



## BDO INSTITUTIONAL CASH RESERVE FUND

## KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Month Ended December 29, 2020

## FUND FACTS

<b>Classification:</b> Money Market Fund	<b>Net Asset Value per Unit (NAVPU):</b> PHP 122.7413
<b>Launch Date:</b> November 25, 2011	<b>Total Fund NAV:</b> PHP 43 Billion
<b>Minimum Investment:</b> None	<b>Dealing Period:</b> Up to 11:30am of any banking day
<b>Minimum Additional Investment / Maintaining Participation:</b> None	<b>Redemption Settlement:</b> After 4:00pm on same banking day the notice of redemption is received
<b>Minimum Holding Period:</b> None	<b>Early Redemption Fee:</b> None

## FEES\*

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

\*As a percentage of average daily NAV for the month valued at PHP 44.678 Billion

## INVESTMENT OBJECTIVE AND STRATEGY

The Fund aims to achieve for its participants mobilization of peso denominated investible funds to provide liquidity and a diversified portfolio of prudently selected highly liquid government securities, deposits and other fixed-income instruments with low price volatilities and a portfolio weighted average life of not more than one year (1) year. The Fund's benchmark is the BSP Published Peso Deposit Rates.

## 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 Institutional Cash Reserve Fund is primarily suitable for individual and corporate investors with moderate risk appetite and who are looking for liquid investments with yields relatively higher than those of savings and time deposits.
- ♦Participation in the Fund shall be open to any participants with existing investment management accounts (IMA) or trust and other fiduciary accounts (TA) with the Trustee or its subsidiaries.

## 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.

**Credit Risk/Default Risk.** This is the possibility for an investor to experience losses due to a borrower's failure to pay the principal and/or interest in a timely manner on instruments such as bonds, loans, or other forms of security, which the borrower issued.

**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 INSTITUTIONAL CASH RESERVE FUND**

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

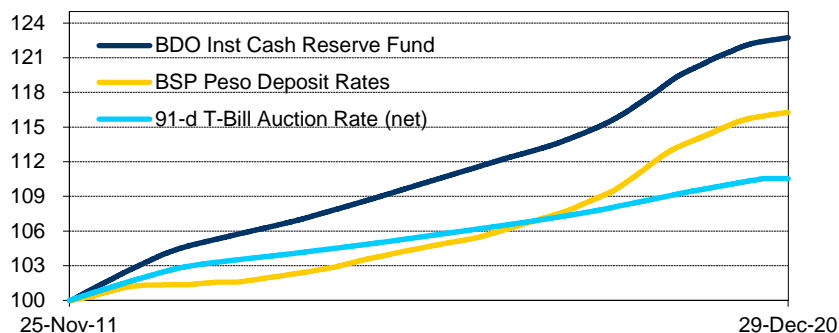
Month Ended December 29, 2020

**FUND PERFORMANCE AND STATISTICS**

**AS OF December 29, 2020**

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

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



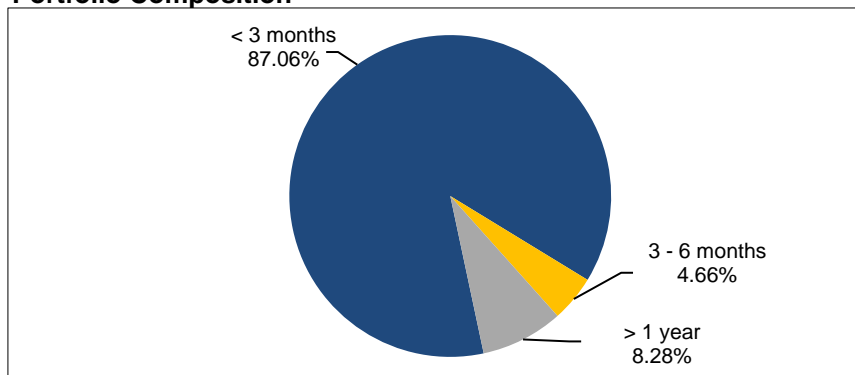
**Cumulative Performance (%)**

Period	1 mo	3 mos	6 mos	1 yr	3 yrs
Fund <sup>1</sup>	0.07%	0.20%	0.49%	1.69%	8.22%
Benchmark <sup>2</sup>	0.00%	0.00%	0.18%	0.76%	3.20%

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

<sup>2</sup> The Fund's benchmark is the BSP Published Peso Deposit Rates.

**Portfolio Composition**



**NAVPU over the past 12 months**

Highest	PHP 122.7413
Lowest	PHP 120.7072

**Statistics**

Weighted Ave. Duration	0.27
Volatility, Past 1 Year <sup>3</sup>	0.10%
Sharpe Ratio <sup>4</sup>	0.28
Information Ratio <sup>5</sup>	15.84
Weighted Ave. Yield (net) <sup>6</sup>	0.83%

<sup>3</sup> Volatility measures the degree to which the Fund fluctuates vis-à-vis its average return over a period of time.

<sup>4</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>5</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>6</sup> Net of taxes and trust fees

**Top Ten Holdings<sup>7</sup> (%)**

Issue	% of Portfolio
TD Other Bank 5/17/2021 0.625%	4.7%
TD Other Bank 3/17/2021 0.375%	4.4%
TD Other Bank 3/18/2021 0.225%	4.4%
TD Other Bank 1/27/2021 1.7%	4.0%
BDO 3/2/2021 0.625%	4.0%
TD Other Bank 3/11/2021 0.225%	3.5%
BDO 2/22/2021 0.625%	2.8%
BDO 3/3/2021 0.5%	2.4%
TD Other Bank 1/18/2021 1.7%	2.3%
TD Other Bank 2/8/2021 0.25%	2.3%
Total	34.8%

<sup>7</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 (Mln)
BDO Unibank, Inc.	Time Deposit Placement	6,100.00
China Bank	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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Month Ended December 29, 2020

## OTHER DISCLOSURES

## OUTLOOK AND STRATEGY

The Consumer Price Index (CPI) for November rose to 3.3% which is the highest since April 2019. This figure brings the year-to-date inflation average to 2.6% which is still within the Bangko Sentral ng Pilipinas' (BSP) target range of 2%-4%. Despite the spike in the November CPI figure, interest rates continue to stay low in December as seen in time deposit rates being offered by commercial banks which have remained below the 1% level for one to three month tenors. The BSP maintained the key rate and Reserve Requirement Ratio (RRR) and indicated that it will wait until next year before resuming its easing. The low interest environment might remain as the Bangko Sentral ng Pilipinas (BSP) aims to keep its interest rates low until the end of year 2022. ICRF remains invested in time deposits and it's duration at the end of December remains within its mandate at 0.26 years.

## INVESTMENT POLICY / PROSPECTIVE INVESTMENTS

The Fund may invest in deposits in the Trustee's bank or in other banks, securities issued or guaranteed by the Philippine Government or the BSP, tradable securities issued by any supranational entity and exchange-listed fixed income securities. Subject to BSP guidelines and the Trustee's Trust Committee approval, the Fund may also avail itself of financial derivative instruments solely for the purpose of hedging risk exposures, as well as invest in other tradable outlets/categories as may be deemed suitable for the Fund.

## OTHER BASIC FUND FACTS

<b>Trust Fee:</b> None	<b>Bloomberg Ticker:</b> <BDOICRF PM>
<b>Initial NAVPU:</b> PHP100.00	<b>NAVPU Availability:</b> Every trading day at 4:00 p.m.
<ul style="list-style-type: none"> <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 Only</li> </ul>	

## OTHER PERFORMANCE INDICATORS

Period	Fund	Benchmark	Risk-Free Rate <sup>8</sup>
Year to Date	1.69%	0.76%	1.66%
Since Inception	22.74%	10.54%	16.14%
CAGR <sup>9</sup> Since Inception	2.28%	1.11%	1.66%

<sup>8</sup> Refers to 91-day T-Bill rates

<sup>9</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 December 29, 2020

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**OTHER DISCLOSURES**

**RESIDENCY OF TARGET MARKET**

Filipino Citizens, Philippine residents, and domestic corporations, with capacity to contract and who are not considered US Persons under the US securities and tax laws.

Prospective participants/clients should also consult their own tax advisors as to the specific Philippine tax consequences of acquiring, holding and redeeming of units of any Fund/investment outlet, as well as the consequences arising under the laws of any other taxing jurisdiction

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 840-7000 locals 4265 / 4244 / 4035 / 7032; 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. For more details on BDO's complaints handling process, please visit: [www.bdo.com.ph/consumer-assistance](http://www.bdo.com.ph/consumer-assistance). 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) ).