



BPI INVEST BAYANIHAN BALANCED FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of May 31, 2021

FUND FACTS

Classification:	Balanced Fund	Net Asset Value per Unit (NAVPU):	Php 111.60
Launch Date:	July 20, 2018	Total Fund NAV (Mn):	Php 209.75
Minimum Investment:	Php10,000.00	Dealing Day:	Daily up to 2:30 PM
Additional Investment:	Php1,000.00	Redemption Settlement:	T+3 End-of-Day
Minimum Holding Period:	None	Early Redemption Charge:	None

FEES*

Trustee Fees: 0.3000%	Custodianship Fees: 0.0012%	External Auditor Fees: 0.0075%	Other Fees: 0.00%
BPI Asset Management	HSBC	Isla Lipana	None
* As a percentage of average daily NAV for the quarter valued at Php for February 2021 divided by 208.27 Million			
*Monthly rate: Billings received for 2018 divided by average daily NAV			

INVESTMENT OBJECTIVE AND STRATEGY

The Fund is a balanced UITF with 5% to 20% equities exposure that intends to achieve for its Participants long term capital growth derived from a diversified portfolio of equity and fixed income securities. The Fund aims to provide absolute returns in excess of the return of the composite benchmark, 90% BPI Philippine 1-3 Year Index and 10% PSEi net of tax.

CLIENT SUITABILITY

A client profiling process shall 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 Invest Bayanihan Balanced Fund is suitable for investors who:

- Are at least classified as moderately aggressive based on their risk profile
- Have an investment horizon of more than 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.

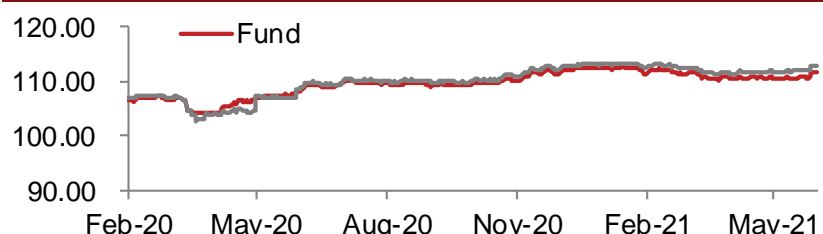
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks

- 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 SHALL 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 MAY 31, 2021

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

NAVPU GRAPH



* Benchmark is 10% PSEi, 90% return of the BPI Phil 1-3 Year index, net of tax

CUMULATIVE PERFORMANCE (%)¹

	1 mo	3 mos	6 mos	1 YR	S.I. ²
Fund	0.90	0.29	0.22	3.02	11.60
Benchmark	0.91	0.39	0.54	3.93	20.36

ANNUALIZED PERFORMANCE (%)¹

	1 YR	2 YRS	S.I. ²
Fund	3.02	4.06	3.90
Benchmark	3.93	4.23	4.33

CALENDAR YEAR PERFORMANCE (%)¹

	YTD	2020	2019	2018
Fund	-0.63	4.63	7.34	-0.64
Benchmark	-0.24	4.77	8.48	-0.40

NAVPU over the past 12 months

Highest	112.73
Lowest	108.47

STATISTICS

Portfolio Beta	1.00
Volatility, Since Inception (%) ³	2.38
Sharpe Ratio ⁴	0.83
Information Ratio ⁵	-1.94
Weighted Ave Duration (Yrs)	1.790
Current Number of Holdings	39

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.

⁶Includes accrued income, investment securities purchased, accrued expenses, etc.

*Declaration of Trust is available upon request through branch of account.

PORTFOLIO COMPOSITION

Allocation	% of Fund
Equities	85.73
Fixed Income	0.00
Cash	0.05
Time Deposits and Money Market	3.60
Other Receivables – Net of Liabilities ⁶	0.05
Sector Holdings	
Holding Firms	4.28
Property	2.89
Services	1.94
Financials	1.82
Industrials	1.21
Mining and Oil	0.00

TOP TEN HOLDINGS

Names	Maturity	%
Retail Treasury Bond	12/4/2022	25.03
Retail Treasury Bond	3/12/2024	20.67
Retail Treasury Bond	2/11/2023	16.21
Fixed Rate Treasury Note	3/8/2023	4.98
Retail Treasury Bond	8/12/2025	4.76
Time Deposit		3.60
SMC Global Power Holdings Corporation	4/24/2022	2.45
BDO Unibank, Inc.	8/3/2022	2.43
Security Bank Corp.	6/28/2021	2.39
Fixed Rate Treasury Note	1/19/2022	1.95

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 BPI Asset Management and Trust Corporation (BPI AMTC):

Ayala Corporation — Php 5.30 Mn, Ayala Land, Inc. — Php 2.59 Mn, Bank of the Philippine Islands — Php 1.39 Mn, Globe Telecom, Inc. — Php 0.83 Mn

Investments in the said outlets were approved by the BPI AMTC's Board of Directors. 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 AMTC's internal policy.

OUTLOOK AND STRATEGY

Market Review. The BPI Government Bond Index returned 0.48% in May, with benchmark government yields dropping 2.6 basis points (bps) on average. The yield curve steepened somewhat, with rates on the short-end of the curve dedining while yields on the belly and long-end of the curve rose. Average daily trading volume rose to PHP21.01bn from April's PHP19.84bn, with the 4.5-year RTB5-13 and the newly issued FXTN5-77 and FXTN7-64 seeing strong trading volumes over the month.

The Bureau of the Treasury (BTr) held two FXTN auctions and four Treasury Bill auctions in April. The first FXTN auction was a PHP35-bn reissuance of the 5-year security FXTN5-77 (coupon of 3.375%); the second was another PHP35-bn reissuance of the 7-year security FXTN7-64 (coupon of 3.625%). Average bid yields were at 3.295% and 3.678%, respectively. Market demand was quite strong with bids exceeding PHP70-bn for each. The BTr opened a PHP10-bn tap issuance for each of the papers, fully awarded after bids for both auctions amounted to more than double the offered sizes. Meanwhile, the Treasury Bills saw yields falling gradually across all three tenors, with average rates for the 91-, 182- and 364-day papers awarded at 1.269%, 1.541% and 1.796%, respectively, during the last auction of the month.

In the local economic space, April inflation came in at 4.5% year-on-year, unchanged from March and slightly lower than the median forecast of 4.7%. For the first four months of the year, inflation averaged at 4.5%, higher than the Bangko Sentral ng Pilipinas' (BSP) target band of 2-4% for the year. However, the BSP noted that this was still in line with its projection of elevated prices given supply side pressures on food, and that by 2022 prices should stabilize. Meanwhile, the country's 1st quarter GDP growth posted at 4.2% decline YoY, worse than analysts' expectations. The decline was led by falling consumer and government spending, as well as slower industrial and agricultural production. With the economy still in need of support and inflation deemed manageable, the BSP kept policy rates unchanged during its meeting held mid-May. BSP Governor Benjamin Diokno reiterated that the central bank would continue to utilize its full arsenal of tools to support the economy.

The Philippine Stock Exchange Index (PSEi) managed to surprise this month, rising by 4% to 6,628.49 in May. For the period, the bell-weather index plunged by 3% to as low as 6,164.89 which clearly testing the psychological support of 6,100 before suddenly skyrocketing to as high as 6,674.51. Market optimism was spurred by the pandemic situation in the country which seem to be gradually improving – Covid19 cases are lower in terms of 7 day average (around 6k from the peak of 11k), hospital occupancy is getting lower and vaccination rate is increasing. The government then decided to loosen up on its quarantine restrictions, allowing some sectors to reopen. Market also cheered on the news that credit rating agency, S&P Global Rating, affirmed the "stable" outlook on the Philippine economy. Moreover, the market has countered/dischuted the anticipated outflow from an index rebalancing from MSCI where an estimated of US\$258 million were expected to be sold off. Volume was light yet again, down 26.1% to US\$145 million in May. In terms of foreign activity, foreign outflows still dominated for the month, registering at US\$240 million. On a year-to-date basis, net foreign outflow has stretched to US\$1.465 billion. Macroeconomic news for the month include: 1) Inflation (CPI) recorded at 4.5% in April, the same print registered in March. This is lower than consensus forecast of 4.7%. Food inflation decelerated despite an increase in meat while transport inflation rose. 2) The Bangko Sentral ng Pilipinas (BSP) decided to keep overnight policy rates at 2%, in-line with consensus expectations. 3) Remittances from Overseas Filipino Workers (OFWs) recorded at US\$2.51 billion in March or 4.9% higher year-on-year. Land-based OFW remittances were at US\$1.9 billion or 5% year-on-year while sea-based registered at US\$566 million or 4.5% year-on-year. In terms of individual stock performances, main advancers were: AEV (+13.66%), GTCAP (+12.38%) and ICT (+10.16%); while the main laggards were: FGEN (-4.50%), MEG (-3.49%) and RRHI (-2.10%).

Fund Performance. The fund returned 0.90% in May, underperforming its benchmark by 1 bps. It is behind the benchmark since inception by 39 basis points with a return of 0.63%.

Fund Strategy. The Fund looks to maintain a neutral duration position given expectations of slightly accelerating local inflation amid recovering oil prices and dwindling base effects compared to prior months. Volatility may persist in the global space, and the portfolio will be actively managed to take advantage of this. Investors in a bond fund must be prepared to withstand volatility as higher investment value is typically achieved over the medium to long term.

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.

BPI Asset Management and Trust Corporation (BPI AMTC) is a subsidiary of the Bank of the Philippine Islands. For inquiries and comments, please send an email to bpi_asset_management@bpi.com.ph or call us at (02) 8580-AMTC (2682).

Regulated by the Bangko Sentral ng Pilipinas. <https://www.bsp.gov.ph>, BSP Webchat <https://www.bsp.gov.ph>

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