



## BDO GS FUND

## KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Month Ended November 29, 2017

## FUND FACTS

|   |  |
|---|--|
| <b>Classification:</b> Medium Term Bond Fund        | <b>Net Asset Value per Unit (NAVPU):</b> PHP192.4919   |
| <b>Launch Date:</b> May 3, 2005                     | <b>Total Fund NAV:</b> PHP 1.856 Billion   |
| <b>Minimum Investment:</b> PHP100,000.00            | <b>Dealing Period:</b> Up to 2:30pm of any banking day                                       |
| <b>Minimum Additional Investment:</b> PHP100,000.00 | <b>Redemption Settlement:</b> One (1) banking day after the notice of redemption is received |
| <b>Minimum Holding Period:</b> 30 calendar days     | <b>Early Redemption Fee:</b> 0.50% of Original Participation Amount                          |

## FEES\*

|                                 |                                    |                                       |                            |
|---------------------------------|------------------------------------|---------------------------------------|----------------------------|
| Trustee Fees: <u>0.0837%</u>    | Custodianship Fees: <u>0.0014%</u> | External Auditor Fees: <u>0.0000%</u> | Other Fees: <u>0.0000%</u> |
| BDO Trust and Investments Group | Deutsche Bank AG, Manila HSBC      | Punongbayan & Araullo                 | None                       |

\*As a percentage of average daily NAV for the month valued at PHP 2.156 Billion

## INVESTMENT OBJECTIVE AND STRATEGY

The Fund aims for capital preservation and income generation from investments in a diversified portfolio consisting of selected government securities that can provide higher yields. The Fund's benchmark is the Markit iBoxx ALBI Philippines 1-5 (Domestic) Index (IBXXPH15).

## 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 BDO GS Fund is primarily suitable for individual and corporate investors with moderate risk appetite and who are looking for investments in government securities.
- ♦Participants/trustors are recommended to stay invested in the Fund for at least three (3) 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.** This is the possibility for an investor to experience losses due to changes in interest rates. The purchase and sale of a debt instrument may result in profit or loss because the value of a debt instrument changes inversely with prevailing interest rates.

**Market/Price Risk.** This is the possibility for an investor to experience losses due to changes in market prices of securities. It is the exposure to the uncertain market value of a portfolio due to price fluctuations.

**Liquidity Risk.** This is the possibility for an investor to experience losses due to the inability to sell or convert assets into cash immediately or in instances where conversion to cash is possible but at a loss.

**Reinvestment Risk.** This is the risk associated with the possibility of having lower returns or earnings when maturing funds or the interest earnings of funds are reinvested.

The Fund employs a risk management policy based on modified duration. Modified duration measures the sensitivity of bond prices to interest rate movements. As interest rates rise, bond prices fall. The higher the duration, the more the NAVPU will fluctuate in relation to changes in interest rates. All the Fund's investment outlets undergo evaluation in accordance with the Trustee's Investment Policy Manual. Regulatory exposure limits are monitored on a regular basis. The Fund may also use financial derivative instruments solely for the purpose of hedging risk exposures.

- ♦THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (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.

**BDO GS FUND**

**KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT (Page 2)**

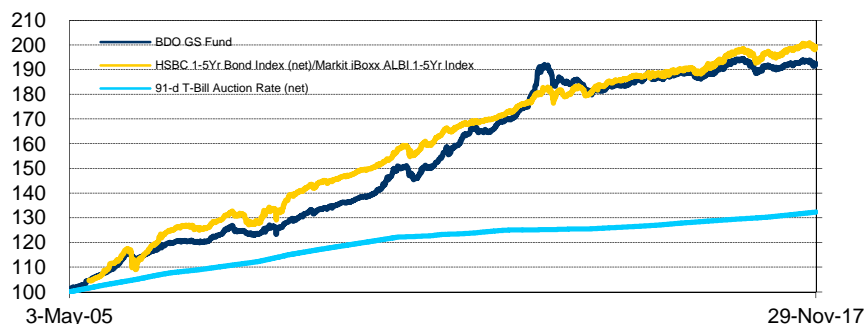
Month Ended November 29, 2017

**FUND PERFORMANCE AND STATISTICS**

**AS OF November 29, 2017**

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

**Fund's NAVPu vs Benchmark & Risk Free Rate**



**Cumulative Performance (%)**

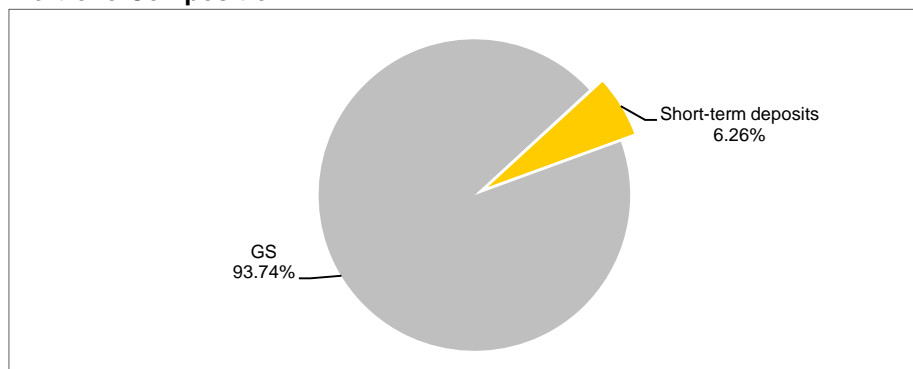
| Period                   | 1 mo   | 3 mos  | 6 mos | 1 yr  | 3 yrs |
|--------------------------|--------|--------|-------|-------|-------|
| Fund <sup>1</sup>        | -0.47% | -0.31% | 0.28% | 1.47% | 3.46% |
| Benchmark <sup>2/3</sup> | -0.49% | -0.03% | 0.76% | 2.77% | 6.36% |

<sup>1</sup> Past performance is not indicative of future performance.

<sup>2</sup> The Fund's benchmark is the HSBC Local Currency Bond Index (HSLI) 1-5Yrs (net), commencing August 31, 2005

<sup>3</sup> The Fund's benchmark is the Markit iBoxx ALBI Philippines 1-5 (Domestic) Index (IBXXPH15) commencing April 29, 2016.

**Portfolio Composition**



**NAVPU over the past 12 months**

|         |              |
|---------|--------------|
| Highest | PHP 193.9093 |
| Lowest  | PHP 188.5356 |

**Statistics**

|  |        |
|--|--------|
| Weighted Ave. Duration                 | 2.46   |
| Volatility, Past 1 Year <sup>4</sup>   | 2.76%  |
| Sharpe Ratio <sup>5</sup>              | (0.11) |
| Information Ratio <sup>6</sup>         | (0.93) |
| Weighted Ave. Yield (net) <sup>7</sup> | 2.67%  |

<sup>4</sup> Volatility measures the degree to which the Fund fluctuates vis-à-vis its average return over a period of time.

<sup>5</sup> Sharpe Ratio is used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better.

<sup>6</sup> Information Ratio measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

<sup>7</sup> Net of taxes and trust fees

**Top Ten Holdings<sup>8</sup> (%)**

| Issue                       | % of Portfolio |
|-----------------------------|----------------|
| RTB 3-8 4/11/2020 4.25%     | 14.1%          |
| FXTN 7-56 11/22/2019 3.875% | 14.0%          |
| FXTN 5-73 8/20/2020 3.375%  | 11.5%          |
| FXTN 5-74 1/26/2022 4%      | 10.9%          |
| FXTN 7-54 7/19/2019 4.75%   | 8.9%           |
| FXTN 10-54 1/19/2022 6.375% | 6.1%           |
| FXTN 7-58 4/21/2023 3.5%    | 5.6%           |
| FXTN 3-22 1/12/2020 3.375%  | 5.5%           |
| FXTN 10-48 2/19/2019 7.875% | 5.5%           |
| RTB 10-2 3/3/2021 7.375%    | 5.3%           |
| <b>Total</b>                | <b>87.3%</b>   |

<sup>8</sup> The complete list of portfolio holdings is available upon request

**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

The Fund has investments and trade transactions with BDO Unibank, Inc., its subsidiaries and related parties, as follows:

|                          | Transaction            | Market Value (Min) |
|--------------------------|------------------------|--------------------|
| <b>BDO Unibank, Inc.</b> | Time Deposit Placement | -                  |

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.

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## KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT (Page 3)

Month Ended November 29, 2017

## OTHER DISCLOSURES

## OUTLOOK AND STRATEGY

Amidst strong demand from the market, the Bureau of the Treasury (BTr) sold P255 Billion worth of 5-year retail treasury bonds (RTB 05-11) over a shortened 6-day offer period from November 20 to 27. The final award size of the latest RTB is almost nine times the initial offer size of P30 billion. The yield of the 5-year peso-denominated bond settled at 4.625%, higher than the 4.5% range at the beginning of the month. A number of factors caused the increase in rates which had been predicted from the outset of 2017 and seen to accelerate further in 2018. These include the market's consensus that the US Federal Reserve (Fed) will raise rates this December, the possibility of increased government borrowings next year to fund the Duterte Administration's proposed infrastructure projects and the thinning levels of liquidity in the market. The GS Fund participated in the BTr's RTB auction which is set for issuance on December 4 and its current duration is 2.46.

## INVESTMENT POLICY / PROSPECTIVE INVESTMENTS

The Fund may invest in deposits in the trustee's bank or in other banks and in securities issued or guaranteed by the Philippine Government or the BSP. The Fund may also avail itself of financial derivative instruments solely for the purpose of hedging risk exposures, subject to the guidelines set by the BSP for such activities and likewise duly approved by the Trustee's Trust Committee.

## OTHER BASIC FUND FACTS

|  |   |
|--|---|
| <b>Trust Fee:</b> 1.0% p.a.  | <b>Bloomberg Ticker:</b> <EPCIBGS PM>                     |
| <b>Initial NAVPU:</b> PHP100.00  | <b>NAVPU Availability:</b> Every trading day at 7:30 p.m. |
| <ul style="list-style-type: none"> <li>• Available via the Easy Investment Plan (EIP) effective November 17, 2017. The EIP is an investment build-up plan that enables investors to attain their financial goals and financial wellness through the twin habits of regularly saving and investing via selected BDO UITFs; subject to a non-completion fee of 0.50% of original participation amount.</li> <li>• The availability via the Easy Redemption Plan (ERP), a redemption facility that allows participants to partially, automatically and regularly receive regular cash pay-outs from their investments in units of participation in the Fund, has not been implemented yet. Participants will be notified once this feature is available.</li> <li>• The availability of Fund's Switching Feature, a feature which allows an existing Participant to request that his UITF units of participation be redeemed and the proceeds thereof reinvested in the units of participation of one or several BDO UITF/s (up to a maximum of five UITFs) with the same or longer settlement period and the same currency without the need to wait for the usual settlement period for redemptions, has not been implemented yet. Participants will be notified once this feature is available.</li> <li>• The results of the latest annual audit are available to all participants upon request via email (investments@bdo.com.ph)</li> <li>• <b>Distribution Channels:</b> Head Office, Invest Online and Local BDO Branches</li> </ul> |   |

## OTHER PERFORMANCE INDICATORS

| Period                             | Fund   | Benchmark | Risk-Free Rate <sup>9</sup> |
|------------------------------------|--------|-----------|-----------------------------|
| Year to Date                       | 1.18%  | 2.21%     | 1.67%                       |
| Five Years Ago                     | 10.85% | 13.58%    | 5.88%                       |
| Since Inception                    | 92.49% | 93.49%    | 32.46%                      |
| CAGR <sup>10</sup> Since Inception | 5.34%  | 5.39%     | 2.26%                       |

<sup>9</sup> Refers to 91-day T-Bill rates

<sup>10</sup> Compounded Annual Growth Rate (CAGR) measures how fast an investment would have grown over time if it grew at a steady rate instead of actual varying rates.

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Month Ended November 29, 2017

**OTHER DISCLOSURES****Best Performance (Past Five Years)**

| Inclusive Dates         | Biggest Gain | No. of Days to Achieve |
|-------------------------|--------------|------------------------|
| 12/03/2012 - 09/05/2016 | 12.05%       | 1372 days              |

**Maximum Drawdown and Recovery in NAVPUs<sup>11</sup> (Past Five Years)**

| Maximum Drawdown Period | Biggest Loss | Recovery Period (days) |
|-------------------------|--------------|------------------------|
| 05/03/2013 - 02/18/2014 | -6.37%       | 820 days               |

<sup>11</sup> *Maximum Drawdown is the maximum percentage loss that a fund incurs over a time period.*

*Maximum Drawdown Period is the length of time the maximum drawdown occurs.*

*Recovery Period is the length of time taken by a fund to surmount its maximum drawdown.*

BDO Unibank, Inc.-Trust and Investments Group is regulated by the Bangko Sentral ng Pilipinas (BSP). For any inquiries and complaints relating to our services and products you may 1) call our phonebanking hotline: 631-8000; 2) send an email to [trust.complaints@bdo.com.ph](mailto:trust.complaints@bdo.com.ph); or 3) visit/call/email your assigned Trust Marketing Officer or the Branch Manager/Marketing Officer of your servicing branch. You may also file your complaints at BSP Financial Consumer Protection 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 the BSP website ([www.bsp.gov.ph](http://www.bsp.gov.ph)).