

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

As of August 28, 2020

**FUND FACTS**

<b>Classification:</b>	Balanced Fund	<b>Net Asset Value per Unit (NAVPU):</b>	Php 109.35
<b>Launch Date:</b>	July 20, 2018	<b>Total Fund NAV (Mn):</b>	Php 205.40
<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> 0.3000%	<b>Custodianship Fees:</b> 0.0042%	<b>External Auditor Fees:</b> 0.0000%	<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 205.68 Million

\*Billings for 2018 divided by average daily NAV

205.68 Million

**INVESTMENT OBJECTIVE AND STRATEGY**

The Fund is a balanced UITF with 5% to 20% equities exposure that intends to achieve for its Participants long term capital growth derived from a diversified portfolio of equity and fixed income securities. The Fund aims to provide absolute returns in excess of the return of the composite benchmark, 90% BPI Philippine 1-3 Year Index and 10% PSEi 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 Bayanihan Balanced Fund is suitable for investors who:

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

**Interest Rate Risk:** 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.

**Equity Price Risk:** 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.

**Liquidity Risk:** 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.

**Related Party Risk:** 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.

**Credit/ Default Risk:** 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.

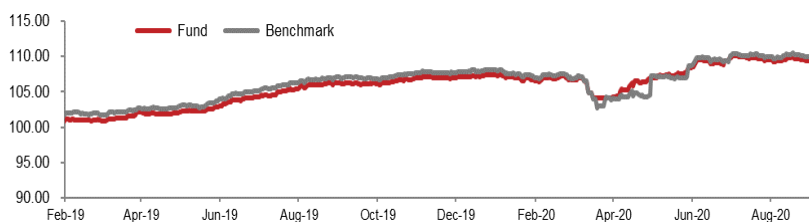
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks

- 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 AUGUST 28, 2020

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

### NAVPU GRAPH



\* Benchmark is 10% PSEi, 90% return of the BPI Phil 1-3 Year index, net of tax

### NAVPU over the past 12 months

Highest	110.14
Lowest	104.17

### STATISTICS

Portfolio Beta	1.01
Volatility, Since Inception (%) <sup>3</sup>	4.24
Sharpe Ratio <sup>4</sup>	0.17
Information Ratio <sup>5</sup>	0.43
Weighted Ave Duration (Yrs)	2.18
Current Number of Holdings	40

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

	1 mo	3 mos	6 mos	1 YR	S.I. <sup>2</sup>
<b>Fund</b>	<b>-0.18</b>	<b>0.94</b>	<b>2.54</b>	<b>2.94</b>	<b>9.35</b>
<b>Benchmark</b>	-0.04	1.22	2.88	2.72	9.97

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

	1 YR	2 YRS	S.I. <sup>2</sup>
<b>Fund</b>	<b>2.94</b>	<b>4.30</b>	<b>4.33</b>
<b>Benchmark</b>	2.72	4.39	4.61

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

	YTD	2019	2018
<b>Fund</b>	<b>1.87</b>	<b>8.03</b>	<b>-0.64</b>
<b>Benchmark</b>	1.79	8.48	-0.40

<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	8.24
Fixed Income	90.04
Cash	0.02
Time Deposits and Money Market	1.23
Other Receivables – Net of Liabilities <sup>6</sup>	0.47
<b>Sector Holdings</b>	
Holding Firms	3.27
Property	1.84
Financials	1.66
Services	0.80
Industrials	0.67
Mining and Oil	0.00

### TOP TEN HOLDINGS

Names	Maturity	%
Retail Treasury Bond	3/12/2024	29.61
Retail Treasury Bond	6/13/2021	19.84
Retail Treasury Bond	2/11/2023	15.23
Retail Treasury Bond	12/4/2022	5.59
Retail Treasury Bond	8/12/2025	4.86
Metropolitan Bank & Trust Co.	11/9/2020	3.48
SMC Global Power Holdings Corporation	4/24/2022	2.54
BDO Unibank, Inc.	8/3/2022	2.48
Security Bank Corp.	6/28/2021	2.48
SM Prime Holdings, Inc.	2/25/2021	2.45

### 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 4.59 Mn, Ayala Land, Inc. — Php 1.70 Mn, Bank of the Philippine Islands — Php 0.92 Mn, Globe Telecom, Inc. — Php 0.27 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 BPI Government Bond Index returned 0.19% for the month of August with benchmark government yields flat, rising an average of 1 basis point (bp). The yield curve flattened, with benchmark yields in the long end of the curve falling with greater magnitude than the coincident increase in short-term benchmark yields. Daily trading volumes rose to PHP29.4bn, with the new 5-year RTB5-13 and 10-year FXTN10-65 securities seeing the highest trading volumes over the month. The Bureau of the Treasury (BTr) held two FXTN auctions in August, with PHP30bn on offer for each of the new 10-year FXTN10-65 security, first issued in July, and a reissuance of the 13-year FXTN20-20. The reissuance of FXTN10-65 saw moderate demand, with bids totaling PHP54.73bn, and was fully awarded at an average yield of 2.724%—3bps lower than the average yield it was awarded at in its July issuance, with a PHP10-bn tap opened and fully awarded in the afternoon of the auction. However, the second auction saw all bids for the FXTN20-20 reissuance rejected, despite receiving PHP46.92bn-worth of bids. Additionally, mid-month, the BTr issued a new 5-year retail treasury bond, RTB5-13. The issuance was one of the largest local single-security issuances in history; with the BTr raising PHP516.31 bn from the offering, awarded at a yield of 2.625%.

In the local economic space, July inflation came in at 2.7% year-on-year, above market expectations of 2.5% and continuing to rise from June's 2.5% figure. The increase was mainly due to a rise in oil prices, which drove transportation and other related prices higher. Risk sentiment was driven by local developments in the COVID-19 pandemic, with the reimposition of stricter local quarantine measures in the country's economic center in the first half of the month dampening risk appetites across the local allocation universe. The release of lower than expected second-quarter GDP (-16.5% year-on-year versus expectations of -9.4%) and poor company second-quarter earnings also drove asset prices lower. In comments made over the course of the month, Bangko Sentral ng Pilipinas (BSP) Governor Diokno suggested a pause to monetary policy cuts by the central bank, and called for fiscal policy to take up the stimulative role played by monetary policy over the first half of the year.

The local equities market sank as another round of tighter quarantine measures clamps down on the country's economic recovery. The government reimposed the so-called "Modified Enhanced Community Quarantine" or MECQ for two weeks in August in response to the medical community's plea brought about by mounting cases of COVID-19, particularly in Metro Manila. The Philippine Stock Exchange Index or PSEi declined by 0.75% to close at 5,884.18. The exchange also concluded the semi-annual review which saw the entry of Emperador in the bell-weather index, replacing Semirara. Volume was light at US\$168 million average daily turnover which was bloated by SM Group crosses. Foreign selling increased further at US\$261 million for the month.

In terms of individual stock performance, the main advancers were RRHI (+13.52%), DMC (+12.68%) and URC (+12.58%). Meanwhile the biggest decliners were ALI (-13.51%), FGEN (-9.65%) and GTCAP (-8.88%).

**Fund Performance.** The fund returned -0.18% in August, behind its benchmark by 14 basis points. It is behind the benchmark since inception by 62 basis points with a return of 9.35%.

**Fund Strategy.** The Fund looks to maintain its overweight duration position given expectations of easing local inflation moving forward. Volatility may persist in the global space, and the portfolio will be actively managed to take advantage of this. Investors in a bond fund must be prepared to withstand volatility as higher investment value is typically achieved over the medium to long term. We still continue to adopt a defensive strategy with the market. We look to buy on dips at appropriate levels in the upcoming MSCI rebalancing that is expected have outflows in the market. Tactically, we will look to reduce some property names that have outperformed and shift towards conglomerates that offer value.

## 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).