



# BPI Asset Management and Trust Corporation

## BPI BALANCED FUND

### KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of June 28, 2019

#### FUND FACTS

<b>Classification:</b>	Balanced Fund	<b>Net Asset Value per Unit (NAVPU):</b>	Php 178.72
<b>Launch Date:</b>	April 4, 2005	<b>Total Fund NAV (Mn):</b>	Php 5,297.73
<b>Minimum Investment:</b>	Php10,000.00	<b>Dealing Day:</b>	Daily up to 2:30 PM
<b>Additional Investment:</b>	Php1,000.00	<b>Redemption Settlement:</b>	T+3 5:00 PM
<b>Minimum Holding Period:</b>	None	<b>Early Redemption Charge:</b>	None

#### FEES\*

<b>Trustee Fees:</b> 1.500%	<b>Custodianship Fees:</b> 0.0134%	<b>External Auditor Fees:</b> 0.0035%	<b>Other Fees:</b> 0.00%
BPI Asset Management	HSBC	Isla Lipana	None

\* As a percentage of average 2017 daily NAV for the quarter valued at Php 5,312.78 Million  
 \*Billings received in 2017 divided by the average daily NAV  
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#### INVESTMENT OBJECTIVE AND STRATEGY

The Fund aims to achieve long-term capital growth by investing in a diversified portfolio of equity and fixed income securities. The Fund aims to provide excess return over the composite benchmark, 50% Philippine Stock Exchange index (PSEi) and 50% return of the 91-day Philippine Treasury Bill, net of tax

#### 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 Balanced Fund is suitable for investors who:

- Are at least classified as aggressive based on their risk profile
- Have an investment horizon 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.

<b>Interest Rate Risk:</b>	Investors are exposed to adverse changes in the prices of domestic fixed income securities due to a rise in interest rates, which generally causes fixed income security prices to decline. Factors/ events that may lead to a rise interest rates include adverse market conditions, issuer-specific factors/ events and/ or negative developments in domestic political and economic conditions.
<b>Equity Price Risk:</b>	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.
<b>Liquidity Risk:</b>	Investors are exposed to the risk of loss due to the fund's inability to convert fixed income and equity 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.
<b>Related Party Risk:</b>	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.
<b>Credit/ Default Risk:</b>	Investors are exposed to the risk of loss due to the failure of the borrower/ debt issuer to make timely interest and/ or principal payments on its deposit liabilities, loans, bonds or other debt instruments due to a deterioration in the borrower's/ issuer's financial condition or external factors and events that may affect its ability to repay financial obligations such as negative developments in domestic political and economic conditions.

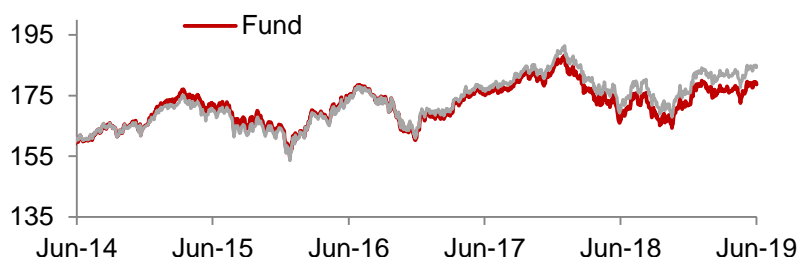
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks

**• 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 June 28, 2019

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

### NAVPU GRAPH



\* Benchmark is 50% PSEi, 50% return of the 91-day T-Bill, net of tax

### NAVPU over the past 12 months

Highest	179.95
Lowest	164.33

### STATISTICS

Portfolio Beta	0.99
Volatility, Past 1 Year (%) <sup>3</sup>	8.40
Sharpe Ratio <sup>4</sup>	0.28
Information Ratio <sup>5</sup>	-2.30
Current Number of Holdings	45

### CUMULATIVE PERFORMANCE (%) <sup>1</sup>

	1 mo	3 mos	6 mos	1 YR	3 YRS	S.I. <sup>2</sup>
<b>Fund</b>	<b>0.24</b>	<b>0.90</b>	<b>3.89</b>	<b>6.20</b>	<b>2.05</b>	<b>160.46</b>
<b>Benchmark</b>	0.33	1.03	4.66	7.53	5.21	172.48

### ANNUALIZED PERFORMANCE (%) <sup>1</sup>

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. <sup>2</sup>
<b>Fund</b>	<b>6.20</b>	<b>0.88</b>	<b>0.68</b>	<b>0.97</b>	<b>2.23</b>	<b>6.95</b>
<b>Benchmark</b>	7.53	2.01	1.70	1.85	2.64	7.29

### CALENDAR YEAR PERFORMANCE (%) <sup>1</sup>

	YTD	2018	2017	2016	2015	2014
<b>Fund</b>	<b>3.89</b>	<b>-6.39</b>	<b>12.42</b>	<b>-0.89</b>	<b>12.50</b>	<b>12.50</b>
<b>Benchmark</b>	4.66	-4.94	13.50	-0.10	-1.11	11.89

<sup>1</sup>Returns are net of fees.

<sup>2</sup>Since Inception

<sup>3</sup>Measures the degree to which the Fund fluctuates vis-à-vis its average return over a period of time.

<sup>4</sup>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.

<sup>5</sup>Measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

<sup>6</sup>Includes accrued income, investment securities purchased, accrued expenses, etc.

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

### PORTFOLIO COMPOSITION

Allocation	% of Fund
Equities	53.78
Fixed Income	0.00
Cash	0.10
Time Deposits and Money Market	42.60
Other Receivables – Net of Liabilities <sup>6</sup>	0.70
Sector Holdings	
Holding Firms	18.89
Property	11.17
Financials	10.42
Services	6.57
Industrials	6.37
Mining and Oil	0.37

### TOP TEN HOLDINGS

Names	Maturity	%
Time Deposit		10.38
Time Deposit		10.38
Time Deposit		7.17
Ayala Land, Inc.		5.88
Time Deposit		5.66
Time Deposit		5.66
SM Investments Corporation		5.39
BDO Unibank, Inc.		4.29
SM Prime Holdings, Inc.		4.19
Ayala Corporation		4.18

### 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 the BPI Asset Management and Trust Corporation (BPI AMTC):

Ayala Corporation — Php 259.63 Mn, Ayala Land, Inc. — Php 311.30 Mn, BPI Family Savings Bank — 300 Mn, Bank of the Philippine Islands — Php 335.14 Mn, Globe Telecom, Inc. — Php 57 Mn, Manila Water Company, Inc. — Php 16.82 Mn

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.

## OUTLOOK AND STRATEGY

**Market Review.** The PSEi was flat for the month of June, rising by 0.37% to close at 7,999.71. Market sentiment continued to be swayed by the persisting back-and-forth between the US and China in their Trade War. Volume was thinner with average daily turnover at Php6.28 billion last month compared to Php7.34 billion registered in the prior month. In terms of flows, foreigners continued to be sellers, with net foreign flow amounting to US\$139 million.

Economic news for the month include: 1) Consumer prices rose to 3.2% in May vs 3.0% in April where the uptick came from the increase in food & non-alcoholic beverages, specifically fish and vegetables. 2) The Bangko Sentral ng Pilipinas kept policy rates steady but communicated that further easing is to be expected in the next coming meetings.

Top index gainers for the month include FGEN (+16.02%), GTCAP (+8.92%), and JGS (+7.67%). Meanwhile, worst performing index names were SMPH (-6.78%), SMC (-6.56%), and AP (-4.66%).

**Fund Performance.** The fund returned 0.24% in June, underperforming its benchmark by 9 basis points. Year-to-date, it underperformed the benchmark by 77 basis point with a return of 3.89%.

**Fund Strategy.** Given the volatility in the market in the short-run brought about by the global trade-war, we will take advantage by buying on dips. We favor large cap names that will recover in this rate-cut cycle as well as debt-heavy conglomerates that remain undervalued.

## 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 which are already listed or being offered publicly and soon to be listed in major capital markets.
- (b) Primarily medium term tradable fixed-income instruments issued or guaranteed by the Philippine government or the BSP; tradable fixed-income instruments issued by financial institutions or private corporations; exchange-listed securities; marketable instruments that are traded in an organized exchange; loans traded in an organized market; and, such other tradable investment outlets/ categories as the BSP may allow.
- (c) Primarily medium 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.
- (d) Bank deposits and 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](mailto: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](mailto: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](http://www.bpiassetmanagement.com).