

# BPI Balanced Fund

December 31, 2009

BPI ASSET MANAGEMENT is backed by years of leadership in trust and investment management, with over PHP 460 Billion in total assets under management.

## Investment Objective

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

## Fund Performance

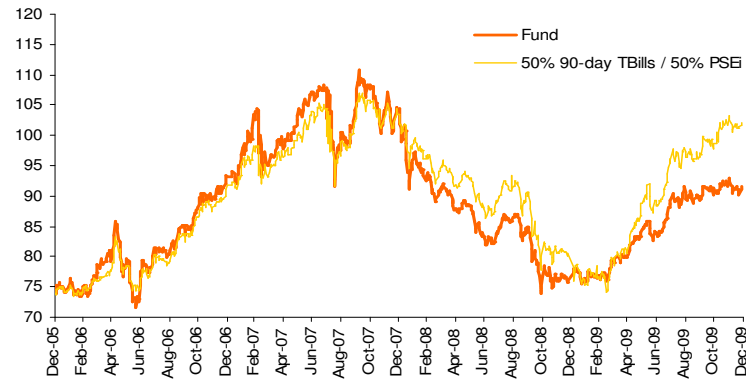
Absolute Returns	Fund	Benchmark*
2009	20.28%	33.32%
2008	-26.80%	-22.30%
2007	11.42%	12.54%
2006	26.31%	24.19%
2005	12.61%	11.22%

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 Tsbills / 50% PSEi  
 PSEi is a barometer of stock price movements in the Philippine Stock Exchange.

## Fund Manager's Report

The local bourse ended flat this month gaining only 0.25%, as market activity faded going into the Christmas season. Market participants stayed on the sidelines as no major catalysts fueled market sentiment. Average daily turnover was just PHP 1.5 Billion, lower by 50% than previous months. Best performing stocks were in the power sector, gaining 3% on improved earnings outlook for next year. December's worst performers on the other hand were mining stocks, which shed 8% on weaker global commodities prices. Despite lackluster performance this month, 2009 was the best year for the local bourse in 15 years, as the global economy started to rebound from the global financial crisis of 2008. For 2010, we expect local stocks to post modest gains of 10-15% given sustained improvement in corporate earnings and election spending. Though we do not expect the market to replicate its stellar performance in 2009, we remain optimistic in the short-run as risk-aversion wanes and global economic activity continues to pick up.

## Net Asset Value Per Unit

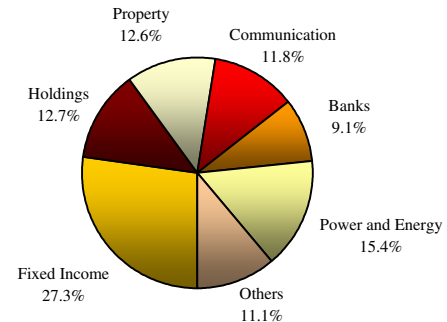


**Net Asset Value, end-of-period** **Php 494.61 Million**  
**NAV Per Unit (NAVpu)** **Php 91.50**  
**Par Value** **Php 100.00**

## 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	10.4
PNOC Energy Development Corporation	5.5
Ayala Corporation	4.5
First Philippines Holding Corporation	4.5
Robinsons Land Corporation	4.3
First Generation Holdings Corporation	3.2
Alliance Global Group Inc	2.9
SM Prime Holdings Corporation	2.8
Ayala Land, Inc.	2.5
Banco de Oro Universal Bank	2.4

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

## Risk Characteristics

Risk Measures	Dec 31, 2009	Low	Hi	Average
Volatility, Past 360 Days	10.40%	9.54%	10.89%	10.42%
Information Ratio, Past 360 Days	-1.48			

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 at least a moderately aggressive risk profile
Base Currency	Philippine Peso
Minimum Investment	PHP 50,000.00
Minimum Additional	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 <sup>1</sup>
Custodianship Fees <sup>2</sup>	0.01%
External Audit Fees <sup>3</sup>	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	BPIEQBL

<sup>1</sup>Trust fees paid for the quarter as a percentage of average daily NAV for the quarter.

<sup>2</sup>Custodianship fees billed for the quarter as a percentage of average daily NAV for the quarter.

<sup>3</sup>External Audit fees as a percentage of end-year 2008 NAV.

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 www.bpiexpressonline.com.