



BPI Balanced Fund

September 30, 2010

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	28.95%	18.34%
2009	20.28%	33.32%
2008	-26.80%	-22.30%
2007	11.42%	12.54%
2006	26.31%	24.19%
2005	12.61%	11.22%

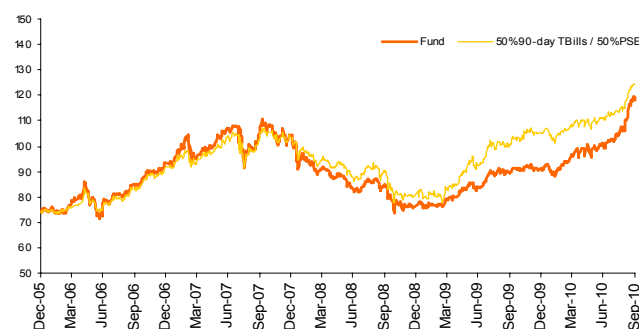
Returns are net of fees. Past Performance is not an indication of future returns.
 *50% 90-d TBills / 50% PSEi. Prior to 2009, benchmark was 50% 1-Year Tbilis / 50% PSEi
 PSEi is a barometer of stock price movements in the Philippine Stock Exchange.

Fund Manager's Report

The Philippine Stock Exchange index (PSEi) gained 14.97%, its biggest gain for the year, as foreign funds' inflow coupled with positive macro-economic data releases lifted the local bourse to a new high. The PSEi breached its pre-global financial crisis all-time high of 3,896 registered in October 2007, and reached a new all-time high of 4,142 last September 28, making it the second best performing bourse in the region. Foreign participation was more pronounced, accounting for 40% of total trades compared to first six month's average of 30% participation. Average daily value turnover was 50% higher at PHP6 Billion compared to PHP4 Billion during the first eight months of the year. Local newsflow were encouraging with July OFW remittances and bank lending growing by 8.2% and 8.9%, respectively. Buying programs accelerated after the PSEi's technical break-out, with market players buying heavily on industrial, mining, and conglomerates. Leading the gainers were holding firms DMCI Holdings Inc. (+28%), Ayala Corporation (+18%), SM Investments Corporation (+19%); power generation stock PNOC-EDC (+31%); and mining stock Lepanto Mining Corporation (+100%).

We remain positive on the macroeconomy and foresee local stocks continuing its uptrend with the PSEi reaching 4,500-4,800 in the next twelve months. Our view is hinged on a gross domestic product growth of 6-6.5% and corporate earnings growth of at least 10% for 2011. Risks to our forecasts include price pressures from rice, firmer oil prices, and governance issues that may lead to capital flight. Our sector picks in the near-term are power and utilities, conglomerates, and property.

Net Asset Value Per Unit

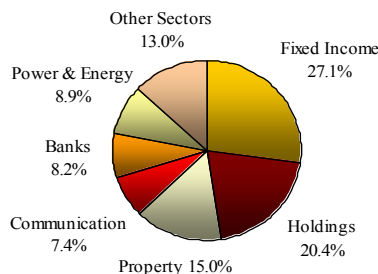


Net Asset Value, end-of-period **PHP 563.96 Million**
 NAV Per Unit (NAVpu) **PHP 117.99**
 Par Value **PHP 100.00**

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.

Portfolio Composition



Top 10 Equity Holdings

	% of Fund
Philippine Long Distance Tel. Company	6.0
Banco de Oro Universal Bank	5.3
Ayala Land, Inc.	5.0
Metro Pacific Investments Corporation	4.0
Alliance Global Group Inc	3.8
PNOC Energy Development Corporation	3.7
DMCI Holdings Inc	3.7
Aboitiz Power Corporation	3.1
Semirara Mining Corporation	3.0
Universal Robina Corporation	3.0

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

Risk Characteristics

Risk Measures	Sep 30, 2010	Low	Past 12 Months High	Average
Volatility, Past 360 Days	5.58%	5.58%	10.56%	7.44%
Information Ratio, Past 360 Days	1.27			

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.

Fund Facts

Structure	Unit Investment Trust Fund
Fund Type	Balanced Fund
Client Suitability	The fund is suitable for investors with an aggressive risk profile.
Base Currency	Philippine Peso
Minimum Initial Investment	PHP 50,000.00
Minimum Transaction ⁴	PHP 10,000.00
Minimum Holding Period	90 calendar days
Early Redemption Fee	0.50%
Trust Fees	1.50% per annum 0.37% per quarter ¹
Custodianship Fees ²	0.001%
External Audit Fees ³	0.02%
Valuation Methodology	Mark-to-Market
Trustee	Bank of the Philippine Islands
Available Thru	Bank of the Philippine Islands Branches
Custodian	HSBC
External Auditor	Isla Lipana & Co.
Dealing	Daily up to 12 noon
Bloomberg Ticker	BP1EQBL

¹Contribution rounded down/ redemption rounded off to the nearest whole unit.

²Trust fees paid for the quarter as a percentage of average daily NAV for the quarter.

³Custodianship fees billed for the quarter as a percentage of average daily NAV for the quarter.

⁴External Audit fees as a percentage of end-year 2008 NAV.