

**BPI BALANCED FUND**

August 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	20.22%	28.68%
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 Tbilis / 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 547.40 Million
NAV Per Unit (NAVpu)	PHP 91.45
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	Past 12 Months			
	Aug 31, 2009	Lo	Hi	Average
Volatility, Past 360 Days	10.55%	7.29%	10.89%	9.69%
Information Ratio, Past 360 Days	0.03			

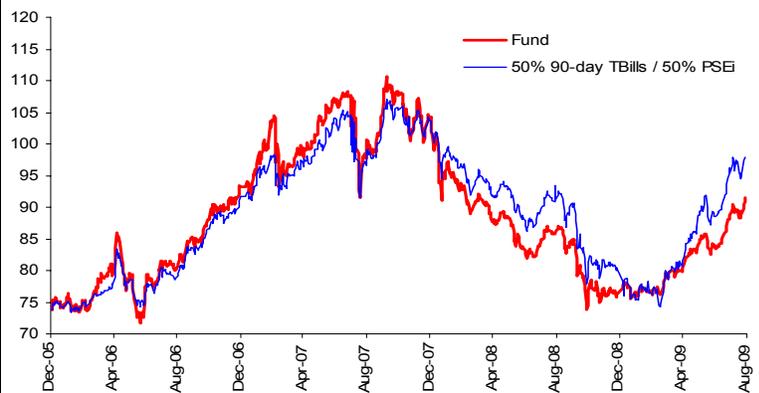
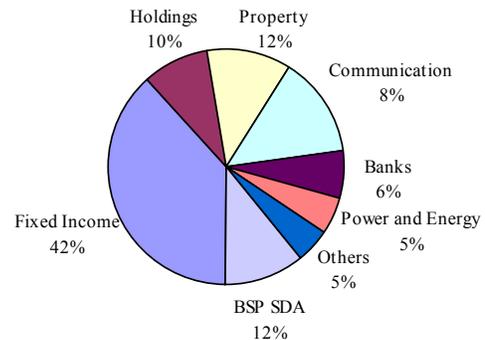
Volatility measures the fluctuations in NAVpu. The higher the number, the higher the potential gain or loss. Information ratio evaluates reward-to-risk efficiency relative to the benchmark. The higher the number, the higher the reward per unit of risk.

**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 shares rose 3% month-on-month, defying historical trends of weaker equity performance in August. Gains were mostly seen in small to mid-cap stocks as investors preferred cyclical, high beta names in the property, media, and consumer sectors. Sentiment among local players remained upbeat after majority of the second quarter corporate earnings exceeded expectations. Local macro newsflows likewise lent support to stock prices after reports that second quarter GDP rose 1.5% year-on-year, ahead of market expectation of 0.5%. OFW remittances also boosted sentiment after the government reported a record high of US\$1.5 Billion in June, up 3% year-on-year. Local players continued to dominate stock market activity while foreign participation remained lackluster. Year-to-date, the index is up 54% and may be due for a slight correction as stock valuations are already stretched at current price levels. However, market players' high level of investible funds and an improving global economy may provide further upside in the next 12 months. Given this, we have increased the Fund's exposure to stocks that have significantly shown positive earnings momentum during the first half of the year to take advantage of further gains in stock prices.

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

	% of Fund
Philippine Long Distance Tel. Company	11.9
SM Prime Holdings Corporation	4.3
Ayala Land, Inc.	4.3
Ayala Corporation	3.9
PNOC Energy Development Corporation	3.3
Bank of the Philippine Islands	3.1
Metropolitan Bank and Trust Company	3.0
Filinvest Land Inc	3.0
SM Investments Corporation	2.6
Alliance Global Group, Inc.	2.3

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