



# BPI INVEST BAYANIHAN BALANCED FUND

## KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of July 29, 2022

### FUND FACTS

<b>Classification:</b>	Balanced Fund	<b>Net Asset Value per Unit (NAVPU):</b>	Php 112.12
<b>Launch Date:</b>	July 20, 2018	<b>Total Fund NAV (Mn):</b>	Php 133.48
<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>	T+3 End-of-Day
<b>Minimum Holding Period:</b>	None	<b>Early Redemption Charge:</b>	None

### FEES\*

<b>Trustee Fees:</b> 0.3000%	<b>Custodianship Fees:</b> 0.0011%	<b>External Auditor Fees:</b> 0.0075%	<b>Other Fees:</b> 0.00%
BPI Asset Management	HSBC	Isla Lipana	None

\* As a percentage of average daily NAV for the quarter valued at Php 179.14 Million  
 \*Monthly rate: Billings received for April 2021 divided by average daily NAV  
 \*Billings 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.

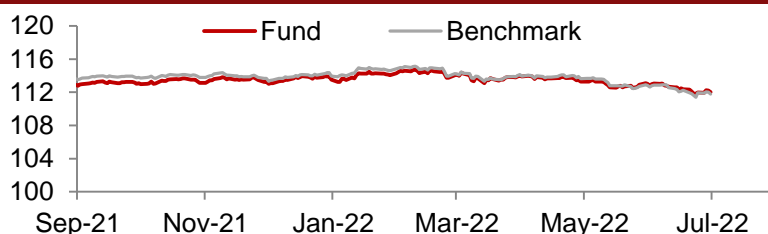
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks

- 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 JULY 29, 2022

(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

### NAVPU over the past 12 months

Highest	114.71
Lowest	111.39

### STATISTICS

Portfolio Beta	0.99
Volatility, Since Inception (%) <sup>3</sup>	2.46
Sharpe Ratio <sup>4</sup>	-0.14
Information Ratio <sup>5</sup>	0.99
Weighted Ave Duration (Yrs)	1.72
Current Number of Holdings	46

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

	1 mo	3 mos	6 mos	1 YR	3 YR	S.I. <sup>2</sup>
<b>Fund</b>	<b>0.09</b>	<b>-1.02</b>	<b>-1.91</b>	<b>0.66</b>	<b>6.37</b>	<b>12.12</b>
<b>Benchmark</b>	<b>-0.05</b>	<b>-1.68</b>	<b>-2.69</b>	<b>-0.59</b>	<b>5.74</b>	<b>12.30</b>

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

	1 YR	2 YRS	3 YRS	S.I. <sup>2</sup>
<b>Fund</b>	<b>0.66</b>	<b>1.17</b>	<b>2.08</b>	<b>2.88</b>
<b>Benchmark</b>	<b>-0.59</b>	<b>1.03</b>	<b>1.88</b>	<b>2.92</b>

	YTD	2021	2020	2019	2018
<b>Fund</b>	<b>-1.22</b>	<b>1.06</b>	<b>4.63</b>	<b>7.34</b>	<b>-0.64</b>
<b>Benchmark</b>	<b>-1.92</b>	<b>1.15</b>	<b>4.77</b>	<b>8.48</b>	<b>-0.40</b>

<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. The higher the number, the better.

<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.

<sup>6</sup>Includes accrued income, investment securities purchased, accrued expenses, etc.

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

### PORTFOLIO COMPOSITION

Allocation	% of Fund
Government	57.16
Corporates	26.62
Cash	0.07
Time Deposits and Money Market	7.11
Preferreds	8.42
Other Receivables – Net of Liabilities <sup>6</sup>	0.62
<b>Sector Holdings</b>	
Holding Firms	2.79
Property	1.82
Services	1.28
Financials	1.55
Industrials	0.99
Mining and Oil	0.00

### TOP TEN HOLDINGS

Names	Maturity	%
Retail Treasury Bond	3/12/2024	15.26
Retail Treasury Bond	2/11/2023	13.51
Energy Development Corp. Bond	6/25/2024	8.37
Fixed Rate Treasury Note	3/8/2023	7.54
Retail Treasury Bond	8/12/2025	7.07
Fixed Rate Treasury Note	9/10/2023	6.26
Time Deposit		5.99
Fixed Rate Treasury Note	2/14/2026	3.83
Ayala Corporation	5/26/2027	3.81
Retail Treasury Bond	3/4/2027	3.69

### 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 9.09 Mn, ACEN Corporation Php 0.22 Mn, Ayala Land, Inc. — Php 0.79 Mn, Bank of the Philippine Islands — Php 1.71 Mn, Globe Telecom, Inc. — Php 0.33 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 1.39% in July, with benchmark government yields falling 18 basis points (bps) on average. Average daily trading volume rose to PHP14.95bn from June's PHP8.35bn with trades mostly seen on the belly (5-year and 10-year papers) of the curve.

The Bureau of the Treasury (BTr) held four FXTN auctions and four Treasury Bill auctions in July. The re-issuance of the 4-year FXTN 7-62, 7-year FXTN 10-64, 10-year FXTN 10-68, and 14-year FXTN 25-8 were fully awarded at average rates of 5.908%, 6.76%, 6.865%, and 6.894%. Healthy participation was observed across all tenors. Towards the end of the month, the August auction schedule was released with four FXTN issuances (3.5-, 7-, 10-, and 5.5-year tenors) and five Treasury Bill auctions.

In the local economic space, June inflation rose by 6.1% year-on-year, the fastest pace since November 2018. This was on the back of rising food and fuel costs, as geopolitical tensions continue to keep oil prices elevated. Consequently, the BSP surprised markets, raising policy rates mid-month by 75 basis points to 3.25%. This was the largest single rate hike in history, and was also the first off-cycle move since the pandemic began in 2020. The central bank will continue to monitor economic data and adjust policy settings as needed.

The Philippine Stock Exchange Index (PSEi) bounced back in July following a steep decline in June. Both local and global economic developments rattled investors at the early part of the month on persisting concerns of inflation (came in at 6.1% in June) and peso depreciation (rising above the Php56 level). Then, the Bangko Sentral ng Pilipinas (BSP) announced an off-cycle interest rate hike, increasing key policy rates by 75 basis points. Similarly, U.S inflation continued to rise (at 9.1% in June) and the US Federal Reserve subsequently raised its target Fed Fund Rates by another 75 basis points. However, bargain-hunting ensued towards the latter part of the month on renewed optimism following lower commodity prices and a slowdown US consumer spending and production data which suggest that inflation may have already peaked. The latter could lead to a less aggressive rate hikes by the US Federal Reserve. The Philippine Stock Exchange Index closed at 6,315.93 or 2.61% higher month-on-month

In terms of market activity, lack-luster trading continued with the average daily turn-over at US\$90 million or 16.7% lower month-on-month. Meanwhile, net foreign selling persisted for the 5th straight month at US\$ 80 million. Foreign participation came in at 41%, lower than 44% in June.

In terms of individual stock performances, top contributors for the month include: AEV (+19.98%), WLCON (+16.18%) and AGI (+12.39%) while the laggards were CNVRG (-10.17%), GLO (-9.08%) and GTCAP (-7.28%).

**Fund Performance.** The fund returned 0.09% in July, outperforming its benchmark by 14 bps. Year-to-date, it outperformed the benchmark by 70 basis points with a return of -1.22%.

**Fund Strategy.** The Fund looks to maintain its underweight duration position given expectations of rising interest rates moving forward. It will likewise continue to hold high quality corporate bonds for yield enhancement. Though inflation has exceeded the government's target range, the BSP remains vigilant in monitoring supply side pressures and potential second-round effects. Volatility will 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](mailto:bpi_asset_management@bpi.com.ph) or call us at (02) 8580-AMTC (2682).

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