



BPI Balanced Fund

October 31, 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 | 36.64% | 21.25% |
| 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% |

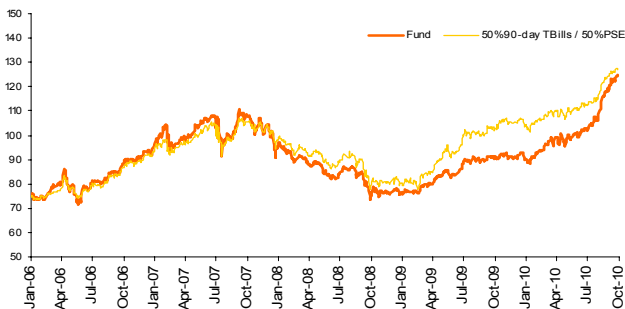
Returns are net of fees. Past Performance is not an indication of future returns.
 *50% 91-d TBills / 50% PSEi. Prior to 2009, benchmark was 50% 1-Year TBills / 50% PSEi
 PSEi is a barometer of stock price movements in the Philippine Stock Exchange.

Fund Manager's Report

The Philippine Stock Exchange index posted a new all-time high, gaining 4.1% in October and closing at 4,269 index level. Positive sentiment continued on expectations that third quarter corporate earnings results will surprise on the upside. Optimism on the sustainability of economic growth provided further support to local stock prices with the World Bank upgrading its Philippine growth forecast from 4.4% and 4% to 6.2% and 5.0% for 2010 and 2011, respectively. August OFW remittances increased by 9.8% year-on-year while October inflation rate remained benign at 2.8% which will lead to a prolonged low interest rate environment. Top gainers this month were Aboitiz Equity Ventures (+37%), Aboitiz Power (+31%), Alliance Global Inc (+26%), and Megaworld Corporation (+15%).

Positive macro-economic fundamentals are still expected in the near-term. Inflation will further soften while OFW remittances and GDP figures will likely be above trend. Strong third quarter corporate earnings and the possible upward re-rating of the Philippine credit rating will keep investors' bullish sentiment intact. Given these, we remain fully invested in the equities market with bias towards property, conglomerates, power and utilities stocks.

Net Asset Value Per Unit

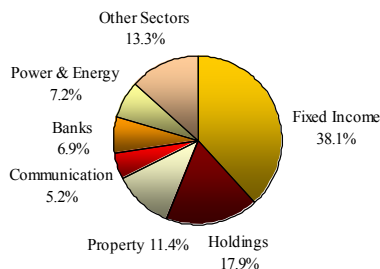


Net Asset Value, end-of-period PHP 647.99 Million
NAV Per Unit (NAVpu) PHP 125.03
Par Value PHP 100.00

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 | 5.2 |
| DMCI Holdings Inc | 4.4 |
| Banco de Oro Universal Bank | 4.1 |
| PNOC Energy Development Corporation | 3.7 |
| Metro Pacific Investments Corporation | 3.6 |
| Ayala Land, Inc. | 3.6 |
| Universal Robina Corporation | 3.6 |
| Aboitiz Power Corporation | 3.5 |
| International Container Terminal Services Inc | 3.4 |
| Alliance Global Group Inc | 3.3 |

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

Risk Characteristics

| Risk Measures | Past 12 Months | | | Average |
|----------------------------------|----------------|-------|--------|---------|
| | Oct 31, 2010 | Low | High | |
| Volatility, Past 360 Days | 5.40% | 5.40% | 10.56% | 7.04% |
| Information Ratio, Past 360 Days | 2.75 | | | |

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 10,000.00 |
| Minimum Transaction | PHP 1,000.00 |
| 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 | BPSEQBL |

¹ Trust fees paid for the quarter as a percentage of average daily NAV for the quarter.

² Custodianship fees billed for the quarter as a percentage of average daily NAV for the quarter.

³ External Audit fees as a percentage of end-year 2008 NAV.