

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

As of September 30, 2022

FUND FACTS

Classification:	Balanced Fund	Net Asset Value per Unit (NAVPU):	Php 153.46
Launch Date:	April 4, 2005	Total Fund NAV (Mn):	Php 4,610.19
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: 1.500%	Custodianship Fees: 0.0009%	External Auditor Fees: 0.0049%	Other Fees: 0.00%
BPI Asset Management	HSBC	Isla Lipana	None

* As a percentage of average daily NAV for the quarter valued at Php 4,896.74 Million
 *Monthly rate: billings received for February 2021 divided by the average daily NAV for the month
 *Billings received for 2018 divided by the average daily 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 BPI Philippine Government Bond 1-5 Year Index, 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 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.

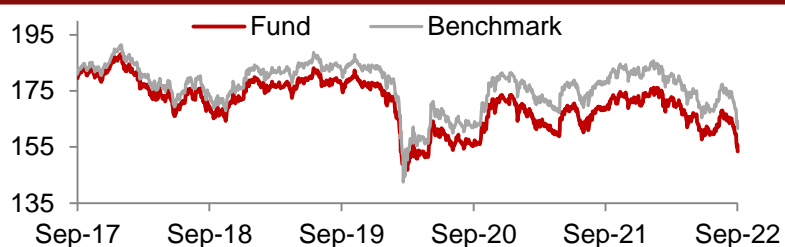
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks

- **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 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 SEPTEMBER 30, 2022

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

NAVPU GRAPH



* Benchmark is 50% PSEi, 50% return of the BPI Philippine Government Bond 1-5 Year Index, net of tax (*Effective February 1, 2022)

CUMULATIVE PERFORMANCE (%) ¹

	1 mo	3 mos	6 mos	1 YR	3 YRS	S.I. ²
Fund	-6.66	-3.49	-11.21	-9.24	-13.49	123.64
Benchmark	-6.94	-3.29	-10.87	-9.40	-11.51	125.34

ANNUALIZED PERFORMANCE (%) ¹

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. ²
Fund	-9.24	-0.71	-4.72	-2.44	-3.09	4.71
Benchmark	-9.40	-0.21	-3.99	-1.65	-2.16	4.75

CALENDAR YEAR PERFORMANCE (%) ¹

	YTD	2021	2020	2019	2018	2017
Fund	-10.04	-0.40	-3.42	3.08	-6.39	12.42
Benchmark	-10.68	0.79	-2.29	4.38	-4.86	13.10

PORTFOLIO COMPOSITION

	Allocation	% of Fund
Equities		45.73
Cash		0.25
Corporates		10.98
Time Deposits and Money Market		2.88
Government		40.05
Other Receivables – Net of Liabilities ⁶		0.10
Sector Holdings		
Holding Firms		15.08
Property		9.66
Financials		8.07
Services		5.64
Industrials		7.27
Mining and Oil		0.03

NAVPU over the past 12 months

Highest	176.19
Lowest	153.46

STATISTICS

Portfolio Beta	0.99
Volatility, Past 1 Year (%) ³	10.24
Sharpe Ratio ⁴	-1.02
Information Ratio ⁵	0.01
Current Number of Holdings	62

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.

TOP TEN HOLDINGS

Names	Maturity	%
Retail Treasury Bond	3/7/2028	9.95
Retail Treasury Bond	8/12/2025	6.42
Retail Treasury Bond	3/4/2027	6.05
SM Investments Corporation		5.85
Retail Treasury Bond	3/12/2024	5.63
Fixed Rate Treasury Note	2/14/2026	5.28
Fixed Rate Treasury Note	4/8/2026	5.11
SM Prime Holdings, Inc.		4.12
BDO Unibank, Inc.		3.37
Ayala Corporation		2.85

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 192.58 Mn, ACEN Corporation Php 56.86 Mn, Ayala Land, Inc. — Php 189.58 Mn, Bank of the Philippine Islands — Php 183.34 Mn, Globe Telecom, Inc. — Php 30.01 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 Philippines Stock Exchange Index (PSEi) dove deep to end the quarter on global market turbulence as the US Fed raised interest rates anew and pledged further rate hikes. The US Federal Reserve (The Fed) raised policy rates by 75 basis points to 3.25% to fight inflation. The Bangko Sentral ng Pilipinas (BSP) followed suit by delivering a 50-basis point hike in its key policy rates to 4.25%. Moreover, the weakness of the Philippine Peso further pulled market sentiment after depreciating by 4.25% to PHP58.65/US\$ at end-September. The PSEi closed September at 5,741.07 or 12.8% lower on a month-on-month basis.

Trading volume withered with Average Value Turnover registering only at US\$109 million – or 21% lower than the previous month. Meanwhile, foreign selling was recorded at US\$216 million. On a year-to-date basis, net foreign outflows ballooned to US\$1.224 billion.

In terms of individual stock performances, these are the top three performers for the month of September: WLCON (+6.68%), SMC (+2.51%) and AP (-1.60%). Meanwhile, the bottom three performers are as follows: (-26.18%) MONDE, AC Energy (-25.33%) and CNVRG (-24.71%).

The BPI Government Bond Index lost 2.44% in September, with benchmark government yields rising by 74.12 basis points (bps) on average. Average daily trading volume fell to PHP10.62 billion from August's PHP14.46 billion with trades mostly seen on the belly (5- to 10-year papers) of the curve.

The Bureau of the Treasury (BTr) held four FXTN auctions in September. Of the four, only two were awarded. The reissuance of the 10-year FXTN1069 and the 7-year FXTN767 were both fully awarded at average yields of 6.703% and 6.588%, respectively, while the reissuance of 3.5-year FXTN301 and the 16-year FXTN2023 were both rejected. Participation across all auctions was mostly healthy, though the BTr opted to reject bids that were deemed too high, especially as it had just concluded a substantial Retail Treasury Bond issuance earlier during the month. Towards the end of the month, the October auction schedule was released with four FXTN issuances (3-, 6-, 10-, and 13-year tenors) and four Treasury Bill auctions.

In the local economic space, inflation for the month of August rose by 6.3% year-on-year, slightly lower than the 6.4% in July. Prices for food and fuel remained elevated as supply side pressures persisted. Consequently, the Bangko Sentral ng Pilipinas hiked rates by another 50 basis points to 4.25%. It likewise revised upward its local inflation forecasts for 2022 to 2024. The central bank will continue to monitor economic data and adjust policy settings as needed.

Fund Performance. The fund returned -6.66% in September, outperforming its benchmark by 28 basis points. Year-to-date, it outperformed the benchmark by 64 basis points with a return of -10.04%.

Fund Strategy. The Fund will remain in defensive mode amidst the global market turbulence. Global rate hikes, high inflation and local currency depreciation amplified by low volume trading will continue to pressure equity assets. The fund will continue to trim on stocks that have already priced-in the recovery story and accumulate on emerging value in select sectors.

For the fixed income portion of the fund, the Fund looks to maintain its underweight duration position given expectations of rising interest rates moving forward. Though inflation has exceeded the government's target range, the BSP remains vigilant in monitoring supply side pressures and potential second-round effects. 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>

SMS: 021582277 & BSP CAMS Facebook <https://www.facebook.com/BangkoSentralngPilipinas>