

**MINUTES OF THE INVESTMENT COMMITTEE MEETING OF
THE BOARD OF TRUSTEES**

Meeting Details

Date and Time: March 31, 2022 at 3:00 P.M.

Location: Via Zoom Conference

Present: Ms. Florencia G. Tarriela (Chair)
Mr. Ricardo G. Lazatin (Vice Chair)
Ms. Ma. Luz A. Planas
Atty. Cornelio C. Gison
Ms. Juanita D. Amatong
Ms. Alice Z. Cordero

Management Present: Atty. Leonardo D. Banasen (Legal Head)
Ms. Sherry Lou A. Salazar (Director - Operations & Marketing)
Mr. Robert Anthony D. Sia (Accounting & Finance Head)
Ms. Lorna M. Asuncion (Treasury Head – TSPI NGO)

Call to Order and Determination of Quorum

After a quorum had been duly established, the Chair called the meeting to order.

Matters Discussed

Minutes of previous meetings in 2021 dated April 9, June 29 and July 23 was approved by the Committee.

Additional P5 million for PNB IMA was approved. As a result, all three IMA will be at P10 million each. Ms. Planas opined that PNB was able to bring in income. Ms. Tarriela mentioned she initiated this before when the exchange rate was below P50 but now it is at P52 and it may no longer be the right time to invest.

Foreign currency investment is deferred. Ms. Planas is concerned on the volatility and it is too much tied to the political situation.

As to the REIT, the Committee agrees but the timing should be looked into closely. The research should be presented to the Committee.

For UITF, look at what are the underlying instruments and select the more conservative ones.

Mr. Lazatin stated to take it easy or slow down on those engaged in food and consumer goods due to the projected high inflation environment. Consumption is affected when inflation is high.

These companies would suffer as cost of importation and production is high and consumers would be clamping down on their expenses.

Ms. Cordero made the suggestion to investment in real estate. She explained the case of the NGO that was cited by the MNRC for the 25% on investment in real estate as the value had appreciated since it was originally acquired. It has to be explained that it is not an investment but rather office premises.

Regarding the policy change to remove the dividend requirement for possible investee companies in the IMA, Ms. Cordero explained this is for us to invest in new attractive companies with no dividend history yet. Ms. Tarriela recalled she called the attention of the IMA before as to why we were not given allocation for such companies. However, the committee unanimously decided that this should be taken up on a case-to-case basis instead of a policy change. The IMA should come to the committee to seek approval. Ms. Planas lamented that the IMA should not be quiet and communicate regularly with the committee.

Mr. Lazatin mentioned that we should start looking at private banking groups as they give special treatment. They usually give first priority to the good offerings. They also provide free one-on-one economic briefing upon request. Ms. Cordero stated she will get back to the BPI contact who wants NGO be declared as a religious organization. However, this is not in its By-Laws. Mr. Lazatin said that to become an institutional member in these groups, one of the criteria is to have an element of spirituality but this need not be in the By-Laws. It just needs to be explained. Ms. Planas and Mr. Lazatin will assist with the private banking groups. The minimum amount to get in is P50 million. Ms. Cordero stated that actually we are already in private banking with PNB through the group of Ms. Candace Lim. They helped us a lot at the height of the BCP. They gave us a special rate on transaction fees which is at 10 bps compared to others who charge 50 bps.

The proposed investment allocation was presented below:

Investment Allocation

Investment Type	Feb 28,	Actual	Current	Proposed
	2022 (in millions)			
Retail Treasury Bonds	P537	41%	65%	75%
Fixed Income Treasury Notes	380	29%		
Corporate Bonds	275	21%	32%	35%
Real Property Investment	72	6%		
Real Estate Investment Trust				10%
Equity Investments	26	2%	2%	5%
Unit Investment Trust Fund	0	0%	0%	5%
Time Deposit	7	1%	1%	1%
Total Investments	P1,300	100%	100%	

Ms. Tarriela proposed this should be simplified into 2 major groups. Fixed income and equities. Real estate can also be considered as another group. There will be sub-classification like in the case of fixed income there will be RTB, FXTN & corporate bonds. REIT will be classified as equity. UITF will be classified as either fixed income or equity depending on the composition. An allocation of up to 80% fixed income and 20% equity was agreed to.

Discussion on real property ensued given the substantial appraisal increase from the HO and Bacoor property. Consideration can be made to acquire properties which are being rented at the moment. Mr. Lazatin stated we do a detailed approach to real property, the appraisal and policies,

as it's a good investment outlet. Ms. Cordero reminded that these should be approved by IC as they are very particular with admitted assets.

Ms. Cordero presented the slides on the composition of the investments. Based on what was shown the portfolio is quite diversified from conglomerate right down to the industry. Nevertheless, the committee wants a proposal on the maximum exposure limit.

Reiteration was made to do quarterly review of IMA portfolio with accompanying economic briefing.

Schedule for the rest of the year was presented as follows:

April
14 (TH) MBAI Regular Board Meeting
10am-12n

May
4 (W) MBAI AGM / Organizational Meeting
(1st Wed of May per By-Laws)
10am-12n

July
29 (F) MBAI Regular Board Meeting
10am-12n

August
31 (T) MBA Anniversary

September
30 (F) MBAI Regular Board Meeting
10am-12n

October
31 (M) TSPI 51st Anniversary

December
14 (W) MBAI Regular Board Meeting
Christmas Lunch
10am-12n

16 (F) TSPI Employees' Christmas Party

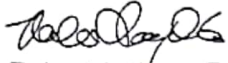
Out-of-town meeting is scheduled to coincide with NGO's 41st anniversary on October 31.

Approval was given to open a BDO account which is the No. 1 bank and to have a private banking relationship.

Adjournment

Meeting was adjourned around 4:15 P.M.

Prepared by:



Robert Anthony D. Sia
Accounting & Finance Head