



BPI Asset Management and Trust Corporation

BPI PHILIPPINE EQUITY INDEX FUND KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT As of September 29, 2017

FUND FACTS

| | | | |
|--------------------------------|--------------------|--|---------------------|
| Classification: | Index Tracker Fund | Net Asset Value per Unit (NAVPU): | Php 109.51 |
| Launch Date: | May 20, 2013 | Total Fund NAV (Mn): | Php 33,213.59 |
| Minimum Investment: | Php 10,000.00 | Dealing Day: | Daily up to 2:30 PM |
| Additional Investment: | Php 1,000.00 | Redemption Settlement: | T+3 5:00 PM |
| Minimum Holding Period: | None | Early Redemption Charge: | None |

FEES*

| | | | |
|-----------------------------|------------------------------------|---------------------------------------|--------------------------|
| Trustee Fees: 1.500% | Custodianship Fees: 0.0190% | External Auditor Fees: 0.0046% | Other Fees: 0.00% |
| BPI Asset Management | HSBC | Isla Lipana | None |

*As a percentage of average daily NAV for the quarter valued at Php32,673.51 Million
 *Billings received in 2015 divided by the average daily NAV
 *Billings received in 2014 divided by the average daily NAV

INVESTMENT OBJECTIVE AND STRATEGY

The Fund aims to track the performance of the Philippine Stock Exchange Composite Index (PSEi). The Fund shall substantially invest in stocks comprising the PSEi using the same weights as in the index.

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 BPI Philippine Equity Index Fund is suitable only for investors who:

- Are at least classified as aggressive based on their risk profile
- Have an investment horizon of at least five (5) 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.

Equity Price Risk: Investors are exposed to adverse changes in the prices of stocks listed in the Philippine Stock Exchange, which may be brought about by adverse stock market conditions, unfavorable company earnings and valuations and/ or negative developments in domestic and global political and economic conditions.

Liquidity Risk: Investors are exposed to the risk of loss due to the Fund's inability to convert security holdings to cash immediately or in instances where conversion to cash is possible but at a highly disadvantageous price due to limited buyers/ sellers in the market, low trading volumes or market disruptions, among other reasons/ factors.

Related Party Risk: Investors are exposed to actual or potential conflicts of interest in the handling of related party transactions by the Trustee, specifically, time deposit placements with the Trustee's own bank and/ or its subsidiary, purchase of debt and equity securities issued by related parties, as well as the execution of trade transactions with related counterparties.

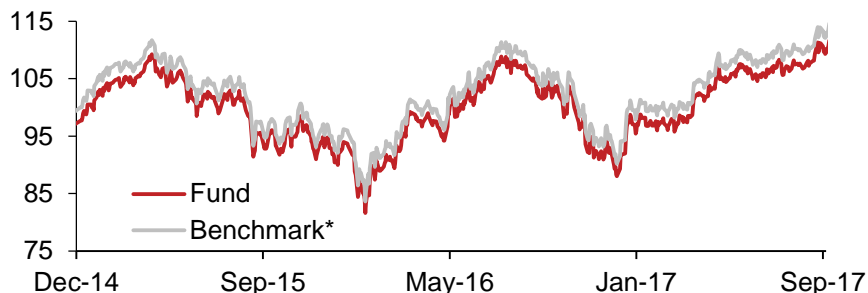
Index Tracking Risk: Investors are exposed to the risk of not being able to achieve a level of return that matches the index being tracked by the Fund due primarily to operating and fund management expenses.

In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks.

- **THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORP. (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.**

FUND PERFORMANCE AND STATISTICS AS OF SEPTEMBER 29, 2017

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

NAVPU GRAPH

*Benchmark: Philippine Stock Exchange Composite Index (PSEi)

CUMULATIVE PERFORMANCE (%)¹

| | 1 mo | 3 mos | 6 mos | 1YR | 3YRS S.I. ² |
|--|-------------|-------------|--------------|-------------|------------------------|
| Fund | 2.42 | 3.98 | 11.44 | 6.73 | 11.44 |
| Benchmark | 2.67 | 4.19 | 11.76 | 7.10 | 12.20 |
| PSEi (Total Return)⁵ | 2.69 | 4.61 | 12.68 | 8.84 | 18.29 |

ANNUALIZED PERFORMANCE (%)¹

| | 1YR | 2YRS | 3YRS S.I. ² |
|--|-------------|-------------|------------------------|
| Fund | 6.73 | 8.61 | 3.68 |
| Benchmark | 7.10 | 8.87 | 3.91 |
| PSEi (Total Return)⁵ | 8.84 | 10.74 | 5.76 |

CALENDAR YEAR PERFORMANCE (%)¹

| | YTD | 2016 | 2015 | 2014 |
|--|--------------|--------------|--------------|--------------|
| Fund | 19.34 | -1.68 | -3.95 | 19.34 |
| Benchmark | 19.45 | -1.60 | -3.85 | 19.45 |
| PSEi (Total Return)⁵ | 21.22 | 0.19 | -2.02 | 21.22 |

PORTFOLIO COMPOSITION

| Allocation | % of Fund |
|-------------------------------------|-----------|
| Equities | 99.85 |
| Cash | 0.15 |
| Time deposits and money market | 0.83 |
| Other receivables - net liabilities | (0.82) |
| Sector Holdings (Equity Portion) | |
| Holding Firms | 38.92 |
| Property | 19.26 |
| Financials | 17.77 |
| Services | 11.33 |
| Industrials | 11.18 |
| Mining and Oil | 1.38 |

RELATED PARTY TRANSACTIONS

The Fund has investments and trade transactions with Bank of the Philippine Islands, its subsidiaries and related parties:

Ayala Corp. - Php 2,058.16Mn
 Ayala Land Inc. - Php 2,844.18Mn
 Bank of the Philippine Islands - Php 1,758.87Mn
 Globe Telecom, Inc. - Php 511.97Mn

Investments in the said outlets were approved by the BPI AMTC's Board of Directors. Likewise, all related party transactions are conducted on an arm's length and best execution basis and within established limits.

*Related party in accordance with BPI AMTC's internal policy

NAVPU over the past 12 months

| | |
|---------|--------|
| Highest | 111.33 |
| Lowest | 88.06 |

STATISTICS

| | |
|--|-------|
| Portfolio Beta | 1.00 |
| Volatility, Past 1 Year (%) ³ | 14.57 |
| Current Number of Holdings | 32.00 |
| Tracking Error, Since Inception ⁴ | 0.62 |

¹Returns are net of fees.²Since inception.³Measures the degree to which the Fund fluctuates vis-à-vis its average return over a period of time.⁴Measure of deviation between the Fund's return and benchmark returns. A lower number means the Fund's return is closely aligned with the benchmark.⁵Measures the degree of the PSEi based on price appreciation and dividends issued by constituent stocks.⁶Includes accrued income, investment securities purchased, accrued expenses, etc.

*Declaration of Trust is available upon request through branch of account.

TOP TEN HOLDINGS

| Name | % of Fund |
|--------------------------------|-----------|
| SM Investments Corporation | 12.03 |
| Ayala Land, Inc. | 8.56 |
| SM Prime Holdings, Inc. | 8.18 |
| BDO Unibank, Inc. | 6.60 |
| Ayala Corporation | 6.20 |
| JG Summit Holdings, Inc. | 5.66 |
| Bank of the Philippine Islands | 4.92 |
| Aboitiz Equity Ventures, Inc. | 4.78 |
| PLDT, Inc. | 4.63 |
| Universal Robina Corp. | 3.81 |

OUTLOOK AND STRATEGY

Market Review. The Philippine Stock Exchange Index (PSEi) broke out for the month of the September on the back of strong bargain-hunting by local market players. The bellweather index surged 2.7% to 8,171.43 to go along with high volume of Php7.53 billion average daily turnover. A slew of market moving news also prompted the strong market movement including the progress of the Comprehensive Tax Reform Program Package 1 where the Senate Ways and Means Committee filed its own version called Senate Bill 1592 having notable differences from the first version constructed by the House of Representatives. Another one is the effect of the EDC tender offer that generated massive liquidity in the market as well as the decrease in its public float and therefore got deleted in PSEi, MSCI and FTSE. For the month, foreigners were actually net sellers ex-EDC tender offer at US\$68 million.

Top gainers for the month were AGI (+15.40%), FGEN (+12.49%) and RRHI (+9.09%) while detractors include BPI (-6.09%), TEL (-3.58%), and SECB (-2.72%).

Key Economic Developments:

- The Bangko Sentral ng Pilipinas (BSP) has kept policy rates steady and maintained inflation forecasts. Borrowing rates were unchanged at 3.5% for overnight lending and 3% for overnight reverse repurchase while 2.5% for overnight deposit. Inflation kept its inflation target at 2-4%.
- Gross international reserves went up to US\$81.51 billion in August or 0.6% higher month-on-month on the back of revaluation of gold as gold prices went up.
- OFW remittances soared 7.1% YoY to US\$2.28bn in July, pushing the 7M2017 figure to US\$16.1 billion.

Fund Performance. The Fund registered a return of 2.42% for the month of September, underperforming the benchmark by 25 bps. Year-to-date, the Fund registered 19.34% underperforming the benchmark by 11 bps.

Fund Strategy. The Fund will continue to track the performance of the Philippine Stock Exchange Composite Index (PSEi).

LIST OF PROSPECTIVE INVESTMENTS

The following are among the Fund's approved investment outlets, wherein the Trustee intends to invest depending on strategy, availability, or other market-driven circumstances:

- (a) Shares of stock of selected corporations, including convertible preferred stocks, which are already listed or being offered publicly and soon to be listed in the Philippine stock market.
- (b) Primarily short-term tradable fixed-income instruments, issued or guaranteed by the Philippine government or the BSP; marketable instruments that are traded in an organized exchange; investment outlets/ categories the BSP allow. Provided, that, a financial instrument is regarded as tradable if quoted two-way prices are readily available and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.
- (c) Primarily short-term tradable fixed-income securities issued, underwritten, or otherwise dealt by BPI and/or any of its subsidiaries, affiliates, their successors-in-interest or assignees, their directors, officers, stockholders, and related interest, and any of their trust and fund managed accounts, under such terms and conditions as the Trustee may deem to be in the best interest of the Fund or any such instrument as may be allowed under BSP regulations. Investment with related interests shall be in accordance with Subsection UX 410.12 (a) of the Manual of Regulations for Banks and Other Financial Institutions.
- (d) Bank deposits, BSP special deposit account or tradable debt instruments issued by the BSP.
- (e) Such other investments allowed under regulations issued by the BSP.

BPI Asset Management and Trust Corporation (BPI AMTC) is a subsidiary of the Bank of the Philippine Islands. For any inquiries and complaints relating to our services and products you may call our hotline: 89-100, or send an email at bpi_asset_management@bpi.com.ph or write a letter addressed to BPI Asset Management – Consumer Protection, 17F, BPI Building, Ayala Ave. cor. Paseo De Roxas, Makati City, 1226. BPI AMTC as Trustee / Investment Manager is regulated by the Bangko Sentral ng Pilipinas (BSP) with telephone number (632) 708-7087 and email address: consumeraffairs@bsp.gov.ph. To know your rights under BSP Circular No. 857 (Regulations on Financial Consumer Protection), please access a copy at our website: www.bpiassetmanagement.com.