

**BPI BALANCED FUND**

September 30, 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	18.17%	26.20%
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 537.39 Million
NAV Per Unit (NAVpu)	PHP 89.89
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			
	Sep 30, 2009	Lo	Hi	Average
Volatility, Past 360 Days	10.57%	7.29%	10.89%	9.82%
Information Ratio, Past 360 Days	-0.02			

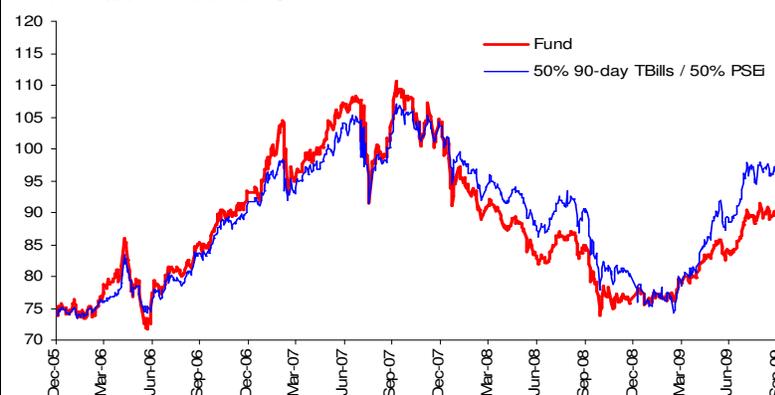
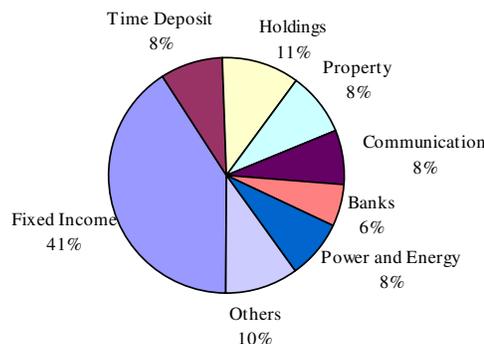
Volatility measures the fluctuations in NAVpu. The higher the number, the higher the potential gain or loss. Information ratio evaluates reward-to-risk efficiency relative to the benchmark. The higher the number, the higher the reward per unit of risk.

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

Philippine stocks took a breather after gaining in the past few months, as mixed investor sentiment saw profit-taking in the property, mining, and conglomerate sectors. The PSE index ended 3% lower month-on-month, as a good number of market players saw stock valuations running way ahead of expected earnings; causing a 7-month rally to lose its steam. The local bourse is currently trading at 14x price-to-earnings, near the historical mean of 15x, suggesting stocks are almost fairly valued. On the macroeconomic front, concerns over a ballooning budget deficit due to a shortfall in revenue collections have caused investors to stay on the sidelines. For the first eight months of the year, the government's budget deficit reached PHP 210Billion, accounting for 84% of its full-year target of PHP 250Billion. Our short-term view suggests that the PSE index will consolidate between 2,780-2,900 levels as market participants await further catalysts to fuel another rally. Stock plays that are event-driven, such as the ratification of the Real Estate Investment Trusts (REIT) and successful bidding of government property, will dominate market activity. In terms of stock picks, we prefer a combination of defensive names in the utilities sector and cyclical names in the conglomerate and property sectors.

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

	% of Fund
Philippine Long Distance Tel. Company	5.9
SM Prime Holdings Corporation	3.9
PNOC Energy Development Corporation	3.5
SM Investments Corporation	3.2
Ayala Corporation	2.9
Alliance Global Group, Inc.	2.8
Bank of the Philippine Islands	2.3
International Container Terminal Services, Inc.	2.1
Robinsons Land Corporation	2.0
First Philippines Holding Corporation	1.9

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