

**BPI INVEST BALANCED FUND****KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT**

As of April 30, 2020

**FUND FACTS**

<b>Classification:</b>	Balanced Fund	<b>Net Asset Value per Unit (NAVPU):</b>	Php 153.77
<b>Launch Date:</b>	April 4, 2005	<b>Total Fund NAV (Mn):</b>	Php 4,552.14
<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 End-of-Day
<b>Minimum Holding Period:</b>	None	<b>Early Redemption Charge:</b>	None

**FEES\***

<b>Trustee Fees:</b> 1.500%	<b>Custodianship Fees:</b> 0.0091%	<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 daily NAV for the quarter valued at Php 4,688.12 Million  
 \*Billings received for 2018 divided by the average daily NAV  
 \*Billings received for 2017 divided by the average daily NAV

**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 shall 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 Invest 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.

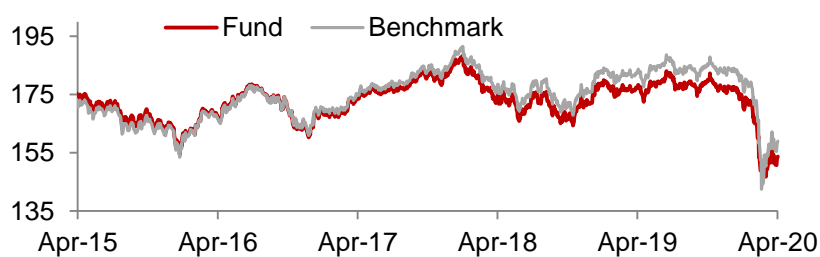
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks

- **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 SHALL 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 April 30, 2020

(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	183.05
Lowest	146.85

### STATISTICS

Portfolio Beta	0.99
Volatility, Past 1 Year (%) <sup>3</sup>	11.49
Sharpe Ratio <sup>4</sup>	-1.44
Information Ratio <sup>5</sup>	-0.28
Current Number of Holdings	41

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

	1 mo	3 mos	6 mos	1 YR	3 YRS	S.I. <sup>2</sup>
<b>Fund</b>	<b>3.09</b>	<b>-9.81</b>	<b>-14.41</b>	<b>-13.59</b>	<b>-11.29</b>	<b>124.09</b>
<b>Benchmark</b>	3.67	-10.11	-13.63	-12.71	-8.37	116.45

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

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. <sup>2</sup>
<b>Fund</b>	<b>-13.59</b>	<b>-6.25</b>	<b>-3.91</b>	<b>-2.14</b>	<b>-2.31</b>	<b>5.50</b>
<b>Benchmark</b>	-12.71	-5.67	-3.26	-1.51	-1.77	5.25

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

	YTD	2019	2018	2017	2016	2015
<b>Fund</b>	<b>-13.28</b>	<b>3.08</b>	<b>-6.39</b>	<b>12.42</b>	<b>12.50</b>	<b>-0.15</b>
<b>Benchmark</b>	-13.09	4.11	-4.94	13.50	-0.10	-1.11

<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	44.89
Fixed Income	0.00
Cash	0.11
Time Deposits and Money Market	55.33
Government	0.00
Other Receivables – Net of Liabilities <sup>6</sup>	-0.33
<b>Sector Holdings</b>	
Holding Firms	16.10
Property	9.88
Financials	7.03
Services	5.81
Industrials	5.89
Mining and Oil	0.18

### TOP TEN HOLDINGS

Names	Maturity	%
Time Deposit		13.18
Time Deposit		12.08
Time Deposit		11.92
Time Deposit		10.98
SM Investments Corporation		7.62
SM Prime Holdings, Inc.		5.02
Time Deposit		4.39
Ayala Land, Inc.		3.96
BDO Unibank, Inc.		3.02
Time Deposit		2.77

### 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 123.78 Mn, Ayala Land, Inc. — Php 180.34 Mn, Bank of the Philippine Islands — Php 632.03 Mn, Globe Telecom, Inc. — Php 43.43 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 local bourse, the Philippine Stock Exchange Index (PSEi) rose by 7.13% for the month of April as anticipation of transitioning to GCQ and rally in global markets prompted bargain-hunting. Also, buying-interest was evident when the index sharply fell to close to 4,000 level at the onset of the quarantine in March. However, the market still gave up 27% for the year, being clouded with vast uncertainty of the pandemic impact. The PSEi closed at 5,700.71. Volume was light with average daily turnover came in at US\$113m or 17.5% lower than the prior period. In terms of foreign flows, it has been all net selling thus far for the year with April registering at US\$297 million.

Macroeconomic news for the month are as follows: 1) The BSP decided to cut another 50 basis points in the policy rate to 2.75% to stimulate the economy. 2) Inflation slows a bit to 2.5% in March brought about by lower prices for Transport, and Electricity, Gas and Other Fuels (pulled down by the plunge of global oil prices). 3) Trade deficit sank 39% YoY to US\$1.66 billion for the month February. Imports dipped 12% while exports rose 3% YoY.

In terms of individual stock performance, the main advancers were JFC (+34.49%), PGOLD (+27.02%) and AC (+24.52%) biggest decliners were AGI (-7.45%), BLOOM (-6.67%) and LTG (-6.63%).

The Bureau of the Treasury (BTr) held two FXTN auctions in April. The first auction was a PHP30-bn reissuance of the 1-year FXTN7-57. The auction saw moderate demand, with a bid-to-cover ratio of 1.22x, and was fully awarded at an average yield of 3.675%. In the afternoon of the auction, the BTr opened a PHP15-bn tap for the security, with PHP9.07bn awarded at the average yield. The second auction was a PHP30-bn reissuance of the 2-year FXTN5-74. Strong demand saw the security fully awarded at an average yield of 3.052%, with a bid-to-cover ratio of 2.65x; the PHP15-bn tap that was subsequently opened for the security was also fully awarded.

In the local economic space, inflation for the month of March averaged 2.5% year-on-year, slowing from February's 2.6% figure. However, risk sentiment continued to be dampened by the escalation of the global COVID-19 pandemic, with a number of significant downgrades to Philippine GDP forecasts after a 4-week extension of the country's enhanced community quarantine to mid-May. Amid continued economic uncertainty and falling inflation, the Bangko Sentral ng Pilipinas (BSP) enacted an off-cycle cut of its benchmark policy rate by 50 bps, bringing its year-to date policy rate easing to 125 bps. Toward the end of the month, BSP Governor Benjamin Diokno suggested that a pause to policy rate easing might be appropriate, but that monetary stimulus in other forms would be likely, given expectations for disinflation and lower economic growth.

**Fund Performance.** The fund returned 3.09% in April, underperforming its benchmark by 58 basis points. Year-to-date, it underperformed the benchmark by 19 basis points with a return of -13.28%.

**Fund Strategy.** Despite the market's recent rally, we expect volatility surrounding the market to persist. Therefore, we continue to adopt a defensive stance and raise cash on rallies. We prefer large cap names that emerged stronger after surviving post-crisis events.

## 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: 889-10000, 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 and Trust Corporation - Consumer Assistance Office, 7/F, BPI Buendia Center, Sen. Gil J. Puyat Avenue, Makati City 1209.

BPI AMTC as Trustee / Investment Manager is supervised by the Bangko Sentral ng Pilipinas (BSP) with telephone number (632) 8708-7087 and e-mail address: [consumeraffairs@bsp.gov.ph](mailto:consumeraffairs@bsp.gov.ph).