



BPI ASSET MANAGEMENT AND TRUST GROUP
BPI BALANCED FUND
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
As of August 28, 2015

FUND FACTS

Classification:	Balanced Fund	Net Asset Value per Unit (NAVPU):	Php167.29
Launch Date:	April 4, 2005	Total Fund NAV (Mn):	Php3,947.25
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 divided by the average daily NAV
*Billings received in 2013 divided by the average daily NAV
Php3,889.51 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.

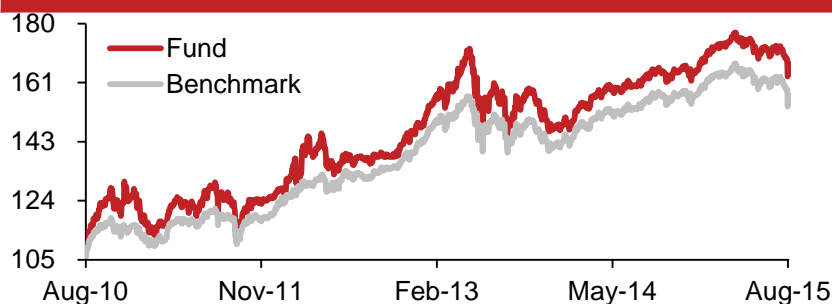
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks

**• 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 AUGUST 28, 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	161.45

STATISTICS

Portfolio Beta	1.02
Volatility, Past 1 Year (%) ³	7.79
Sharpe Ratio ⁴	0.17
Information Ratio ⁵	0.54
Current Number of Holdings	46

CUMULATIVE PERFORMANCE (%) ¹

	1 mo	3 mos	6 mos	1 YR	3 YRS	S.I. ²
Fund	-2.41	-2.56	-2.87	2.87	21.82	143.80
Benchmark	-2.90	-2.92	-3.62	1.34	19.75	125.49

ANNUALIZED PERFORMANCE (%) ¹

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. ²
Fund	2.87	5.85	6.80	7.56	9.51	8.94
Benchmark	1.34	4.80	6.19	7.27	8.15	8.13

CALENDAR YEAR PERFORMANCE(%) ¹

	YTD	2014	2013	2012	2011	2010
Fund	1.27	12.50	1.37	16.08	-0.72	37.39
Benchmark	-0.19	11.57	1.56	16.30	3.14	19.41

PORTFOLIO COMPOSITION

Allocation	% of Fund
Equities	52.47
Fixed Income	5.58
Cash and Other Receivables	41.96
Sector Holdings	
Holding Firms	18.27
Property	9.81
Industrial	9.04
Services	7.54
Financials	7.23
Mining and Oil	0.58

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	%
SM Investments Corp.	5.32
Ayala Land, Inc.	4.92
Phil. Long Distance Telephone Co.	4.30
Universal Robina Corp.	3.74
Ayala Corporation	3.50
Fixed Income Names	%
Fixed Rate Treasury Notes 8/18/2018	2.74
Fixed Rate Treasury Notes 1/31/2018	1.55
Aboitiz Equity Ventures Inc 11/6/2020	1.29

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 178.40Mn, Ayala Land, Inc. — Php 194.38Mn, Bank of the Philippine Islands — Php 498.72Mn, Globe Telecom, Inc. — Php 34.13Mn, Manila Electric Company — Php 43.95Mn, International Container Terminal Services, Inc. — Php 67.94Mn, DMCI Holdings, Inc. — Php 34.96Mn, Aboitiz Power Corporation — Php 51.69Mn, Jollibee Foods Corporation — Php 61.48Mn, Philippine Long Distance Telephone Company — Php 169.81Mn, Metro Pacific Investments Corporation — Php 21.20Mn, Robinsons Land Corporation — Php 53.05Mn, First Gen Corporation. — Php 24.01Mn, Petron Corp. — Php 4.01Mn

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) had its biggest drop for the year, plunging by 6% on a monthly basis to 7,098.81. Not only did PSEI's earlier gains were completely wiped out, but it entered the negative territory for the first time this year. The PSEi is down by 1.82% on a year-to-date basis. Global economic woes, especially China's slowdown, were the biggest suspects for the risk-off sentiment. Volumes were relatively heavy as the average daily volume in August recorded at Php7.84 million, 15% higher than Php6.81 million in July. In terms of flows, net foreign selling surged in August, registering US\$382 million. This reversed the country's net flow position on a year-to-date basis to an outflow of US\$166 million, noticeably far from the US\$1.1 billion peak in YTD to March.

On the local economic front, the country's gross domestic product (GDP) for 2Q2015 came out at 5.6%, slightly lower but fairly in-line with market consensus of 5.7%. This has brought the 1H2015 GDP to 5.3%. Domestic demand was mainly boosted by Consumption (+6.2%) and Capital Formation (+13.1%) particularly Construction (13.1%). Meanwhile, Bangko Sentral ng Pilipinas (BSP) kept policy rates such as Special Deposit Account rates and reserve requirement ratio unchanged. Inflation for the month of July dropped to 0.8%, 40 basis points lower than in June of 1.2% due to slowdown in the food (+1.3%) and transportation (-0.5%) categories. Remittances rose by 6.1% in June, higher than the government's forecast of 5%. This was mainly driven by remittances from the Middle East (+10.9% YoY) and Asia (+12.2% YoY). Top stock gainers for the month include SCC (+7.20%), MPI (+3.09%) and RLC (+3.02%) while top laggards were BLOOM (-27.63%), PCOR (-20.90%) and EDC (-16.32%). All sectors ended in the negative territory led by Services (-12.13%), Mining and Oil (-6.66%) and Financials (-6.45%).

Fund Performance. The fund fell by 2.41% in August, beating its benchmark by 49 basis points. It outperforms the benchmark on a year-to-date basis by 146 basis points with a return of 1.27%.

Fund Strategy. We will continue to adopt a defensive strategy in the coming weeks as global equity risk-off sentiment prevails. Value turnover will also taper off as foreign investors continue to re-assess asset allocation towards Emerging Markets. Expect market volatility in the days to come as the market prices in the actual Fed "lift-off ". On the domestic front, we will continue to pick up Philippine companies that have strong cash yields (telecoms and utilities) 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.