



**BPI ASSET MANAGEMENT AND TRUST GROUP**  
**BPI BALANCED FUND**  
**KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT**  
As of March 31, 2016

**FUND FACTS**

<b>Classification:</b>	Balanced Fund	<b>Net Asset Value per Unit (NAVPU):</b>	Php168.95
<b>Launch Date:</b>	April 4, 2005	<b>Total Fund NAV (Mn):</b>	Php4,392.97
<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> 0.0005%	<b>External Auditor Fees:</b> 0.0045%	<b>Other Fees:</b> 0.00%
BPI Asset Management	HSBC	Isla Lipana	None

\* As a percentage of average 2015 daily NAV for the quarter valued at Php4,210.94 Million  
\*Billings received in 2015 divided by the average daily NAV  
\*Billings received in 2014 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 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.

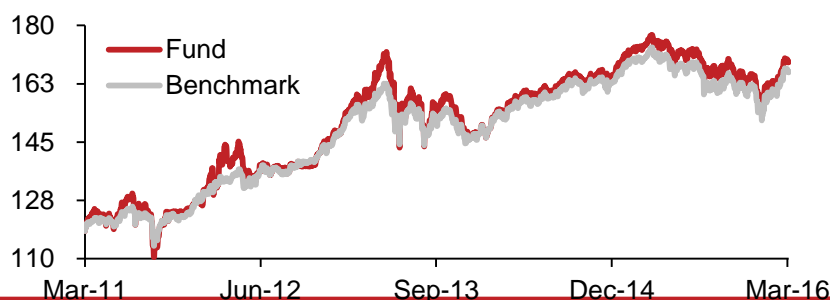
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks

**• 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 MARCH 31, 2016

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

### NAVPU GRAPH



### NAVPU over the past 12 months

Highest	177.13
Lowest	154.40

### STATISTICS

Portfolio Beta	1.01
Volatility, Past 1 Year (%) <sup>3</sup>	9.23
Sharpe Ratio <sup>4</sup>	-0.56
Information Ratio <sup>5</sup>	-0.18
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>4.80</b>	<b>2.43</b>	<b>2.19</b>	<b>-3.57</b>	<b>5.12</b>	<b>146.22</b>
<b>Benchmark</b>	4.42	2.57	3.28	-3.21	6.03	133.74

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

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. <sup>2</sup>
<b>Fund</b>	<b>-3.57</b>	<b>4.53</b>	<b>1.68</b>	<b>4.09</b>	<b>7.40</b>	<b>8.54</b>
<b>Benchmark</b>	-3.21	4.10	1.97	5.44	7.00	8.03

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

	YTD	2015	2014	2013	2012	2011
<b>Fund</b>	<b>2.43</b>	<b>-0.15</b>	<b>12.50</b>	<b>1.37</b>	<b>16.08</b>	<b>-0.72</b>
<b>Benchmark</b>	2.57	-0.89	11.57	1.56	16.30	3.14

### PORTFOLIO COMPOSITION

Allocation	% of Fund
Equities	49.76
Fixed Income	0.00
Cash and Other Receivables	50.24
Sector Holdings	
Holding Firms	17.51
Property	9.38
Industrial	8.29
Financials	7.14
Services	7.00
Mining and Oil	0.45

<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.

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

### TOP TEN HOLDINGS

Equity Names	%
Ayala Land, Inc..	4.93
SM Investments Corp	4.68
Phil. Long Distance Telephone Co.	3.89
Ayala Corporation	3.58
Universal Robina Corp.	3.50
Fixed Income Names	%
NONE	

### 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 Bank of the Philippine Islands:

Ayala Corporation — Php 197.83Mn, Ayala Land, Inc. — Php 216.57Mn, Bank of the Philippine Islands — Php 550.90Mn, Globe Telecom, Inc. — Php 63.12Mn, Manila Electric Company — Php 49.99Mn, International Container Terminal Services, Inc. — Php 49.48Mn, DMCI Holdings, Inc. — Php 34.47Mn, Aboitiz Power Corporation — Php 58.69Mn, Jollibee Foods Corporation — Php 57.22Mn, Philippine Long Distance Telephone Company — Php 170.89Mn, Metro Pacific Investments Corporation — Php 18.08Mn, Robinsons Land Corporation — Php 31.39Mn, Petron Corp. — Php 4.11Mn

Investments in the said outlets were approved by the Trust Committee. 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's internal policy.

## OUTLOOK AND STRATEGY

**Market Review.** The Philippine Stock Exchange Index (PSEi) registered its strongest month for the year after rising by 8.86% to 7,262.30 in March. The uptick in the market was mainly caused by favorable overseas data, particularly positive US manufacturing data as well as a rebound in oil prices and other commodities. There were two major events to highlight during the period that led the PSEi to a new YTD high of 7,376 and back into “bull market” territory. First, FOMC Chair Yellen’s tone on US interest rates was dovish yet again, reinstating the idea that a rate hike was unlikely until the second half of 2016. Second, we saw a surge in ETF inflows into Emerging Markets, which drove the rally in Asian markets. This explains how the Philippines experienced net foreign inflows for the month after being net sellers in the previous 11 months. Foreigners were net buyers by US\$204 million in March (US\$76 million YTD), a reversal from February’s US\$85 million net foreign selling. Among their top buys were Consumer heavyweights (URC, JGS, SM), a sector whose profile was raised ahead of the elections.

Locally, the Telecommunication sector recovered in a big way following a big decline in February after Telstra ended its Joint Venture talks with San Miguel Corp, diminishing the threat of new competition. Finally, the FY15 earnings report somewhat disappointed investors as corporate net income growth was lower than expected. Average daily value traded amounted to Php7.37 billion or 22.27% higher month-on-month.

Top index gainers for the month were GLO (+25.57%), BLOOM (+23.21%) and JGS (+18.61%). Meanwhile laggard names were LTG (-3.11%) and MER (-0.62%).

Philippine macroeconomic developments in February 2016:

- The BSP kept the key interest and SDA rates unchanged at 4.00% and 2.50%, respectively
- Bank lending grew by 16.9% in Feb vs 15.8% in Jan, the fastest rise in 13 months
- February inflation rose 0.9% YoY vs consensus +1.3% YoY and January’s +1.3% YoY

**Fund Performance.** The fund rose by 4.80% in March, beating its benchmark by 38 basis points. It underperforms the benchmark on a year-to-date basis by 14 basis points with a return of 2.43%.

**Fund Strategy.** Market upside will remain capped due to the Philippine market's premium valuation compared to its Asian peers. We look to remain tactically underweight in Philippine equities as we anticipate a correction back towards the 7,000-index level in the short term. We will also hold some cash and take opportunistic strategy in the next few weeks given the wide trading range expected (6,700 to 7,400). Stick to liquid, defensive large cap names.

## 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 is regulated by the Bangko Sentral ng Pilipinas (BSP). 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, 17F, BPI Building, Ayala Ave. cor. Paseo De Roxas, Makati City, 1226. You may also file your complaints at BSP Financial Consumer Department at (632) 708-7087 or [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).