

AB CAPITAL AND INVESTMENT CORPORATION
AB CAPITAL SHORT TERM FUND
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
As Of June 30, 2021

FUND FACTS

Classification:	Money-Market Fund	Net Asset Value per Unit (NAVPU):	1.1380
Launch Date:	November 28, 2013	Total Fund NAV:	45,185,286.22
Min. Investment:	Php50,000	Dealing:	Daily up to 12:00 noon
Add'l Investment:	Php25,000	Redemption Settlement:	T + 1 day
Min. Holding Period:	None	Early Redemption Charge:	None

FEES*

Trustee Fees: 0.095% AB Capital - Trust and Investments Division	Custodianship Fees: 0.000% Phil. Depository & Trust Corp.	External Auditors Fees: -0.106% SGV & Co.
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*As a percentage of average daily NAV for the quarter valued at Php 43,027,671.16.

INVESTMENT OBJECTIVE AND STRATEGY

Aims to prevent loss of principal at all times and generate stable income by investing in a diversified portfolio of short term fixed income marketable securities allowed under the plan and under regulations issued by the BSP. The Fund aims to surpass its benchmark (gross of fees) equivalent to 91-day PDS Treasury Reference Rate PM (PDST R-2).

**As of October 26, 2018, the Philippine Dealing & Exchange Corporation (PDEX) officially ceased performing the daily calculation and publication of the PDST Reference Rates. Effective October 29, 2018, the PHP BVAL Reference Rate shall be used in lieu of the discontinued PDST Reference Rate. The Fund's plan rules shall be amended accordingly to reflect this change and the appropriate advisory will be made upon the approval of such amendments. This change is not expected to have a material impact on the features and the performance of the Fund.*

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 AB CAPITAL SHORT TERM FUND is suitable for individual and corporate investors who are at least classified as moderate based on their risk profile and who are looking for investments with yields relatively higher than those of savings and time deposit accounts.
- In order to minimize risks and maximize returns, the participants 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.

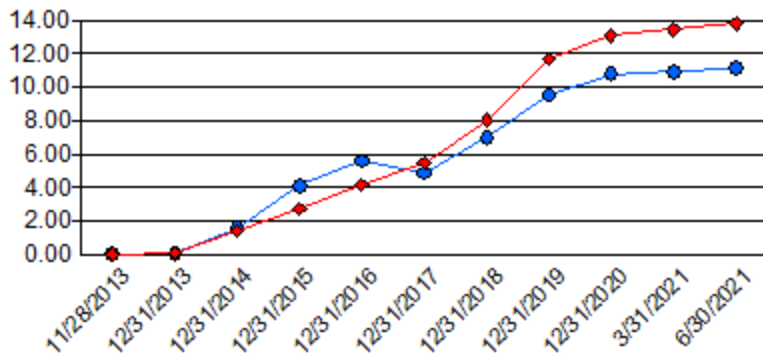
Interest Rate Risk	Possibility for an investor to experience losses due to the changes in interest rate. The purchase and sale of a debt instrument may result in profit or loss because the value of a debt instrument changes inversely with prevailing interest rates.
Market/Price Risk	This is the possibility for an investor to experience losses due to the changes in market prices of securities (e.g., bonds and equities). It is the exposure to the uncertain market value of a portfolio due to price fluctuations. It is the risk of the UITF to lose value due to a decline in securities prices, which may sometimes happen rapidly or unpredictably. The value of investments fluctuate over a given time period because of general market conditions, economic changes or other events that impact large portions of the market such as political events, natural calamities, etc. As a result, the Net Asset Value per Unit (NAVPU) may increase to make profit or decrease to incur loss.
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. These may be caused by different reasons such as trading in securities with small or few outstanding issues, absence of buyers, limited buy/sell activity or underdeveloped capital market. Liquidity risk occurs when certain securities in the UITF portfolio may be difficult or impossible to sell at a particular time which may prevent the redemption of investment in UITF until assets can be converted to cash.
Credit/Default Risk	Possibility for an investor to experience losses due to borrower's failure to pay principal and/or interest in a timely manner on instruments such as bonds, loans, or other forms of security which the borrower issued. Inability of the borrower to make good on its financial obligations may have resulted from adverse changes in its financial condition thus, lowering credit quality of the security, and consequently lowering the price (market/price risk) which contributes to the difficulty in selling such security. It also includes risk on a counterparty (a party the UITF Fund Manager trades with) defaulting on a contract to deliver its obligation either in cash or securities. This is the risk of losing value in the UITF portfolio in the event the borrower defaults on his obligation or in the case of a counterparty, when it fails to deliver on the agreed trade. This decline in the value of the UITF happens because the default/failure would make the price of the security go down and may make the security difficult to sell. As these happen, the UITF's NAVPU will be affected by a decline in value.

- * 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.**

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

NAVPU GRAPH

Short-Term Fund vs Benchmark ²



◆ Short-Term Fund YTD Return 1 ● Benchmark YTD Return

Source: Bloomberg and AB Capital and Investment Corp.

NAVPU over the past 12 months

Highest	1.1380
Lowest	1.1265

STATISTICS

Volatility, Past 1 Year (%) ³	0.09
Sharpe Ratio ⁴	-25.9068
Information Ratio ⁵	3.9731
Weighted Ave. Duration	0.10

¹ Returns are net of fees

² Since Inception

³ Measures the degree to which the Fund fluctuates vis-a-vis its average return over a period of time

⁴ 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.

⁵ 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

	1 mo	3 mos	6 mos	1 yr	3 yrs
Fund	0.09	0.31	0.64	1.03	6.85
Benchmark	0.06	0.18	0.33	0.66	5.10

TOP TEN HOLDINGS (%)

BANCO DE ORO PESO TIME DEPOSIT	14.39
WEALTH BANK PESO TD	12.46
MALAYAN BANK SAVINGS AND MORTG	12.17
TBILLS 09.08.21	11.04
PHOENIX PETROLEUM PHILIPPINES, I	8.83
TBILLS 10.27.21	8.82
TBILLS 12.07.21	8.81
METROBANK TD	8.64
STERLING BANK OF ASIA TD	8.02
PHILIPPINE NATIONAL BANK TIME DEPO	5.05

PORTFOLIO COMPOSITION

Allocation	% Of Fund
Time Deposits	60.73
Fixed Income Securities	37.50
Cash and Other Receivables (Payables)	1.78

RELATED PARTY TRANSACTIONS

The Fund has transactions and outstanding investments including deposit, investments in the share/s of stock, and/or debt issuances of the following companies related to AB Capital and Investment Corporation —Trust and Investments Division (ABCIC -TID):

WEALTH BANK PESO TD (WEALTH) - Php 5,631,604.36

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.

OUTLOOK AND STRATEGY

Fixed-Income Market

Inflation during the second quarter tempered from the high of 4.7% in February this year as supply side pressures on the food basket waned along with transportation costs being largely contained. Inflation in June settled at 4.1%, just slightly above the BSP's full year forecast for 2021 of 4%. The BSP kept its monetary policy unchanged at 2% in its June meeting in order to support the economic recovery. Bond yields during the quarter declined by an average of 28 bps with yields on 10-year bonds declining by 48 bps. Long-term bond yields remained stable as demand focused on the short-tend and the belly of the curve. The Bureau of Treasury increased its pace of issuance of bonds across tenors during the quarter amid ample liquidity and strong demand from investors.

AB Capital Short Term Fund Performance

The AB Capital Short Term Fund posted a return of 0.31% for the second quarter of 2021. The Net Asset Value Per Unit (NAVPU) increased to 1.1380 in June 2021 from 1.1345 in March 2021.

Fund Strategy

With inflation expected to be contained over the next quarter and with ample liquidity driving demand for the short-end of the curve, yields will likely stay low over the short-term with a possible continuation of the steepening of the yield curve. The Fund will continue to focus its allocation in stable time deposit placements and treasury bills and capitalize on selective opportunities in short-term debt instruments.

LIST OF PROSPECTIVE INVESTMENTS

Pursuant to the foregoing objectives, the Fund may be invested and reinvested in:

- a) Fixed-income securities issued by the government of the Republic of the Philippines with maximum remaining maturities of one (1) year and are traded in an organized exchange or market;
- b) Deposits with local banks and branches of foreign banks operating in the Philippines.
- c) Other investments allowed under regulations issued by the BSP.

The combined exposure of the Fund to any entity and its related parties shall not exceed fifteen percent (15%) of the market value of the Fund. Provided, that Fund investments, partially or substantially, in exchange traded fixed income securities shall be subject to the fifteen percent (15%) exposure limit.

AB Capital is regulated by the Bangko Sentral ng Pilipinas (BSP). For any inquiries and complaints relating to our services and products you may call our hotline: 898-7555, or send an email at trust@abcapitalonline.com or write a letter addressed to AB Capital—TID, Units 1210-1212, 12th Floor, PSE Tower, 5th Ave., cor. 28th St., Bonifacio Global City, Taguig City, Philippines 1634. You may also file your complaints at BSP Financial Consumer Department at (632)708-7087 or consumeraffairs@bsp.gov.ph. To know your rights under BSP Circular No.857 and as revised by Circular 1048 (regulations on Financial Consumer Protection), please access a copy at the BSP website(www.bsp.gov.ph).