



## BDO SUSTAINABLE DIVIDEND FUND

## KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Month Ended August 28, 2020

## FUND FACTS

|  |  |
|--|--|
| <b>Classification:</b> Equity Fund   | <b>Net Asset Value per Unit (NAVPU):</b> PHP78.9011  |
| <b>Launch Date:</b> October 18, 2013   | <b>Total Fund NAV:</b> PHP 1.682 Billion   |
| <b>Minimum Investment:</b> PHP10,000.00  | <b>Dealing Period:</b> Up to 2:30pm of any banking day   |
| <b>Minimum Additional Investment / Maintaining Participation:</b> PHP10,000.00 | <b>Redemption Settlement:</b> Four (4) banking days after the notice of redemption is received |
| <b>Minimum Holding Period:</b> 30 calendar days                                | <b>Early Redemption Fee:</b> 1.0% of Original Participation Amount                             |

## FEES\*

|                                 |                                |                                |                            |
|---------------------------------|--------------------------------|--------------------------------|----------------------------|
| Trustee Fees: 0.1073%           | Custodianship Fees: 0.0017%    | External Auditor Fees: 0.0000% | Other Fees: <u>0.0000%</u> |
| BDO Trust and Investments Group | Deutsche Bank AG, Manila; PDTC | Punongbayan & Araullo          | None                       |

\*As a percentage of average daily NAV for the month valued at PHP 1.691 Billion.

## INVESTMENT OBJECTIVE AND STRATEGY

The Fund aims to achieve long-term capital appreciation by investing in a diversified portfolio of attractively priced exchange-listed stocks with sustainable dividend yields. The Fund's benchmark is the Philippine Stock Exchange Composite Index (PSEi).

## 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 Sustainable Dividend Fund is primarily suitable for individual and corporate investors with aggressive risk appetite and who seek potentially higher income from dividends as well as from stock price appreciation but are also aware of the possibility of capital losses that such investments may entail.

♦Participants/trustors are recommended to stay invested in the Fund for more than 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.

**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.

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.

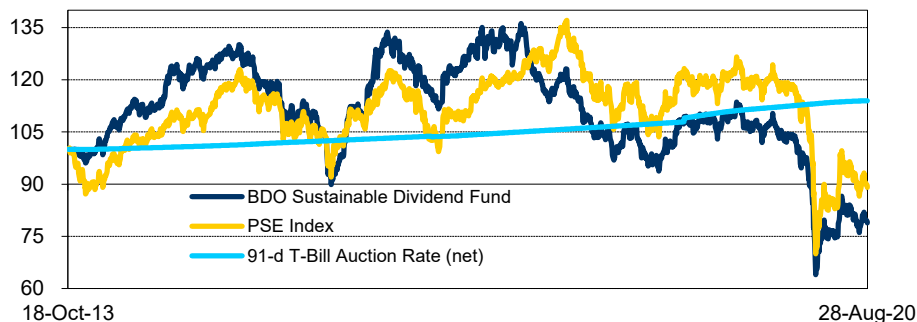
For more information, visit our website at [www.bdo.com.ph/trust](http://www.bdo.com.ph/trust) or call (02) 840-7000 locals 4265 / 4244 / 4035 / 7032 or email us at [investments@bdo.com.ph](mailto:investments@bdo.com.ph)

**FUND PERFORMANCE AND STATISTICS**

As of August 28, 2020

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

**Fund's NAVPU vs Benchmark & Risk-Free Rate**



**NAVPU over the past 12 months**

|         |              |
|---------|--------------|
| Highest | PHP 110.3285 |
| Lowest  | PHP 63.9731  |

**Statistics**

|                                      |        |
|--------------------------------------|--------|
| Volatility, Past 1 Year <sup>1</sup> | 28.49% |
| Sharpe Ratio <sup>2</sup>            | -1.01  |
| Information Ratio <sup>3</sup>       | -0.09  |

<sup>1</sup> Volatility measures the degree to which the Fund fluctuates vis-à-vis its average return over a period of time.

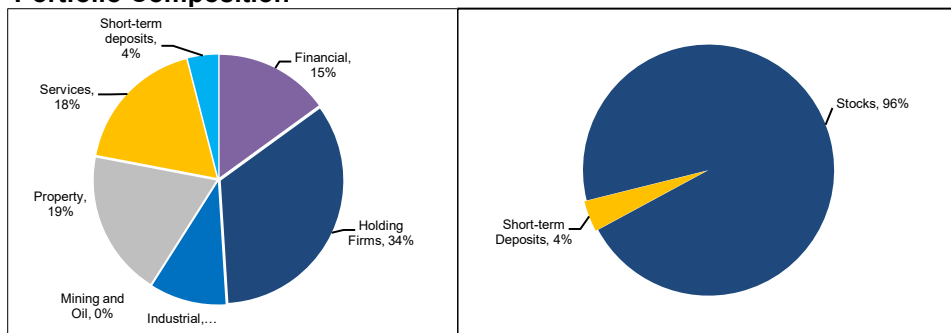
<sup>2</sup> Sharpe Ratio is used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better.

<sup>3</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.

**Cumulative Performance (%)**

| Period                        | 1 mo   | 3 mos | 6 mos   | 1 yr    | 3 yrs   |
|-------------------------------|--------|-------|---------|---------|---------|
| BDO Sustainable Dividend Fund | 0.30%  | 0.31% | -11.99% | -26.64% | -40.49% |
| Benchmark - PSEi              | -0.75% | 0.78% | -13.31% | -26.26% | -26.06% |

**Portfolio Composition**



**Top Ten Holdings<sup>4</sup> (%)**

| Company Name   | % of Portfolio |
|----------------|----------------|
| SM Investments | 14.30%         |
| SM Prime       | 8.46%          |
| Ayala Land     | 7.01%          |
| Ayala Corp     | 6.92%          |
| PLDT Co        | 6.60%          |
| BDO Unibank    | 6.32%          |
| Univ Robina    | 4.81%          |
| ICTSI          | 4.52%          |
| BPI Bank       | 4.43%          |
| Aboitiz Equity | 4.05%          |
| Total          | 67.44%         |

<sup>4</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) |
|--------------------------|---|--------------------|
| <b>BDO Unibank, Inc.</b> | Time Deposit Placement                            | 43.10              |
|                          | Investment in Common Shares                       | 106.60             |
| <b>SM Group</b>          | SM Investments Corp. Investment in Common Shares  | 241.18             |
|                          | Premium Leisure Corp. Investment in Common Shares | 0.00               |
|                          | SM Prime Holdings Investment in Common Shares     | 142.77             |

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.

**OTHER DISCLOSURES****OUTLOOK AND STRATEGY**

The PSEi continued to trend lower in August, closing the month at 5,884 or a 0.75% decline from July's 5,928. A number of market-moving events dampened investors' sentiment in August. GDP contracted 16.5% in 2Q20, the sharpest decline ever recorded in Philippine history. Corporate earnings likewise saw a huge drop in 2Q with most companies reporting lower than expected earnings. Market sentiment was further weighed down by the re-imposition of a stricter lockdown in Metro Manila from GCQ (General Community Quarantine) to MECQ (Modified Enhanced Community Quarantine). This was in response to a surge in covid-19 cases. Foreign investors have remained on the sell side for 10 straight months. Most of the outflows were skewed to cyclical stocks (banks and property). Among the stocks that were sold down were BDO (-2.3% m/m), MBT (2.2% m/m), ALI (-13.5% m/m) and RLC (-4.9% m/m). Key catalyst for the market to move up would be the success of flattening the infection curve as well as more stimulus packages by the government to support the economy.

**INVESTMENT POLICY / PROSPECTIVE INVESTMENTS**

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

**OTHER BASIC FUND FACTS**

|  |   |
|--|---|
| <b>Trust Fee:</b> 1.25% p.a.   | <b>Bloomberg Ticker:</b> <BDOTSDF 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 Unit-Paying Feature (Quarterly Income Payout Plan), a feature (subject to a subscription processing fee) that will provide non-guaranteed income stream and allows subscribing Participants to enjoy the fruits of their investments without the need to actually go to their servicing BDO branches to redeem units of their investment, 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>5</sup> |
|-----------------------------------|---------|-----------|-----------------------------|
| Year to Date                      | -24.18% | -24.71%   | 1.36%                       |
| Five Years Ago                    | -28.90% | -17.11%   | 11.80%                      |
| Since Inception                   | -21.10% | -10.95%   | 13.95%                      |
| CAGR <sup>6</sup> Since Inception | -3.39%  | -1.68%    | 1.92%                       |

<sup>5</sup> Refers to 91-day T-Bill rates

<sup>6</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.

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

|  |                        |                                    |
|--|------------------------|------------------------------------|
| Inclusive Dates<br>01/21/2016 - 09/07/2017 | Biggest Gain<br>51.59% | No. of Days to Achieve<br>595 days |
|--|------------------------|------------------------------------|

**Maximum Drawdown and Recovery in NAVPUs<sup>7</sup> (Past Five Years)**

|  |                         |   |
|--|-------------------------|---|
| Maximum Drawdown Period<br>09/07/2017 - 03/19/2020 | Biggest Loss<br>-53.02% | Recovery Period (days)<br>not yet recovered |
|--|-------------------------|---|

<sup>7</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.*

**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) ).