

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

As of November 29, 2019

**FUND FACTS**

|                                |               |  |                     |
|--------------------------------|---------------|--|---------------------|
| <b>Classification:</b>         | Balanced Fund | <b>Net Asset Value per Unit (NAVPU):</b> | Php 176.74          |
| <b>Launch Date:</b>            | April 4, 2005 | <b>Total Fund NAV (Mn):</b>              | Php 5,236.57        |
| <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 5,270.61 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. |

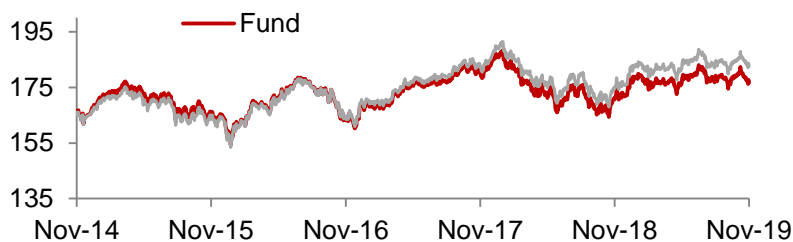
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks

- **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 November 29, 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 | 183.05 |
| Lowest  | 170.54 |

### STATISTICS

|  |       |
|--|-------|
| Portfolio Beta                           | 1.00  |
| Volatility, Past 1 Year (%) <sup>3</sup> | 7.66  |
| Sharpe Ratio <sup>4</sup>                | -0.02 |
| Information Ratio <sup>5</sup>           | -1.60 |
| Current Number of Holdings               | 42    |

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

|                  | 1 mo         | 3 mos        | 6 mos        | 1 YR        | 3 YRS        | S.I. <sup>2</sup> |
|------------------|--------------|--------------|--------------|-------------|--------------|-------------------|
| <b>Fund</b>      | <b>-1.63</b> | <b>-1.40</b> | <b>-0.87</b> | <b>3.56</b> | <b>8.35</b>  | <b>157.57</b>     |
| <b>Benchmark</b> | <b>-1.39</b> | <b>-1.19</b> | <b>-0.73</b> | <b>4.37</b> | <b>11.29</b> | <b>166.77</b>     |

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

|                  | 1 YR        | 2 YRS        | 3 YRS       | 4 YRS       | 5 YRS       | S.I. <sup>2</sup> |
|------------------|-------------|--------------|-------------|-------------|-------------|-------------------|
| <b>Fund</b>      | <b>3.56</b> | <b>-0.95</b> | <b>2.71</b> | <b>1.77</b> | <b>1.28</b> | <b>6.67</b>       |
| <b>Benchmark</b> | <b>4.37</b> | <b>0.02</b>  | <b>3.62</b> | <b>2.61</b> | <b>1.72</b> | <b>6.92</b>       |

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

|                  | YTD         | 2018         | 2017         | 2016         | 2015         | 2014         |
|------------------|-------------|--------------|--------------|--------------|--------------|--------------|
| <b>Fund</b>      | <b>2.74</b> | <b>-6.39</b> | <b>12.42</b> | <b>-0.89</b> | <b>12.50</b> | <b>12.50</b> |
| <b>Benchmark</b> | <b>3.50</b> | <b>-4.94</b> | <b>13.50</b> | <b>-0.10</b> | <b>-1.11</b> | <b>11.89</b> |

<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  | 50.22     |
| Fixed Income  | 0.00      |
| Cash  | 0.10      |
| Time Deposits and Money Market                      | 50.10     |
| Government  | 0.00      |
| Other Receivables – Net of Liabilities <sup>6</sup> | -0.42     |
| <b>Sector Holdings</b>                              |           |
| Holding Firms                                       | 19.38     |
| Property  | 9.91      |
| Financials  | 9.47      |
| Services  | 5.70      |
| Industrials   | 5.47      |
| Mining and Oil                                      | 0.29      |

### TOP TEN HOLDINGS

| Names                      | Maturity | %     |
|----------------------------|----------|-------|
| Time Deposit               |          | 11.46 |
| Time Deposit               |          | 10.50 |
| Time Deposit               |          | 7.64  |
| SM Investments Corporation |          | 7.14  |
| Time Deposit               |          | 5.73  |
| Time Deposit               |          | 5.73  |
| Ayala Land, Inc.           |          | 4.68  |
| Time Deposit               |          | 4.59  |
| Time Deposit               |          | 4.45  |
| Ayala Corporation          |          | 4.13  |

### 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 216.12 Mn, Ayala Land, Inc. — Php 245.07 Mn, Bank of the Philippine Islands — Php 666.53 Mn, Globe Telecom, Inc. — Php 37.28 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 Philippine Stock Exchange Index (PSEi) was heavily sold off for the month of November, falling by 3% to close at 7,738.96.

The market was influenced by the MSCI rebalancing where we saw downweights across Philippine names, even deletion of DMC and AGI, as a result of the increase of China A shares' inclusion factor.

Further, market sentiment continued to be dragged down by the see-saw developments of the US-China Trade War. Net foreign outflows on the rebalancing day alone reached US\$94 million, further pushing the figure to US\$258.6 million outflow for the entire month.

On the domestic front, GDP growth in 3rd Quarter came in at 6.2% driven by private consumption and construction. Moreover, the result of the corporate earnings for the 3rd Quarter was encouraging, having more beats and in-lines than misses. Earnings growth mostly emanated from strong performances of the banks as these benefited from monetary policy moves (cuts for both policy rate and RRR).

Top gainers for the month include BLOOM (+11.51%), GLO (+6.36%) and RRHI (+4.15%) while index names who underperformed the most are DMC (-20.83%), JFC(-17.24%) and LTG(-17.09%).

**Fund Performance.** The fund returned -1.63% in November, underperforming its benchmark by 24 basis points. Year-to-date, it underperformed the benchmark by 76 basis points with a return of 2.74%.

**Fund Strategy.** As one of the biggest downside risk – MSCI rebalancing, finally off-the table, we expect the local market to bounce back in December. We look to buy on any market dips to increase exposure and ride the 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).