



# BPI INVEST BAYANIHAN BALANCED FUND

## KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of November 29, 2022

### FUND FACTS

<b>Classification:</b>	Balanced Fund	<b>Net Asset Value per Unit (NAVPU):</b>	Php 112.62
<b>Launch Date:</b>	July 20, 2018	<b>Total Fund NAV (Mn):</b>	Php 137.08
<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 135.55 Million for April 2021 divided by average average daily NAV 135.55 Million

\*Monthly rate: Billings received for 2018 divided by average 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.

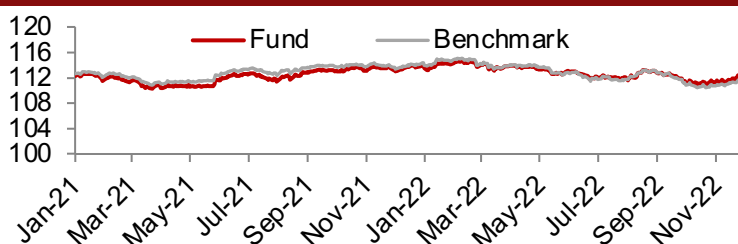
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks

- 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.
- THIS PRODUCT CANNOT BE SOLD TO YOU UNLESS ITS BENEFITS AND RISKS HAVE BEEN THOROUGHLY EXPLAINED. IF YOU DO NOT FULLY UNDERSTAND THIS PRODUCT, DO NOT PURCHASE OR INVEST IN IT.

## FUND PERFORMANCE AND STATISTICS AS OF NOVEMBER 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	110.80

### STATISTICS

Portfolio Beta	1.01
Volatility, Since Inception (%) <sup>3</sup>	2.87
Sharpe Ratio <sup>4</sup>	-0.72
Information Ratio <sup>5</sup>	0.40
Weighted Ave Duration (Yrs)	2.06
Current Number of Holdings	50

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

	1 mo	3 mos	6 mos	1 YR	3 YR	S.I. <sup>2</sup>
<b>Fund</b>	<b>1.21</b>	<b>-0.14</b>	<b>-0.35</b>	<b>-0.57</b>	<b>5.30</b>	<b>12.62</b>
<b>Benchmark</b>	1.27	-0.58	-0.57	-1.34	4.69	12.72

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

	1 YR	2 YRS	3 YRS	S.I. <sup>2</sup>
<b>Fund</b>	<b>-0.57</b>	<b>0.57</b>	<b>1.74</b>	<b>2.76</b>
<b>Benchmark</b>	-1.34	0.18	1.54	2.78

	YTD	2021	2020	2019	2018
<b>Fund</b>	<b>-0.78</b>	<b>1.06</b>	<b>4.63</b>	<b>7.34</b>	<b>-0.64</b>
<b>Benchmark</b>	-1.55	1.15	4.77	8.48	-0.40

<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	57.56
Corporates	25.82
Cash	0.07
Time Deposits and Money Market	6.41
Equities	8.82
Other Receivables – Net of Liabilities <sup>6</sup>	1.31
<b>Sector Holdings</b>	
Holding Firms	2.99
Property	1.89
Services	1.25
Financials	1.68
Industrials	1.01
Mining and Oil	0.00

### TOP TEN HOLDINGS

Names	Maturity	%
Retail Treasury Bond	3/12/2024	14.65
Fixed Rate Treasury Note	2/14/2026	13.80
Retail Treasury Bond	8/12/2025	6.76
Fixed Rate Treasury Note	9/10/2023	6.09
Time Deposit		5.47
Fixed Rate Treasury Note	3/8/2023	5.11
Retail Treasury Bond	3/7/2028	4.71
Energy Development Corp. Bond	6/25/2024	4.38
Ayala Corporation	5/26/2027	3.72
Retail Treasury Bond	3/4/2027	3.47

### 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):

ACEN Corporation Php 2.58 Mn, Ayala Corporation — Php 9.20 Mn, Ayala Land, Inc. — Php 0.99 Mn, Bank of the Philippine Islands — Php 1.78 Mn, Globe Telecom, Inc. — Php 0.28 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 0.87% in November, with benchmark government yields falling 5 basis points (bps) on average. Average daily trading volume rose to PHP11.35 billion from October's PHP7.04 billion with trades mostly seen on the short end (3- to 6-month papers) of the curve.

The Bureau of the Treasury (BTr) held four FXTN auctions in November. The new issuance of the 3-year FXTN 3-28 was rejected, while the reissuance of the 5-year FXTN 20-14 and the 12-year FXTN 25-6 were partially awarded at average yields of 7.131% and 8.168%, respectively. The first 20-year paper (FXTN 20-25) issued this year was priced at 8.125% coupon, and was met with strong demand, spurred by market appetite for duration. Towards the end of the month, the BTr released the December auction schedule with two Treasury Bill auctions and three FXTN issuances (5-, 12-, and 20-year tenors).

In the local economic space, the 3Q GDP expanded faster than expected at 7.6% YoY, mainly driven by strong consumption growth as overall mobility increased and revenge travel spending soared despite the higher cost of living. The local inflation for the month of October rose by 7.7% year-on-year, its highest level in 14 years. Prices for food and fuel remained elevated amid weather disturbances and supply side pressures. Consequently, the BSP hiked rates by another 75 basis points during their policy meeting held mid-month. Central bank officials continued to reiterate that they remained prepared to raise rates as needed, given persistently high CPI levels, as well as central bank policy tightening measures globally.

The Philippine Stock Exchange Index (PSEi) surged in November tracking global markets rally. Investors cheered on a slower US Inflation print and signal from the US Federal Reserve of a slower pace in its rate hikes. On the domestic space, key forces that helped lift risk appetite are as follows: (1) a strengthening Philippine Peso which closed at Php56.80/US\$; (2) upbeat 3Q2022 corporate earnings results where PSEi earnings growth went up by 42% YoY vs 40% YoY in 2Q2022 and; (3) strong 3Q GDP which came out higher-than-expected at 7.6%. The PSEi jumped by 10.2% to close at 6,780.78.

Trading volume remained lackluster for the month with the exception on the MSCI Rebalancing towards the close. Average Daily Value Turnover recorded at US\$117.50 million or 24.2% lower month-on-month. Meanwhile, foreigners became net buyers for the month, a feat that had not occurred since February. Net Foreign Buying registered at US\$99.4 million with foreign participation at 50%.

For the individual stock performances, the top index gainers for the month include: CNVRG (+25.49%), ALI (+23.53%) and ICT (+18.50%). Meanwhile, the bottom index performers are as follows: MER (-7.10%), MPI (-5.46%) and SCC (-3.72%).

**Fund Performance.** The fund returned 1.21% in November, underperforming its benchmark by 6 bps. Year-to-date, it outperformed the benchmark by 77 basis points with a return of -0.78 %.

**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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For more information, you may contact us at (632) 8580-AMTC (2682), email us at [bpi\\_asset\\_management@bpi.com.ph](mailto:bpi_asset_management@bpi.com.ph) or visit our website, [www.bpiassetmanagement.com](http://www.bpiassetmanagement.com).