

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

<b>Classification:</b> Balanced Fund	<b>Net Asset Value Per Unit (NAVPU):</b> Php172.24	<b>Fund Currency:</b> Philippine Peso
<b>Launch Date:</b> April 4, 2005	<b>Total Fund NAV (Mn):</b> Php3,543.09	<b>Benchmark:</b> 50% Philippine Stock Exchange index and 50% 91-day Philippine Treasury Bill, net of tax
<b>Minimum Investment:</b> Php10,000.00	<b>Dealing Day:</b> Daily up to 2:30 PM	
<b>Additional Investment:</b> Php1,000.00	<b>Redemption Settlement:</b> Day 4 5:00 PM	
<b>Minimum Holding Period:</b> None	<b>Early Redemption Charge:</b> None	

**FEEES**

<b>Trust Fee:</b> 1.500% <b>Trustee:</b> BPI <b>Computation:</b> % of average daily NAV	<b>Custodianship Fee:</b> 0.0115% <b>Custodian:</b> HSBC <b>Computation:</b> Billings received in 2014 divided by average daily NAV	<b>External Audit Fee:</b> 0.0038% <b>External Auditor:</b> Isla Lipana <b>Computation:</b> 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:

<b>Market/Price Risk:</b>	Possibility to experience losses due to adverse changes in market prices of securities.
<b>Liquidity Risk:</b>	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.
<b>Related Party Risk:</b>	Risk of any actual or potential conflicts of interest in handling of related party transactions.

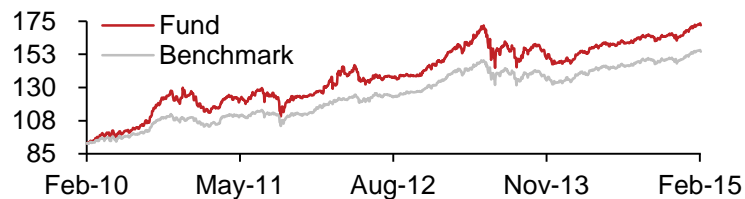
The Fund's investment outlets undergo proper screening and evaluation in accordance with the Trustee's accreditation process and minimum regulatory requirements. Regulatory exposure limits and asset allocation ranges as provided in the Fund's Plan Rules are strictly adhered to and monitored on a regular 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 (%)<sup>1</sup>

	1 mo	3 mos	6 mos	1 YR	3 YRS	S.I. <sup>2</sup>
<b>Fund</b>	<b>0.50</b>	<b>3.86</b>	<b>5.91</b>	<b>12.25</b>	<b>30.47</b>	<b>151.01</b>
Benchmark	0.34	3.21	5.16	10.50	28.79	138.59

### ANNUALIZED PERFORMANCE (%)<sup>1</sup>

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. <sup>2</sup>
<b>Fund</b>	<b>12.25</b>	<b>4.52</b>	<b>9.27</b>	<b>11.14</b>	<b>13.38</b>	<b>9.74</b>
Benchmark	10.50	4.43	8.80	10.41	10.97	9.17

### CALENDAR YEAR PERFORMANCE (%)<sup>1</sup>

	YTD	2014	2013	2012	2011	2010
<b>Fund</b>	<b>4.27</b>	<b>12.50</b>	<b>1.37</b>	<b>16.08</b>	<b>-0.72</b>	<b>37.39</b>
Benchmark	3.58	11.50	1.60	16.35	3.23	19.61

### STATISTICS

12 Month NAVPU (Low/High)	152.93 / 173.50
Portfolio Beta	1.01
Volatility, Past 5 Years (%) <sup>3</sup>	12.84
Sharpe Ratio <sup>4</sup>	1.65
Information Ratio <sup>5</sup>	0.61
Current Number of Holdings	38

### PORTFOLIO COMPOSITION

Allocation	% of Fund
Equities	54.34
Fixed Income	34.18
Cash and Other Receivables	11.48
Sector Holdings	
Holding Firms	18.89
Property	11.09
Industrial	10.05
Services	8.02
Financials	4.93
Mining and Oil	1.36

### TOP EQUITY/FIXED INCOME HOLDINGS

Name	Main Business	% of Fund
Ayala Land, Inc.	Property	5.21
Ayala Corporation	Holding Firms	4.94
SM Investments Corp.	Holding Firms	4.75
Universal Robina Corp.	Industrial	4.34
PLDT	Services	3.68
Name	Maturity	% of Fund
BSP Special Deposit Acct	3/4/2015	4.20
BSP Special Deposit Acct	3/6/2015	4.20
BSP Special Deposit Acct	3/9/2015	4.20
BSP Special Deposit Acct	3/10/2015	4.20
BSP Special Deposit Acct	3/11/2015	4.20

### OUTLOOK AND STRATEGY

**Market Review.** The Philippine Stock Exchange Index (PSEi) managed to continue its uptrend, rising by 0.53% month-on-month to 7,730.57 as market sentiment remained positive. However, the increase was slower compared to January (+6.35%) due to profit taking as valuations became stretched. In terms of macro-economic fundamentals, January inflation eased to 2.4% from 2.7% in December 2014 due to lower utilities and transport costs. Meanwhile, overseas remittances registered US\$24.3 billion or 5.8% higher year-on-year, exceeding the government mandated target of 5.5%. Bangko Sentral ng Pilipinas has kept policy rates steady based on the within-target inflation outlook and robust domestic growth. Gross International Reserves (GIR) climbed to US\$82.00 billion in January compared to US\$79.5 billion in December 2014 due to foreign currency deposits, gold revaluation adjustments and income from investments. The GIR is equal to 10.3 months of imports 8.3x short term maturity.

Last month, foreigners were buyers with net foreign inflow at US\$372 million, bringing the year-to-date net foreign inflow to US\$900 million. Foreign buying was propelled by placements in GTCAP (US\$220m) and MPI (US\$200m). SM Prime was the top foreign bought stock following news that it had an up-weight in the latest MSCI Index rebalancing. Average value turnover in February was at Php8.78 million or 12.18% lower compared to January's Php9.99 million.

Top stock gainers for the month include PCOR (+12.06%), LTG (+11.01%) and GLO (+9.11%) while top laggards were BLOOM (-12.76%), FGEN (-6.27%) and SM (-5.27%). In terms of sector, services (+3.60%) led the way gains followed by Financials (+2.19%) and Mining & Oil (+1.42%), while only Property (-0.72%) and Industrial (-1.78%) ended in the red.

**Fund Performance.** The Fund gained 0.50% in February, besting the benchmark by 16 basis points. It outperforms the benchmark on a year-to-date basis by 69 basis points with a return of 4.27%.

**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.

<sup>1</sup>Returns are net of fees.

<sup>2</sup>Since Inception

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

<sup>4</sup>Used to characterize how well the return of a Fund compensates the investor for the level of risk taken.

<sup>5</sup>Measures 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, Ayala Corporation, Ayala Land, Inc., Manila Water, Inc., Bank of the Philippine Islands, Globe Telecom, Inc., Manila Electric Company, International Container Terminal Services, Inc., DMCI Holdings, Inc., Aboitiz Power Corporation, Jollibee Foods Corporation, Philippine Long Distance Telephone Company, Metro Pacific Investments Corporation, Robinsons Land Corporation, and First Gen Corporation.

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.