

**BPI BALANCED FUND**

May 31, 2009

**Investment Objective**

To achieve investment returns from a diversified portfolio of equities and fixed-income instruments.

**Fund Performance**

Absolute Returns	Fund	Benchmark*
Year-to-date	10.44%	16.68%
2008	-26.80%	-22.30%
2007	11.42%	12.54%
2006	26.31%	24.19%
2005	12.61%	11.22%

Returns are net of fees. Past Performance is not an indication of future returns.

\*50% 90-d TBills / 50% PSEi. Prior to 2009, benchmark was 50% 1-Year Tbills / 50% PSEi

PSEi is a barometer of stock price movements in the Philippine Stock Exchange.

**Fund Facts**

Structure	Unit Investment Trust Fund
Fund Type	Balanced Fund
Base Currency	Philippine Peso
Net Asset Value	PHP 490.15 Million
NAV Per Unit (NAVpu)	PHP 84.01
Par Value	PHP 100.00
Minimum Investment	PHP 50,000.00
Minimum Additional	PHP 10,000.00
Minimum Holding Period	90 days
Early Redemption Fee	0.50%
Management Fee	1.50% p.a.
Valuation Methodology	Mark-to-Market
Trustee	Bank of the Philippine Islands
Available Thru	Bank of the Philippine Islands Branches
Custodian	HSBC
Dealing	Daily up to 12 noon
Bloomberg Ticker	BPIEQBL

**Risk Characteristics****Risk Measures**

	May 31, 2009	Past 12 Months		
		Lo	Hi	Average
Volatility, Past 360 Days	10.63%	7.29%	16.74%	10.97%
Information Ratio, Past 360 Days	-0.08			

Volatility measures the fluctuations in NAVpu. The higher the number, the higher the potential gain or loss. Information ratio evaluates reward-to-risk efficiency relative to the benchmark. The higher the number, the higher the reward per unit of risk.

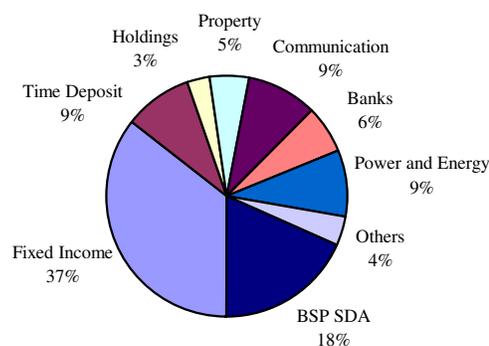
**Risk Disclosure**

The Fund is suitable for investors who take medium- to long-term views. As a marked-to-market UITF, the Fund's net asset value, and total return may fall as well as rise as a result of stock prices and interest rates movements. On redemption of units, an investor may receive an amount less than the original amount of investment.

**Fund Manager's Report**

Local equities gained 13.6% in May, the highest since the global financial crisis began two years ago. With US equity indices rising on the back of more encouraging economic data, Asian equity indices have followed suit. Philippine stocks have gained for a third month, ending near the 2,400 level as optimism towards an economic recovery improved investor sentiment. First quarter corporate earnings have not disappointed even against downgraded market expectations. Overseas remittances which grew 3.1% in the first quarter have lent support to the local economy. Property stocks along with conglomerates were the best performing sectors on preference for high beta issues. Despite the dismal 0.4% GDP growth in the first quarter, investors brushed aside negative news on the macro front and turned heavy buyers of cyclical stocks.

Moving forward, we may still see more legs on this rally as declining interest rates coupled with market liquidity may lure investors to the equities market. However, we feel that the market may soon take a breather as most of the stocks are already at overbought levels. As such, we are on the look-out of further increasing the Fund's equity exposure as the market dips, with focus on issues with undemanding valuations.

**Net Asset Value Per Unit****Portfolio Composition****Top 10 Equity Holdings**

	% of Fund
Phil. Long Distance Tel. Company	7.32%
PNOC Energy Development Corporation	3.08%
Manila Water Company	2.20%
Globe Telecom Inc.	2.03%
Bank of the Philippine Islands	1.88%
Ayala Land, Inc.	1.76%
Aboitiz Power Corporation	1.72%
Banco de Oro Universal Bank	1.68%
International Container Terminal Services, Inc.	1.65%
Metropolitan Bank and Trust	1.49%

Any prospective investment shall be limited to the type of investments described in the Declaration of Trust for the Fund.

BPI Balanced Fund is a Unit Investment Trust Fund (UITF) and not a bank deposit product. It is not guaranteed by BPI nor by the Philippine Deposit Insurance Corporation (PDIC). As such, units of participation of the investor in the UITF, when redeemed, may be worth more or worth less than his/her initial investment/contributions. Due to the nature of the investments, yield and potential yields cannot be guaranteed. Any income or loss arising from market fluctuations and price volatility of the securities held by the UITF, even if invested in government securities, is for the account of the investor. Historical performance, when presented, is purely for reference purposes and is not a guarantee of future results. The Trustee is not liable for losses, unless upon willful default, bad faith or gross negligence. For the purpose of lodging, clearing, settlement, and delivery of securities in the Fund, the Trustee is authorized to avail of the services of third party institutions such as but not limited to custodians which the Trustee may change or replace without prior notice to or approval from the investors. The Trustee will not be responsible for any loss or damage suffered by the Fund as a result of the third parties' willful default, gross negligence, or evident bad faith. Investors are advised to read the Declaration of Trust for the Fund, which may be obtained from the office of the Trustee, before deciding to invest. For inquiries, please call: (632) 845-5080, (632) 845-5087 or (632) 816-9053, email bpi\_trust@bpi.com.ph or visit