

BPI BALANCED FUND**KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT****FUND FACTS**

Classification: Balanced Fund	Net Asset Value Per Unit (NAVPU): Php171.38	Fund Currency: Philippine Peso
Launch Date: April 4, 2005	Total Fund NAV (Mn): Php3,567.40	Benchmark: 50% Philippine Stock Exchange index and 50% 91-day Philippine Treasury Bill, net of tax
Minimum Investment: Php10,000.00	Dealing Day: Daily up to 2:30 PM	
Additional Investment: Php1,000.00	Redemption Settlement: Day 4 5:00 PM	
Minimum Holding Period: None	Early Redemption Charge: None	

FEEES

Trust Fee: 1.500% Trustee: BPI Computation: % of average daily NAV	Custodianship Fee: 0.0115% Custodian: HSBC Computation: Billings received in 2014 divided by average daily NAV	External Audit Fee: 0.0038% External Auditor: Isla Lipana Computation: Billings received in 2014 divided by average daily NAV
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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 Fund is for investors who:

- Are at least classified as aggressive based on their risk profile
- Have an investment horizon of more than seven (7) years

There is risk that the value of your investment, upon redemption may be worth less than the amount of your original contribution.

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. Some of the key risks associated with this Fund are listed below:

- Market/Price Risk:** Possibility to experience losses due to adverse changes in market prices of securities.
- Liquidity Risk:** Possibility to experience losses due to the Fund's inability to convert assets into cash immediately or in instances where conversion to cash is possible but at a highly disadvantageous price.
- Related Party Risk:** Risk of any actual or potential conflicts of interest in handling of related party transactions.

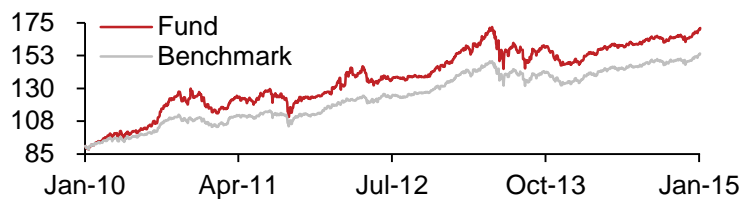
The Fund's investment outlets undergo proper screening and evaluation in accordance with the Trustee's accreditation process and minimum regulatory requirements. Regulatory exposure limits and asset allocation ranges as provided in the Fund's Plan Rules are strictly adhered to and monitored on a regular basis. 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

Historical performance, when presented, is purely for reference purposes and is not a guarantee of future results.

NAVPU GRAPH



CUMULATIVE PERFORMANCE (%)¹

	1 mo	3 mos	6 mos	1 YR	3 YRS	S.I. ²
Fund	3.75	4.17	6.93	15.48	35.46	149.76
Benchmark	3.22	3.47	6.26	13.60	31.37	137.77

ANNUALIZED PERFORMANCE (%)¹

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. ²
Fund	15.48	6.48	10.65	9.86	13.63	9.76
Benchmark	13.60	6.21	9.52	9.92	11.26	9.21

CALENDAR YEAR PERFORMANCE (%)¹

	YTD	2014	2013	2012	2011	2010
Fund	3.75	12.50	1.37	16.08	-0.72	37.39
Benchmark	3.22	11.50	1.60	16.35	3.23	19.61

STATISTICS

12 Month NAVPU (Low/High)	146.32 / 171.38
Portfolio Beta	1.02
Volatility, Past 5 Years (%) ³	12.89
Sharpe Ratio ⁴	0.66
Information Ratio ⁵	2.12
Current Number of Holdings	37

PORTFOLIO COMPOSITION

Allocation	% of Fund
Equities	57.48
Fixed Income	31.09
Cash and Other Receivables	11.43
Sector Holdings	
Holding Firms	19.25
Property	12.99
Industrial	10.99
Services	7.41
Financials	5.49
Mining and Oil	1.35

TOP EQUITY/FIXED INCOME HOLDINGS

Name	Main Business	% of Fund
Ayala Land, Inc.	Property	5.92
SM Investments Corp.	Holding Firms	5.67
Ayala Corporation	Holding Firms	5.19
Universal Robina Corp.	Industrial	4.92
PLDT	Services	3.39
Name	Maturity	% of Fund
BSP Special Deposit Acct	2/3/2015	8.32
Fixed Rate Treasury Note	8/18/2018	3.03
BSP Special Deposit Acct	2/4/2015	2.77
BSP Special Deposit Acct	2/5/2015	2.77
BSP Special Deposit Acct	2/9/2015	2.77

OUTLOOK AND STRATEGY

Market Review. The Philippine Stock Exchange index (PSEi) started the year on a high note, rising 6.4% to 7,689.91 for the month due to a number of catalysts. Falling oil prices served as a catalyst to boost the market, driven by positive sentiment given the country's status as a net importer of oil. This translated to wider consumer wallets, lower input prices and in turn, lower inflation (which rose by 2.7% in December). Another strong catalyst for the performance of the index was the better-than-expected Gross Domestic Product (GDP) which registered at 6.9% in 4Q2014, bringing the full-year 2014 GDP growth to 6.1% year-on-year. The main driver for the uptick in 4Q GDP was the strong rebound in government spending (+9.8%) as the government was able to address some issues related to spending bottlenecks coupled with a boost from pre-election spending.

Moreover, a number of equity placements occurred in the first month of the year and reflected strong interest in the local equities market. Ayala Land (US\$350 million), JG Summit (US\$200 million) and First Gen (US\$168 million) raised over US\$700 million during the month and resulted in net foreign inflows, which registered at US\$530 million. Meanwhile, average value turnover for the first month of 2015 registered at Php9.99 million, or 10% higher than the Php9.08 million recorded in December 2014. Average value turnover during the month climbed to Php9.08 million, up by 11% from Php8.18 million.

Top stock gainers for the month include FGEN (+21.96%), GTCAP (+17.25%) and MBT (+14.82%), while laggards were PCOR (-13.96%), EMP (-3.66%) and DMC (-1.91%). In terms of sector, gains were led by Property (+8.25%) followed by Financials (+6.50%) and Mining & Oil (5.92%), while only Services (-0.39%) ended negative.

Fund Performance. The Fund gained 3.75% in January, besting the benchmark by 53 basis points. It outperforms the benchmark on a year-to-date basis by 53 basis points with a return of 3.75%.

Fund Strategy. We are maintaining our beta strategy and will continue to stick to large cap issues. We prefer select property names that have solid recurring revenues, consumer issues given stronger spending discretion from lower inflation and energy stocks that will benefit from the projected tight power supply situation. We are also looking to deploy cash during marked dips in the market.

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.

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.

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:

BPI Securities Corp., BPI Capital Corp., Ayala Corp. Ayala Land, Inc., Manila Water, Inc., Bank of the Philippine Islands, Globe Telecom, Inc., Manila Electric Co., International Container Terminal Services, Inc., DMCI Holdings, Inc., Aboitiz Power Corp., Jollibee Foods Corp., Philippine Long Distance Telephone Co., Metro Pacific Investments Corp., Robinsons Land Corp., and First Gen Corp.

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.

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) Collective investment vehicles managed by reputable fund managers the investment objectives and policies of which are generally consistent with those of the Fund, subject to then existing BSP regulations.
- (e) Bank deposits and such other investments allowed under regulations issued by the BSP.