

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

Meeting Details

Date and Time: June 8, 2022 at 10:00 A.M.

Location: Via Zoom Conference

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

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

BPI AMTC: Mr. Jon Gerard Basco
Ms. Suzette Ayson
Mr. Steven Ko
Mr. Allen Calica

Call to Order and Determination of Quorum

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

Matters Discussed

The deck for the presentation of BPI is attached as Annex A. The slides cover fund performance report, market outlook and strategy, and admin matters.

Mr. Calica summarized that overall all investments returned negative YTD because of the elevated inflation, tightening monetary policies and weaker growth expectations. Investment outlook is to go into a defensive stance meaning more on money market & short-term duration instruments. This is to build up liquidity for re-entering the market later at higher yields.

Ms. Planas asked how long it is expected for the dollar exchange to remain at the forecasted P54 and is it still safe to go into dollar investments. Mr. Calica answered fundamentals (import-export gap, rising import costs, etc.) would have to be studied and reviewed when the time comes.

Mr. Lazatin asked if there is a formula or ratio on the movement in interest rates from every movement in the exchange rate as a basis for more informed decisions. Mr. Calica commented given the weaker peso and the aggressive policy rate hikes in the US, it would be a good idea to move into US fixed income securities. Mr. Lazatin pointed out that the exchange rate should be imputed into the interest derived from local placements.

Mr. Lazatin sought Mr. Calica's opinion on real estate investment. Both in property & equity. Mr. Calica opined that real estate has historically been inflation-protected as the appreciation in value has outpaced the inflation rate. With equity however, it is a mixed bag as there is uncertainty on office space given the move to a hybrid environment while residential continues to perform well.

Ms. Amatong also sought opinion on REIT. Mr. Calica stated that he looks at these as quasi-fixed income instruments and the yield varies depending on the stock price. These present as a good investment outlet.

Ms. Planas commented we have been with BPI for a long time and the consensus of the committee is they are disappointed with the returns and that is the reason why no additional funds is being infused. Mr. Ko promised to look into how the fund was managed before and see how the strategy can be improved moving forward.

Mr. Basco stated they are limited by the conditions in the investment mandate. However, Ms. Tarriela said they made it very clear that although there is a general rule, the fund manager can always come to the committee anytime to seek special approval. Mr. Basco will redraft the mandate and send to the committee for review and sign-off. Ms. Planas added that the fund manager may wish to meet the committee regularly such as every quarter for portfolio review and for presentation of investment outlets. The committee is very flexible with the policy. Ms. Tarriela also stated that if the investment is good, the money will follow.

Ms. Cordero spoke on re-establishing a total banking relationship with BPI which Ms. Ayson promised to look into. Ms. Tarriela is looking at having a relationship manager for our account. This would have to be with the PBU. Ms. Cordero spoke of how PNB relationship manager Candace Lim is taking care of us and hopes we can have the same with BPI.

Adjournment

Meeting was adjourned around 11:15 A.M.

Prepared by:



Robert Anthony D. Sia
Accounting & Finance Head