



## BDO SHORT TERM FUND

## KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Month Ended March 28, 2018

## FUND FACTS

<b>Classification:</b> Money Market Fund	<b>Net Asset Value per Unit (NAVPU):</b> PHP101.0806
<b>Launch Date:</b> September 5, 2017	<b>Total Fund NAV:</b> PHP 7.346 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> One (1) banking day after the notice of redemption is received
<b>Minimum Holding Period:</b> None	<b>Early Redemption Fee:</b> None

## FEES\*

Trustee Fees: 0.0211%	Custodianship Fees: 0.0001%	External Auditor Fees: 0.0000%	Other Fees: 0.0000%
BDO Trust and Investments Group	Standard Chartered Bank; Citibank; Deutsche Bank; HSBC	Punongbayan & Araullo	None

\*As a percentage of average daily NAV for the month valued at PHP 6.325 Billion

## INVESTMENT OBJECTIVE AND STRATEGY

The Fund aims for capital preservation and income generation by investing in a diversified portfolio of fixed income instruments with average duration of less than one (1) year. The Fund's benchmark is the 91-day T-Bill 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 Short Term Fund is primarily suitable for individual and corporate investors with moderate risk appetite and who are looking for investments with yields relatively higher than those of savings and time deposit accounts.
- ♦Participants/trustors are recommended to stay invested in the Fund for at least one (1) year.

## 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 SHORT TERM FUND**

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

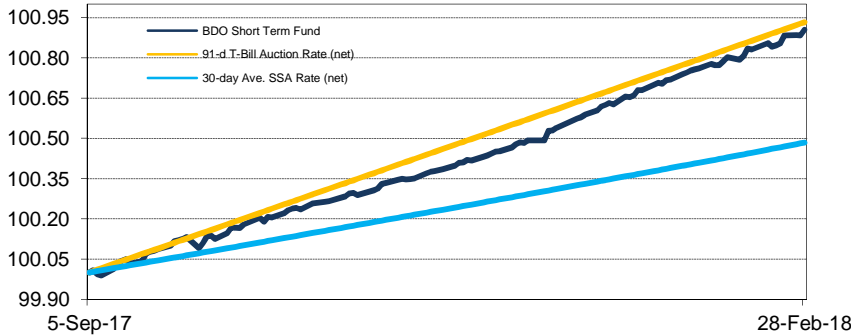
Month Ended March 28, 2018

**FUND PERFORMANCE AND STATISTICS**

**AS OF March 28, 2018**

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

**Fund's NAVPu vs Benchmark & Bloomberg Average 30-day SSA Rate**



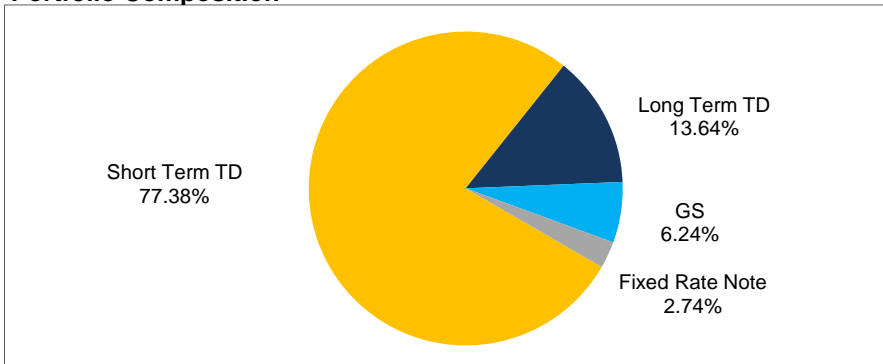
**Cumulative Performance (%)**

Period	1 mo	3 mos	6 mos	1 yr	3 yrs
Fund <sup>1</sup>	0.17%	0.54%	0.95%	na	na
Benchmark <sup>2</sup>	0.15%	0.47%	0.95%	na	na

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

<sup>2</sup> The Fund's benchmark is the 91-day T-Bill rates.

**Portfolio Composition**



**NAVPU over the past 12 months**

Highest	PHP 101.0806
Lowest	PHP 99.9893

**Statistics**

Weighted Ave. Duration	0.73
Weighted Ave. Life (years)	0.73
Volatility, Past 1 Year <sup>3</sup>	0.20%
Sharpe Ratio <sup>4</sup>	2.47
Information Ratio <sup>5</sup>	(0.01)
Weighted Ave. Yield (net) <sup>6</sup>	2.13%

<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 4/4/2018 2.75%	4.1%
TD Other Bank 4/5/2018 2.75%	4.1%
TD Other Bank 4/6/2018 3.25%	4.1%
TD Other Bank 4/6/2018 2.75%	4.1%
TD Other Bank 4/20/2018 3%	4.1%
TD Other Bank 4/23/2018 2.35%	4.1%
TD Other Bank 4/26/2018 3.2%	4.1%
BDO 6/4/2018 3.5%	4.1%
TD Other Bank 7/3/2018 3%	4.1%
TD Other Bank 8/15/2018 2.15%	4.1%
<b>Total</b>	<b>40.9%</b>

<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)
<b>BDO Unibank, Inc.</b>	Time Deposit Placement	700.00

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 March 28, 2018

## OTHER DISCLOSURES

## OUTLOOK AND STRATEGY

The Philippine Statistics Authority revised the base year of the country's consumer price index (CPI) from 2006 to 2012 in order to provide a more accurate representation of the current basket of goods and services consumed by the average Filipino household. CPI inflation for the month of February was recorded at 3.9% with 2012 as the new base year. Despite rising inflation and the peso hitting its lowest level against the US dollar in almost 12 years at P52.385 in late March, the BSP kept its key policy interest rate unchanged at 3% in its most recent meeting. The BSP has reiterated that inflationary pressures brought about by the recently-implemented tax reform program and rising global oil prices are only transitory and it forecasts that inflation will eventually fall back within its target band by 2019. Given this, most time deposit rates offered by commercial banks retreated back to the 2.5%-3.0% level for 1-3 month placements as demand for liquidity began to taper following the cut in banks' reserve requirement early in the month. The fund remains invested in a mix of short- and long-term time deposits, government securities, and corporate bonds. STF's weighted average life and duration were at 0.76 years as of the end of March.

## 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 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> 0.25% p.a.	<b>Bloomberg Ticker:</b> <BDOTSTF 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>• The availability via the Easy Investment Plan (EIP), 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, has not been implemented yet. Participants will be notified once this feature is available.</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> </ul>	
<ul style="list-style-type: none"> <li>• <b>Distribution Channels:</b> Head Office, Invest Online and Local BDO Branches</li> </ul>	

## OTHER PERFORMANCE INDICATORS

Period	Fund	Benchmark	Bloomberg Ave. 30-day SSA Rate
Year to Date	0.54%	0.47%	0.25%
Since Inception	1.08%	1.08%	0.57%
CAGR <sup>8</sup> Since Inception	1.94%	1.94%	1.02%

<sup>8</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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