

## BPI Balanced Fund

A Unit Investment Trust Fund of the Bank of the Philippine Islands

### Investment Objective

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.

### Figures as of 02/28/2014

Cumulative Performance (%) <sup>1</sup>	1 mo	1YR	3YRS	5YRS	S.I. <sup>3</sup>
	Fund	3.40	-2.68	35.94	99.62
Benchmark <sup>2</sup>	3.22	-1.83	36.98	126.47	126.60

Annualized Performance (%) <sup>1</sup>	1YR	2YRS	3YRS	4YRS	5YRS	S.I. <sup>3</sup>
	Fund	-2.68	7.81	10.78	13.67	14.83
Benchmark <sup>2</sup>	-1.83	7.97	11.06	12.23	17.76	9.62

Calendar Year Performance (%) <sup>1</sup>	YTD	2013	2012	2011	2010	2009
	Fund	4.50	1.37	16.08	-0.72	37.39
Benchmark <sup>2</sup>	4.56	0.94	17.13	2.81	20.41	33.32

### Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	PHP	153.45
Total Fund NAV (Mn)	PHP	3,467.08
Average Daily NAV for the Quarter (Mn) <sup>4</sup>	PHP	3,377.20
Current Number of Holdings		38
Information Ratio <sup>5</sup>		-0.39
Sharpe Ratio <sup>5</sup>		-0.28

Statistics (Past 5 Years)	Fund	Benchmark
Annualized Return (% net)	14.83	17.76
Annualized Volatility (%)	13.11	9.58
Portfolio beta	1.19	

### General Information

Launch Date	April 4, 2005
Fund Structure	Unit Investment Trust Fund
Fund Classification	Balanced Fund
Fund Currency	Philippine Peso
Minimum Initial Investment	PHP 10,000.00
Minimum Transaction	PHP 1,000.00
Minimum Holding Period	None
Days to Settlement (Contribution)	Day 1 End-of-Day
Days to Settlement (Redemption)	Day 4 5:00 PM
Trust Fee <sup>6</sup>	1.50% per annum / 0.37% per quarter
Custodianship Fee <sup>6</sup>	0.003% per quarter
External Audit Fee <sup>7</sup>	0.004%
Valuation Methodology	Marked-to-Market
External Auditor	Isla Lipana & Co.
Available Through	BPI Branches and <a href="http://www.bpiexpressonline.com">www.bpiexpressonline.com</a>
Trustee	Bank of the Philippine Islands
Third Party Custodian	HSBC, Ltd. (Philippines)
Dealing Cut-Off	2:30 PM

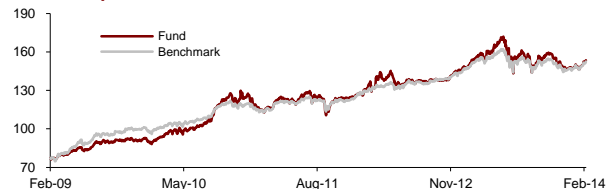
### Manager's Report

**Market Review.** The Philippine market ended strong in February, climbing 6.4% to a level of 6,424.99 as foreign flows turned positive for the first time in months. Support may have come as investors sold out of North Asian markets due to disappointing Chinese PMI numbers in favor of South East Asian markets, particularly the Philippines and Indonesia. Local participants also bought into the market, bargain-hunting as the PSEi neared year-to-date lows. Average daily turnover also improved, averaging US\$160 million in February versus January's US\$128 million. Macroeconomic factors, on the other hand, also remained solid – gross international reserves stayed at a robust US\$79.8 billion while inflation only ticked up slightly at 4.2%. Large-cap names Ayala Land, Inc. (+16.4%), Universal Robina Corp. (+18.5%), Abotit Equity Ventures, Inc. (+13.5%), and JG Summit Holdings, Inc. (+19.0%) contributed most to this month's gain while SM Investments Corp. (-1.5%) and SM Prime Holdings, Inc. (-5.9%) dragged.

**Fund Performance.** The Fund gained 3.40% for the month against its benchmark's return of 3.22%.

**Strategy.** Looking forward, the local equity market may face some volatility due to geopolitical uncertainties and upcoming index rebalancing activities. Although we are on a clear uptrend in the near term, local equities may also see some selling pressure as we near overbought levels. We continue to take a defensive stance, stock picking on value and taking profit on strong rallies.

### NAVPU Graph



### Allocation

Portfolio Allocation: Equities 52.31%, Fixed Income 38.89% and Cash and Other Receivables 8.81%

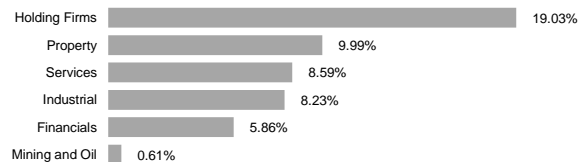
### Top Equity Holdings

Name	Main Business	% of Fund
SM Investments Corporation	Holding Firms	6.33
Philippine Long Distance Telephone Co.	Services	5.95
Ayala Land, Inc.	Property	5.40
Ayala Corporation	Holding Firms	4.74
Manila Electric Company	Industrial	2.86

### Top Fixed Income Holdings

Name	Yield (%)	Maturity	% of Fund
Fixed Rate Treasury Note	2.71	8/18/2018	4.64
BSP Special Deposit Account	1.60	3/13/2014	3.44
BSP Special Deposit Account	1.60	3/10/2014	3.44
BSP Special Deposit Account	1.60	3/5/2014	3.44
BSP Special Deposit Account	1.60	3/4/2014	3.44

### Sector Holdings (Equity Portion)



Any prospective investment shall be limited to the type of investments described in the Declaration of Trust for the Fund.

### Risk Disclosure

The Fund is suitable for investors with an aggressive risk profile or for those who have medium- to long-term views. Prior to investment in the Fund, the investor shall undergo a client suitability assessment procedure to determine whether the Fund is appropriate for him considering his investment objective, risk tolerance, preferences and experience. As a marked-to-market UITF, the Fund's net asset value and total return may fluctuate as a result of movements in stock prices and interest rates. On redemption of units, an investor may receive an amount less than the original amount of investment. Liquidity risk also needs to be taken into account.

<sup>1</sup> Returns are net of fees. Past performance is not an indication of future returns.

<sup>2</sup> The Benchmark of the fund is 50% PSEi / 50% 91-day Philippine Treasury Bill. Prior to 2009, the Benchmark was 50% PSEi/50% 1-Year Philippine Treasury bill, net of tax.

<sup>3</sup> Since Inception

<sup>4</sup> Average daily NAV for the past three months

<sup>5</sup> The Information Ratio evaluates reward-to-risk efficiency relative to the benchmark, while the Sharpe Ratio evaluates reward-to-risk efficiency relative to the risk free rate. The higher the number, the higher the reward per unit of risk. Sharpe and Information Ratios between funds of different classifications are non-comparable.

<sup>6</sup> Trust fee/custodianship fee as a percentage of average daily NAV for the quarter

<sup>7</sup> External Audit fee as a percentage of 2013 end-year NAV.

\* Plan rules are available upon request.