ALFM GLOBAL MULTI-ASSET INCOME FUND

RISK DISCLOSURE STATEMENT

Prior to making an investment, **BPI INVESTMENT MANAGEMENT INC.** is hereby informing you of the nature of Mutual Funds and the risks involved in investing therein. As investments generally carry different degrees of risk, it is necessary that before you make any investment, you should have:

1. Fully understood the nature of the investment in any of the Mutual Funds and the extent of your exposure to **risks,**
2. read this Risk Disclosure Statement completely; and
3. independently determined that the investment in any of the Mutual Funds is appropriate for you.

Enumerated and defined below are the various risks you are normally exposed to when investing. The level of risk is dependent on several factors including type of underlying assets of the portfolio. Investing in Mutual Funds do not provide guaranteed returns and are not covered by the Philippine Deposit Insurance Corporation (PDIC).

Specifically for Mutual Funds, there are risks involved in investing because the value of your investment is based on the Net Asset Value per Shares/Unit (NAVPS/U) of the Fund which uses a marked-to-market valuation and therefore may fluctuate daily. The NAVPS/U is computed by dividing the Net Asset Value (NAV) of the Fund by the number of outstanding shares / units. The NAV is derived from the summation of the market value of the underlying securities of the Fund plus accrued interest income less liabilities and qualified expenses.

INVESTMENT IN THE MUTUAL FUNDS DOES NOT PROVIDE GUARANTEED RETURNS EVEN IF INVESTED IN GOVERNMENT SECURITIES AND HIGH-GRADE PRIME INVESTMENT OUTLETS. THE PRINCIPAL AMOUNT AND EARNINGS FROM INVESTMENT IN THE FUND MAY BE LOST IN WHOLE OR IN PART WHEN THE NAVPS/U AT THE TIME OF REDEMPTION IS LOWER THAN THE NAVPS/U AT THE TIME OF PARTICIPATION. GAINS FROM INVESTMENT IS REALIZED WHEN THE NAVPS/U AT THE TIME OF REDEMPTION IS HIGHER THAN THE NAVPS/U AT THE TIME OF PARTICIPATION.

Your investment in any of the Mutual Funds exposes you to the various types of risks enumerated and defined hereunder:

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.

The Fund's portfolio, being marked-to-market, is affected by changes in interest rates thereby affecting the value of fixed income investments such as bonds. Interest rate changes may affect the prices of fixed income securities inversely i.e. as interest rates rise, bond prices fall and when interest rates decline, bond prices rise. As the prices of bonds in a portfolio adjust to a rise in interest rate, the portfolio's market value may decline.

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. It is the risk of the Fund/Portfolio to lose value due to a decline in securities prices, which may sometimes happen rapidly or unpredictably. The value of investments fluctuates 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, for Mutual Funds, the **NAVPS/U** 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 Fund/Portfolio may be difficult or impossible to sell at a particular time which may prevent the withdrawal/ redemption of investments until its assets can be converted to cash. Even government securities which are the most liquid of fixed income securities may be subjected to liquidity risk particularly if a sizeable volume is involved.

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. This 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 of a counterparty (a party BIMI trades with) defaulting on a contract to deliver its obligation either in cash or securities.

This is the risk of losing value in the Fund/Portfolio in the event the borrower defaults on his obligation or in the case of counterparty, when it fails to deliver on the agreed trade. This decline in the value of the Fund/Portfolio 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, for Mutual Funds, the Fund's NAVPS/U will be affected by a decline in value.