



**AB CAPITAL & INVESTMENT CORPORATION**  
**AB CAPITAL BALANCED FUND**  
**KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT**  
**As Of March 31, 2026**

**FUND FACTS**

<b>Classification:</b>	Balanced Fund	<b>Net Asset Value per Unit (NAVPU):</b>	1.3537
<b>Launch Date:</b>	March 20, 2013	<b>Total Fund NAV:</b>	1,419,827,481.49
<b>Min. Investment:</b>	Php25,000	<b>Dealing:</b>	Daily up to 12:00 noon
<b>Add'l Investment:</b>	Php10,000	<b>Redemption Settlement:</b>	T + 2 days
<b>Min. Holding Period:</b>	30 days	<b>Early Redemption Charge:</b>	1.00% of principal

**FEES\***

Trustee Fees: 0.314% AB Capital - Trust and Investments Division	Custodianship Fees: 0.001% Phil. Depository & Trust Corp.	External Auditors Fees: 0.002% SGV & Co.
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\*As a percentage of average daily NAV for the quarter valued at Php 1,446,644,593.19.

**INVESTMENT OBJECTIVE AND STRATEGY**

The Fund Intends to achieve for its participants long-term capital growth and income by investing in a diversified portfolio of high-grade marketable securities allocated in fixed income and equity securities listed in the Philippine Stock Exchange. The allocation for equity securities shall be between 40% to 60% of the portfolio or any other allocation range that may be prescribed by the Trust Association of the Philippines (TOAP) in consultation with the regulatory authorities. The Fund aims to surpass its composite benchmark of 60% Bloomberg Philippine Sovereign Bond Index 1 to 5 Year (BPHIL15) and 40% Philippine Stock Exchange Index (PSEI).

BPHIL15 is a market value weighted index based on PHP government bond issuances of the Bureau of Treasury. Its qualified constituents are securities with at least one year of maturity, but not longer than five years. For additional information on benchmark construction, please contact Bloomberg.

The PSEI is the main index of the Philippine Stock Exchange. It is used to measure the performance of equity securities that represent the Philippine stock market. The Bloomberg and the PSE Website provide additional information on the benchmarks.

**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 AB CAPITAL BALANCED FUND is suitable for individual and corporate investors who are at least classified as balanced based on their risk profile and who are aware of the opportunity for high yields that portfolios with stock market investments may provide but are also knowledgeable of the possibility of capital losses that such investments may entail.
- In order to minimize risks and maximize returns, the participants are recommended to stay invested in the Fund for more than three (3) 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.**

<b>Interest Rate Risk</b>	This is the possibility for an investor to experience losses due to the changes in interest rate. The purchase and sale of a debt instrument may result in profit or loss because the value of a debt instrument changes inversely with prevailing interest rates.
<b>Market/Price Risk</b>	This is the possibility for an investor to experience losses due to the changes in market prices of securities (e.g., bonds and equities). It is the exposure to the uncertain market value of a portfolio due to price fluctuations. It is the risk of the UITF to lose value due to a decline in securities prices, which may sometimes happen rapidly or unpredictably. The value of investments fluctuate over a given time period because of general market conditions, economic changes or other events that impact large portions of the market such as political events, natural calamities, etc. As a result, the Net Asset Value per Unit (NAVPU) may increase to make profit or decrease to incur loss.

<b>Liquidity Risk</b>	This is the possibility for an investor to experience losses due to the inability to sell or convert assets into cash immediately or in instances where conversion to cash is possible but at a loss. These may be caused by different reasons such as trading in securities with small or few outstanding issues, absence of buyers, limited buy/sell activity or underdeveloped capital market. Liquidity risk occurs when certain securities in the UITF portfolio may be difficult or impossible to sell at a particular time which may prevent the redemption of investment in UITF until assets can be converted to cash. Even government securities which are the most liquid of fixed income securities may be subjected to liquidity risk particularly if a sizeable volume is involved.
<b>Credit/Default Risk</b>	This is the possibility for an investor to experience losses due to borrower's failure to pay principal and/or interest in a timely manner on instruments such as bonds, loans, or other forms of security which the borrower issued. Inability of the borrower to make good on its financial obligations may have resulted from adverse changes in its financial condition thus, lowering credit quality of the security, and consequently lowering the price (market/price risk) which contributes to the difficulty in selling such security. It also includes risk on a counterparty (a party the UITF Fund Manager trades with) defaulting on a contract to deliver its obligation either in cash or securities. This is the risk of losing value in the UITF portfolio in the event the borrower defaults on his obligation or in the case of a counterparty, when it fails to deliver on the agreed trade. This decline in the value of the UITF happens because the default/failure would make the price of the security go down and may make the security difficult to sell. As these happen, the UITF's NAVPU will be affected by a decline in value.

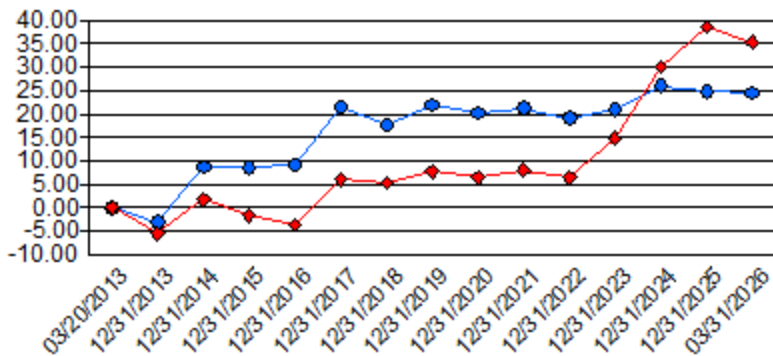
- \* **THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORP. (PDIC).**
- \* **IT IS A TRUST PRODUCT AND IS NOT AN OBLIGATION OF THE TRUSTEE, ITS AFFILIATES AND SUBSIDIARIES.**
- \* **RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/ 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.**
- \* **THE TRUSTOR MUST READ THE UITF'S DECLARATION OF TRUST, MAKE HIS/HER OWN RISK ASSESSMENT AND IF NEEDED, SEEK AN INDEPENDENT /PROFESSIONAL OPINION BEFORE MAKING AN INVESTMENT.**

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

**NAVPU GRAPH**

**NAVPU over the past 12 months**

**Balanced Fund vs Benchmark <sup>2</sup>**



◆ Balanced Fund Return      1      ● Benchmark Return

Source: Bloomberg and AB Capital & Investment Corp.

Highest	1.4410
Lowest	1.2848

**STATISTICS**

Volatility, Past 1 Year (%) <sup>3</sup>	8.80
Sharpe Ratio <sup>4</sup>	-0.3163
Information Ratio <sup>5</sup>	0.6320
Weighted Ave. Duration	5.38

- 1 Returns are net of fees
- 2 Since Inception
- 3 Measures the degree to which the Fund fluctuates vis-a-vis its average return over a period of time
- 4 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.
- 5 Measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

CUMULATIVE PERFORMANCE						TOP TEN HOLDINGS (%)		
	1 mo	3 mos	6 mos	1 yr	3 yrs			
<b>Fund</b>	-5.90	-2.33	0.07	2.63	23.16	FXTN 20-27	21.13	
<b>Benchmark</b>	-3.93	-0.18	0.98	0.52	4.39	FXTN 20-20	10.97	
<b>PORTFOLIO COMPOSITION</b>						INTERNATIONAL CONTAINER TERMINA	7.80	
						FXTN 10-74	5.90	
<b>Allocation</b>						BDO UNIBANK, INC.	4.23	
						<b>% Of Fund</b>		
Equities						51.06	GLOBE TELECOM SERIES B NON-VOTI	2.83
Fixed Income Securities						47.07	BANK OF THE PHILIPPINE ISLANDS	2.78
Time Deposits						1.61	MONDE NISSIN CORPORATION	2.69
Cash and Other Receivables (Payables)						0.25	METROPOLITAN BANK & TRUST	2.58
<b>SECTOR HOLDING</b>								
SERVICES						13.11		
INDUSTRIAL						12.45		
PROPERTY						9.62		
FINANCIALS						9.59		
HOLDING FIRMS						6.29		

**RELATED PARTY TRANSACTIONS**

The Fund has transactions and outstanding investments in fixed income and in shares of stocks with related parties of AB Capital & Investment Corporation - Trust and Investments Division (ABCIC -TID).

	<b>Transaction</b>	<b>Market Value (Mln)</b>
INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.	Common Shares	110.88
MANILA WATER CO., INC.	Common Shares	36.53
RL Commercial REIT, Inc.	Common Shares	31.77
ROBINSONS LAND CORPORATION	Common Shares	22.52

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.

## OUTLOOK AND STRATEGY

### Stock Market

Philippine equities started 2026 on a strong note before suffering a sharp reversal by the end of the first quarter as geopolitical risks overwhelmed improving domestic liquidity conditions. January and February were supported by robust foreign inflows, BSP easing, and a stronger peso, allowing the PSEi to rally above 6,600 and briefly test new 52-week highs. Foreign buying concentrated in index heavyweights such as ICT drove much of the advance, while mining names surged alongside record gold prices. The BSP delivered successive rate cuts, bringing policy rates to 4.25% by February, as inflation remained benign and growth slowed below expectations. However, concerns over weak domestic demand, softer residential property activity, and reduced government growth targets tempered optimism beneath the surface.

Market sentiment deteriorated sharply in March as escalating conflict between the US, Israel, and Iran triggered a global risk-off move. Surging oil prices above \$100 per barrel exposed the Philippines' vulnerability as a net energy importer, sending equities, bonds, and the peso into broad-based declines. The PSEi slumped 10% for the month and erased nearly all gains from the prior rally, while the peso breached the Php60:\$1 mark for the first time amid sustained foreign outflows. Inflation concerns resurfaced as higher fuel costs threatened second-round effects, prompting the BSP to adopt a more cautious tone despite earlier easing. Cyclical sectors led the selloff, particularly banks, property, and consumer names, while select energy-related stocks outperformed amid rising commodity prices.

### Fixed-Income Market

Philippine bonds sold off towards the end of the quarter as the US-Iran war caused a sharp increase in oil prices, as well as depreciation in the PHP against the USD. Yields rose 70 to 100 basis points (bps) towards the end of the month.

On the policy front, the BSP hiked their key rate back to 4.50% from 4.25% in anticipation of spillover effects into the local CPI basket. March inflation printed back above their target range at 4.1% as food, fuel and utilities saw sharp price increases.

With headline volatility at its all-time high from the war in Iran, we see the potential for yields to trade over a wide range. However, with yields at multi-year highs we advise our clients to continuously accumulate duration at these levels.

### AB Capital Balanced Fund Performance

The AB Capital Balanced Fund posted a decrease of 2.33% in the first quarter of 2026. The Net Asset Value Per Unit (NAVPU) decreased to 1.3537 as of March 31, 2026, from 1.3860 as of December 31, 2025.

### Balanced Fund Strategy

Fixed income saw sharp declines in price as participants priced in high inflation and multiple BSP interest rate hikes. We have reduced our overall weight on the asset class during the quarter, albeit maintaining a bullish stance on duration as we accumulate at these levels.

Local equities retracted all gains made at the start of the year, but we remain constructive on certain industries to deliver returns in this environment. We have shifted to a slight overweight on the asset class with a healthy mix of defensive and dividend paying securities.

For the upcoming quarter of 2026, we see bond yields to remain high as inflation adjusts to higher levels. While we expect a resolution to the US-Iran conflict, the inflation spike and growth downturn will hinder significant movements in both asset classes for the rest of the year. As a result, we view the current environment as an opportunity for clients to accumulate both bonds and equities at attractive valuations.

## LIST OF PROSPECTIVE INVESTMENTS

Pursuant to the foregoing objectives, the Fund may be invested and reinvested in:

- a) Listed and soon to be listed (Initial Public Offering) common stocks, preferred stocks, and securities convertible into or exchangeable to common stocks;
- b) Fixed-income securities issued by the government and corporations such as but not limited to, commercial papers, bonds, exchange-traded fixed income securities; and other marketable securities that are traded in an organized exchange or market; and
- c) Other investments allowed under regulations issued by the BSP which are applicable to the Fund.

The combined exposure of the Fund to any entity and its related parties shall not exceed fifteen percent (15%) of the market value of the Fund. Provided, that Fund investments, partially or substantially, in exchange traded equity securities shall be subject to the fifteen percent (15%) exposure limit to single entity/issuer. This limit, however, shall not apply to non-risk assets as defined by the Bangko Sentral.

AB Capital is regulated by the Bangko Sentral ng Pilipinas (BSP). For any inquiries and concerns relating to our services and products you may call our hotline: 8898-7555, or send an email at [trust@abcapitalonline.com](mailto:trust@abcapitalonline.com) or write a letter addressed to AB Capital-TID, Units 1210-1212, 12th Floor, PSE Tower, 5th Ave., cor. 28th St., Bonifacio Global City, Taguig City, Philippines 1634. You may also file your inquiries and concerns through the BSP's various Consumer Assistance Channels via this link <https://www.bsp.gov.ph/Pages/InclusiveFinance/ConsumerAssistanceChannelsChatbot.aspx>. To know your rights under BSP Circular No.857 and as revised by Circular 1048 (regulations on Financial Consumer Protection), and under Circular 1169 (Rules of Procedure for the Consumer Assistance Mechanism, Mediation and Adjudication of Cases in the Bangko Sentral ng Pilipinas) , please access copies of these issuances at the BSP website([www.bsp.gov.ph](http://www.bsp.gov.ph)).