

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

As of May 29, 2020

**FUND FACTS**

<b>Classification:</b>	Balanced Fund	<b>Net Asset Value per Unit (NAVPU):</b>	Php 155.55
<b>Launch Date:</b>	April 4, 2005	<b>Total Fund NAV (Mn):</b>	Php 4,627.98
<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 4,514.51 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.

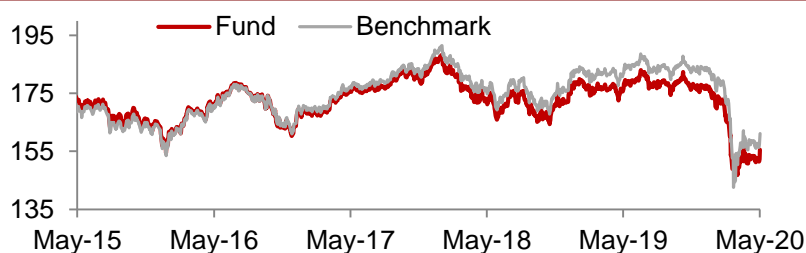
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks

- **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 May 29, 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>	11.65
Sharpe Ratio <sup>4</sup>	-1.33
Information Ratio <sup>5</sup>	-0.31
Current Number of Holdings	40

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

	1 mo	3 mos	6 mos	1 YR	3 YRS	S.I. <sup>2</sup>
<b>Fund</b>	<b>1.16</b>	<b>-6.06</b>	<b>-11.99</b>	<b>-12.76</b>	<b>-11.38</b>	<b>126.69</b>
<b>Benchmark</b>	1.34	-6.12	-11.70	-12.25	-8.33	124.83

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

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. <sup>2</sup>
<b>Fund</b>	<b>-12.76</b>	<b>-4.81</b>	<b>-3.95</b>	<b>-2.29</b>	<b>-1.95</b>	<b>5.55</b>
<b>Benchmark</b>	-12.25	-3.81	-2.86	-1.19	-0.95	5.49

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

	YTD	2019	2018	2017	2016	2015
<b>Fund</b>	<b>-12.28</b>	<b>3.08</b>	<b>-6.39</b>	<b>12.42</b>	<b>-0.89</b>	<b>-0.15</b>
<b>Benchmark</b>	-12.23	4.38	-4.86	13.09	0.31	-0.93

<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	45.43
Fixed Income	0.00
Cash	0.11
Time Deposits and Money Market	54.14
Government	0.00
Other Receivables – Net of Liabilities <sup>6</sup>	0.32
<b>Sector Holdings</b>	
Holding Firms	16.62
Property	9.85
Financials	7.09
Services	5.72
Industrials	6.00
Mining and Oil	0.16

### TOP TEN HOLDINGS

Names	Maturity	%
Time Deposit		12.96
Time Deposit		11.88
Time Deposit		11.40
Time Deposit		10.80
SM Investments Corporation		7.58
SM Prime Holdings, Inc.		5.07
Time Deposit		4.32
Ayala Land, Inc.		3.90
Ayala Corporation		3.44
BDO Unibank, Inc.		3.17

### 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 158.97 Mn, Ayala Land, Inc. — Php 180.63 Mn, Bank of the Philippine Islands — Php 628.75 Mn, Globe Telecom, Inc. — Php 45.36 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 bell-weather index picked up as lockdown easing measures spurred widespread optimism on economic recovery. The National Capital Region will shift to a General Community Quarantine beginning 1st of June which will allow more economic activities like factory work, mall operations, public transportation but to be under stringent guidelines. However, the MSCI rebalancing towards the end of the month, which indicated a general downweight among Philippine Names, capped the uptrend. The Philippine Stock Exchange Index or PSEi rose by 2.42% to close the month of May at 5,838.84. Volume was light with average daily turnover at US\$111m or 1.8% lower than in the prior period. It has been another month of selling in terms of net foreign flows at US\$165.5 million.

Macroeconomic news for the month include: 1) 1Q GDP contracted by 0.2% that startled investors. The lower GDP was pulled by a 3.3% YoY decline in domestic demand. 2) Inflation drops to 2.2% in April due to a decline in transport prices (as oil plunged). Electricity, gas and other fuels prices also slipped. 3) International reserves went up to US\$89 billion in March. Import cover rose to 7.9 months.

In terms of individual stock performance, the main advancers were AC (+28.44%), BPI (+13.33%) and MPI (+12.45%) while the biggest decliners include JFC (-24.04%), SECB (-20.99%) and GTCAP (-14.57%). The Bureau of the Treasury (BTr) held two FXTN auctions in May. The first was a PHP30-bn reissuance of the 3-year FXTN7-58. The auction saw strong demand, with bids totaling PHP99.11bn, and was fully awarded at an average yield of 2.946%. In the afternoon of the auction, the BTr opened a PHP15-bn tap for the security, with the full amount awarded at the average yield. The second auction was a PHP30-bn reissuance of the 4.5-year FXTN5-76. Strong demand saw the security fully awarded at an average yield of 2.676%, which was 134 bps lower than its average when it was last auctioned in March. Bids totaled PHP118.42bn, and an additional PHP20bn was awarded through the tap auction held in the afternoon of that day.

In the local economic space, inflation for the month of April averaged 2.2% year-on-year, continuing to slow from March's 2.5% figure. An increase in food and beverage prices was more than offset by lower transportation and discretionary consumption-related inflation, with much of the country's economic base under strict quarantine due to the continuing COVID-19 pandemic. While quarantine measures were eased in much of the country mid-month, enhanced quarantine measures were extended in the National Capital Region (home to 70% of economic activity) to the end of the month. In various communiqués throughout the month, Bangko Sentral ng Pilipinas (BSP) Governor Benjamin Diokno continued to indicate that a pause to policy rate easing might be appropriate, but that the central bank had room to implement monetary stimulus in other forms.

**Fund Performance.** The fund returned 1.16% in May, underperforming its benchmark by 18 basis points. Year-to-date, it underperformed the benchmark by 5 basis points with a return of -12.28%.

**Fund Strategy.** As already seen in May, we expect the local equities market to continue to rally on the back of a re-opening of the economy. However, expect volatility to be ever-present as 1) the impact of covid-19 on corporate earnings is revealed further and 2) fears of a second wave to haunt investors. We prefer undervalued large-cap names that will benefit from a liquidity-driven rally.

## 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).