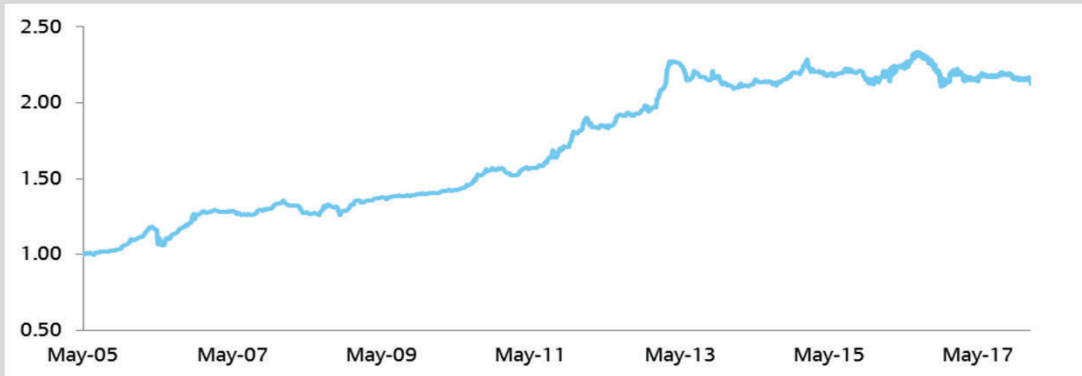
Performance Overview

Performance History	Year To Date	1 Year (YoY)	3 Years (YoY)	5 Years (YoY)	Since Inception
Absolute	2.15%	-4.35%	-4.68%	-2.12%	106.60%
Annualized	N/A	-4.35%	-1.59%	-0.43%	5.44%

Indexed Performance Over 3 Years (NAV - NAV)



NAVPU Since Inception

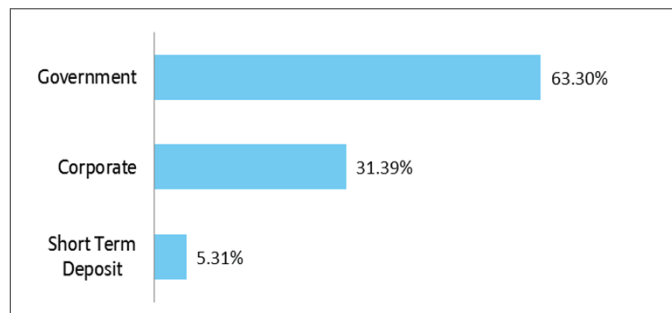


PORTFOLIO ANALYSIS

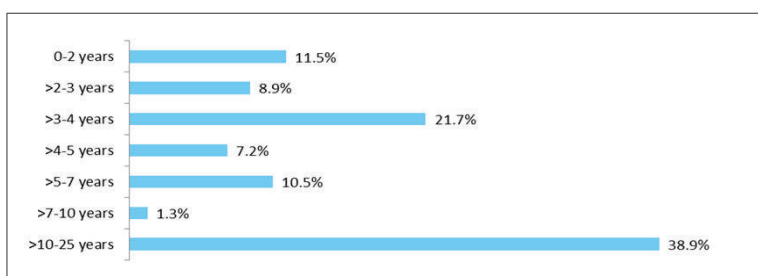
Top 5 Holdings

Securities	%
FXTN 20-17 6.40% 07/19/2031	36.8
RTB 5-11 4.625% 12/04/2022	11.2
ALI-BONDM 04/29/2022	6.5
Short Term / Cash	5.3
SMC-EBDM -03/19/2023	4.5
Total	64.2

Asset Allocation



Maturity Profile (Bond Holdings)



. Domestically, macroeconomic fundamentals have proved to be supportive for fixed income.

IMPORTANT NOTICE:

This document is for information purposes only. This does not constitute an offer or a solicitation to buy or sell any investment referred to in this document. The information in this publication is based on carefully selected sources believed to be reliable but we do not make any representation as to its accuracy or completeness. Any opinions herein reflected are good as of this date but may be subject to change without prior notice. Investment or participation in the Fund is subject to risk and possible loss of principal, and is not insured by the Philippine Deposit Insurance Corporation (PDIC). Losses, if any, shall be for the account and risk of the Trustor/Participant. Past performance is not indicative of future performance.