



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

FUND FACTS

Classification:	Balanced Fund	Net Asset Value per Unit (NAVPU):	Php170.63
Launch Date:	April 4, 2005	Total Fund NAV (Mn):	Php4,542.68
Minimum Investment:	Php10,000.00	Dealing Day:	Daily up to 2:30 PM
Additional Investment:	Php1,000.00	Redemption Settlement:	T+3 5:00 PM
Minimum Holding Period:	None	Early Redemption Charge:	None

FEES*

Trustee Fees: 1.500%	Custodianship Fees: 0.0143%	External Auditor Fees: 0.0045%	Other Fees: 0.00%
BPI Asset Management	HSBC	Isla Lipana	None

* As a percentage of average 2015 daily NAV for the quarter valued at Php4,420.80 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.

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.

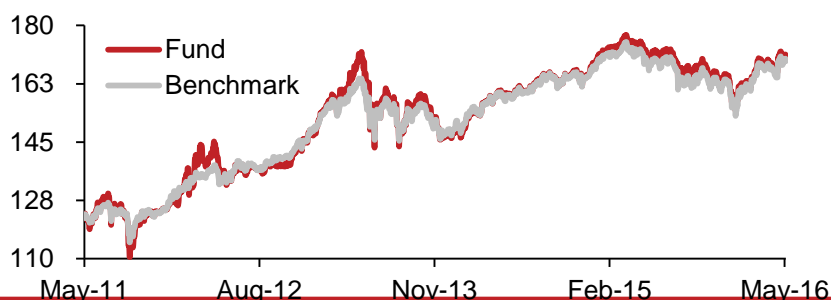
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks

• 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 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 May 31, 2016

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

NAVPU GRAPH



NAVPU over the past 12 months

Highest	172.95
Lowest	154.40

STATISTICS

Portfolio Beta	1.02
Volatility, Past 1 Year (%) ³	9.39
Sharpe Ratio ⁴	-0.23
Information Ratio ⁵	-0.32
Current Number of Holdings	37

CUMULATIVE PERFORMANCE (%) ¹

	1 mo	3 mos	6 mos	1 YR	3 YRS	S.I. ²
Fund	1.77	5.84	3.58	-0.61	3.07	148.67
Benchmark	1.79	5.60	4.01	0.00	5.78	136.37

ANNUALIZED PERFORMANCE (%) ¹

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. ²
Fund	-0.61	3.93	1.01	6.04	6.90	8.50
Benchmark	0.00	3.76	1.89	5.73	6.73	8.01

CALENDAR YEAR PERFORMANCE(%) ¹

	YTD	2015	2014	2013	2012	2011
Fund	3.45	-0.15	12.50	1.37	16.08	-0.72
Benchmark	3.73	-0.89	11.57	1.56	16.30	3.14

PORTFOLIO COMPOSITION

Allocation	% of Fund
Equities	51.45
Fixed Income	0.00
Cash and Other Receivables	48.55
Sector Holdings	
Holding Firms	19.45
Property	10.18
Industrial	7.85
Financials	7.13
Services	6.40
Mining and Oil	0.43

¹Returns are net of fees.

²Since Inception

³Measures the degree to which the Fund fluctuates vis-à-vis its average return over a period of time.

⁴Used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better.

⁵Measures 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..	5.12
SM Investments Corp	5.11
Ayala Corporation	4.20
JG Summit Holdings, Inc.	3.84
PLDT	3.67
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 231.61Mn, Ayala Land, Inc. — Php 232.72Mn, Bank of the Philippine Islands — Php 686.02Mn, Globe Telecom, Inc. — Php 76.92Mn, International Container Terminal Services, Inc. — Php 41.90Mn, Aboitiz Power Corporation — Php 64.42Mn, DMCI Holdings, Inc. — Php 32.67Mn, Jollibee Foods Corporation, Inc. — Php 59.33Mn

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) surged by 3.4% to 7,401.60 due to exciting domestic news. First, there was euphoria on the 2016 national elections where Davao City Mayor Rodrigo Duterte won the presidential race while Congresswoman Leni Robredo was announced as the vice president. Market sentiment was positive given the peaceful and credible election process. MPIC, through Beacon Electric Asset Holdings (Beacon), acquired 56% stake in Global Business Power (GBPC) from GTCAP for Php 22Bn. GTCAP acquired 4.9Bn shares (15.6% stake) in MPI. MPI also acquired PLDT's 25% stake in Beacon for Php26Bn, which gave MPI 51.1% and 41.2% effective stake in GBPC and Meralco. In addition, PLDT and Globe will jointly acquire the telecom assets of San Miguel Corp. (SMC), which includes the 700MHz spectrum, for Php70Bn. The MSCI a;sp announced an upweight for the Phils (from 1.51% to 1.56%), which pushed the market higher. Security Bank was added while Metrobank, JG Summit and Ayala Corp. experienced significant upweights.

Average daily trading volume for the month surged by 46.4% to Php8.71Bn from Php5.94Bn in the prior period. Foreigners were net buyers in May at US\$285Mn which was boosted by the US\$250Mn JG Summit placement and the MSCI rebalancing. YTD net foreign inflows are now at US\$328Mn. Top index gainers for the month were SMC (+22.39%), MEG (+19.36%), AEV (+18.98%). Worst performing index names were ICT (-13%), MER (-11.55%) and EMP (-10.45%).

Key Philippine macroeconomic developments:

- 1Q GDP came in at 6.9% YoY which overtook China. This was driven by industrial (+8.7%) and services sectors (+7.9%) which offset the contraction in agriculture due to the El Niño-induced drought. On the demand side, private consumption growth remained healthy (+7.0%) while Investment (i.e., capital formation) surged at (+23.8%).
- The Bangko Sentral (BSP) kept the policy rate at 4% and SDA rates at 2.5%. The RRR was retained at 20%.
- Inflation in April was at 1.1%, unchanged from the figure in March. The food index was higher by 1.6% YoY (vs +1.6% in Mar) while utilities index was down 1.5% YoY (vs -1.5% in March).
- President-elect Rodrigo Duterte bared his eight-point economic agenda for his upcoming administration..
- OFW remittances were up 1.5% YoY to US\$2.43 billion in March (+6.7% in PHP terms). Remittances from Asia (land) surged 37% YoY. Inflows from the Middle East (land) also jumped 35% YoY.
- The country's GIR rose to US\$483.5 billion from US\$ 83 billion in March. This is equivalent to 10.4 months' worth of imports and 5.5x short-term external debt based on original maturity (4.1x on residual maturity).

Fund Performance. The fund rose by 1.77% in May, missing its benchmark by 2 basis points. It underperforms the benchmark on a year-to-date basis by 28 basis points with a return of 3.45%.

Fund Strategy. Election uncertainties turned into euphoria, clearing the way for a strong rally in Philippine equities in the 2nd week of of May. Local valuations traded at a premium to peer Asian markets but remain comfortable moving into 2017 earnings expectations. We expect the market to trade higher after showing some resilience at the 7,400 support level. Trading possibilities abound as the PSEi is expected to continue its historic long term uptrend 12 months after a Presidential election. Selected large caps that released strong 1Q2016 earnings will outperform this market.

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:~~

- ~~Shares of Stock of selected corporations which are already listed or being offered publicly and soon to be listed in major capital markets.~~
- ~~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.~~
- ~~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.~~
- ~~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 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. To know your rights under BSP Circular No. 857 (Regulations on Financial Consumer Protection), please access a copy at our website: www.bpiassetmanagement.com.