



BPI ASSET MANAGEMENT AND TRUST GROUP
BPI BALANCED FUND
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
As of October 30, 2015

FUND FACTS

Classification:	Balanced Fund	Net Asset Value per Unit (NAVPU):	Php167.69
Launch Date:	April 4, 2005	Total Fund NAV (Mn):	Php4,137.52
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: 0.0115%	External Auditor Fees: 0.005%	Other Fees: 0.00%
BPI Asset Management	HSBC	Isla Lipana	None

* As a percentage of average daily NAV for the quarter valued at divided by the average daily NAV
*Billings received in 2014 *Billings received in 2013 divided by the average daily NAV
Php4,004.57 Million 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.

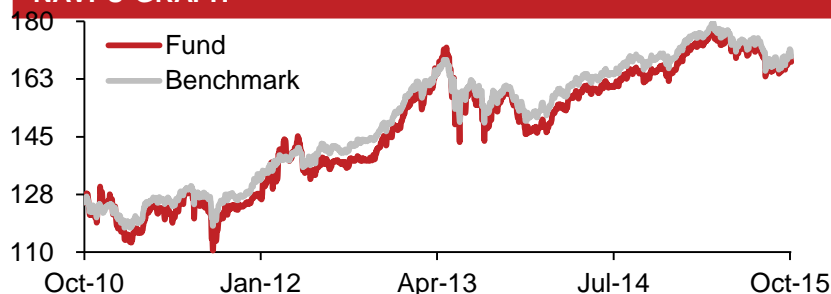
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks

• 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 OCTOBER 30, 2015

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

NAVPU GRAPH



NAVPU over the past 12 months

Highest	177.13
Lowest	161.86

STATISTICS

Portfolio Beta	1.01
Volatility, Past 1 Year (%) ³	7.67
Sharpe Ratio ⁴	0.05
Information Ratio ⁵	1.00
Current Number of Holdings	49

CUMULATIVE PERFORMANCE (%) ¹

	1 mo	3 mos	6 mos	1 YR	3 YRS	S.I. ²
Fund	1.43	-2.18	-2.96	1.93	21.79	144.38
Benchmark	1.81	-2.50	-3.29	0.47	17.60	126.41

ANNUALIZED PERFORMANCE (%) ¹

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. ²
Fund	1.93	2.75	6.79	7.82	6.05	8.81
Benchmark	0.47	2.86	5.55	7.35	6.25	8.03

CALENDAR YEAR PERFORMANCE(%) ¹

	YTD	2014	2013	2012	2011	2010
Fund	1.51	12.50	1.37	16.08	-0.72	37.39
Benchmark	0.22	11.57	1.56	16.30	3.14	19.41

PORTFOLIO COMPOSITION

Allocation	% of Fund
Equities	51.16
Fixed Income	5.31
Cash and Other Receivables	43.54
Sector Holdings	
Holding Firms	17.47
Property	9.66
Industrial	8.82
Services	7.72
Financials	7.00
Mining and Oil	0.49

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.	4.92
SM Investments Corp.	4.83
Phil. Long Distance Telephone Co.	3.84
Ayala Corporation	3.53
Universal Robina Corp.	3.49
Fixed Income Names	%
Fixed Rate Treasury Notes 8/18/2018	2.59
Fixed Rate Treasury Notes 1/31/2018	1.47
Aboitiz Equity Ventures Inc 11/6/2020	1.24

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 186.10Mn, Ayala Land, Inc. — Php 203.43Mn, Bank of the Philippine Islands — Php 558.23Mn, Globe Telecom, Inc. — Php 66.88Mn, Manila Electric Company — Php 50.30Mn, International Container Terminal Services, Inc. — Php 60.30Mn, DMCI Holdings, Inc. — Php 38.10Mn, Aboitiz Power Corporation — Php 50.20Mn, Jollibee Foods Corporation — Php 66.14Mn, Philippine Long Distance Telephone Company — Php 159.08Mn, Metro Pacific Investments Corporation — Php 24.74Mn, Robinsons Land Corporation — Php 64.73Mn, First Gen Corporation. — Php 21.19Mn, Petron Corp. — Php 4.12Mn

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” or the “Index”) closed at 7,134.26 to gain 3.49% during the month of October versus the prior month. Year to date, the Index has given up 1.33% as the slowdown in emerging markets and anticipation of a US rate hike persists. Average daily turnover improved to US\$138M compared to US\$135M during the month prior. Net foreign selling eased to US\$66M in October; however the market witnessed its 7th consecutive month of foreign selling. Year to date, foreign funds have a net sell position of USD\$941M. Top index gainers for the month are LTG (+24.01%), EDC (+20.73%), AGI (+19.069%), EMP (+18.74%), and BLOOM (+18.04%). Worst performing index names are DMC (-3.13%), AEV (-2.95%), GLO (-2.90%), AP (-2.78%), and SM (-1.74%). All sectoral indices were gainers, led by Industrials (+7.38%) followed by Mining and Oil (+6.65%), Properties (+5.78%), Services (+4.25%), Banks (+2.49%), and Conglomerates (+2%).

Philippine macroeconomic developments in October 2015:

- Another record low for inflation, Philippine CPI inflation growth for the month of September was recorded at 0.4% year-on-year. This brings 9 month 2015 inflation to 1.6%, compared to BSP’s 2-4% target.
- Loan growth slowed to 12.5% year-on-year in September 2015 compared to 14.1% in August. Slower growth for both loans for production (13%) and consumption (12%) were reported. M2 growth was steady at 8.5% year-on-year.
- August 2015 saw the first decline in OFW remittances in more than 12 years. Cash remittances declined 0.6% year-on-year to PHP2.0B due partly to the depreciation of some currencies against the USD. Remittances are up 4.2% to US\$16.2B year-on-year for the first 8 months of 2015.
- Exports declined 6.3% year-on-year in August 2015. Exports during the first 8 months of 2015 are down 4.4% versus the same period in the prior year. Imports meanwhile rose 4.1% year-on-year to US\$6.1bn in August, bringing the month’s trade deficit to US\$953.9M, and 8M15 imports up 1.5% year-on-year to US\$43.6B. Electronics imports drove the growth for the month at 68.5% year-on-year.
- Vehicle sales grew 29% year-on-year to 27,045 units in September 2015 from 20,924 units last year. Passenger car sales were up 26% year-on-year, while commercial vehicle sales grew 32% year-on-year. Car sales are now up 21% year-on-year to 206,284 YTD.
- October witnessed the passing of Typhoon Lando (international name Koppu), which damaged more than Php6B worth of agriculture, Php5.7B (\$122M) of which coming from rice production.

The US Federal Reserve kept interest rates unchanged after its October meeting, but raised the likelihood of a rate hike in December by dropping previous warnings about the fragility of the global economy. Rate hike this year is still dependent on job data and the 2% inflation target.

Fund Performance. The fund rose by 1.43% in October, missing its benchmark by 39 basis points. It outperforms the benchmark on a year-to-date basis by 130 basis points with a return of 1.51%.

Fund Strategy. We will continue to adopt a defensive strategy in the coming weeks as global volatility continues to discourage conviction buying on equities. Value turnover will also taper off as foreign investors continue to re-assess asset allocation towards Emerging Markets. Expect huge market swings in the short term on global growth concerns. On the domestic front, we will continue to sell on rallies and pick up Philippine companies that have strong cash yields on any correction.

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.