

BPI Balanced Fund

December 31, 2010

Investment Objective

To achieve long-term capital growth derived from a diversified portfolio of equity and fixed-income securities.

Fund Performance

Absolute Returns	Fund	Benchmark*
2010	37.38%	20.41%
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%

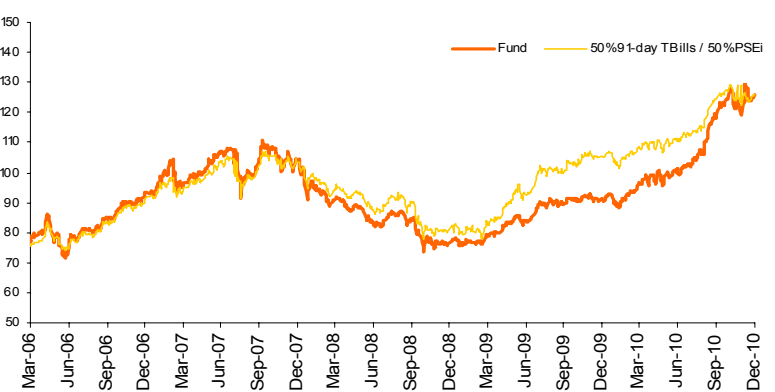
Returns are net of fees. Past Performance is not an indication of future returns.
 *50% 91-d TBills / 50% PSEi. Prior to 2009, benchmark was 50% 1-Year Tbilis / 50% PSEi
 PSEi is a barometer of stock price movements in the Philippine Stock Exchange.

Fund Manager's Report

Local equities ended 2010 on a high note, gaining 6.3% in December, as year-end window dressing pushed the PSEi above the 4,200 level. December's strong performance capped off a year of exceptional gains, with the PSEi climbing 37.62% to close at 4,201.14 by year-end. Encouraging economic fundamentals and better-than-expected corporate earnings pushed share prices forward, with most of the gains posted during the second half of 2010. In addition, strong capital inflows from developed nations lent support to riskier assets, as foreign investors were net buyers of roughly USD1 Billion for the year. This year's highlights include the PSEi reaching uncharted territory, breaching the previous all-time high of 3,874 set in October 2007, with the conglomerates, power/utilities and property sectors leading the uptrend. Top gainers for 2010 were AEV (+312%), DMC (+271%), AP (+262%), AGI (+201%) and JGS (+197%) on expectation of exceptional profits during the year.

In terms of strategy, the fund has maintained its bias towards long-term value and growth. Moving forward, the fund will continue to favor power, infrastructure, and conglomerates given better growth prospects that should translate to higher earnings. In addition, the anticipated tight power supply in 2012 and the on-going public-private partnership projects of the government will benefit these sectors. Given all these, the fund will invest up to 75% of net asset value in equities as the PSE index is projected to reach 4,500-4,800 level in 2011.

Net Asset Value Per Unit

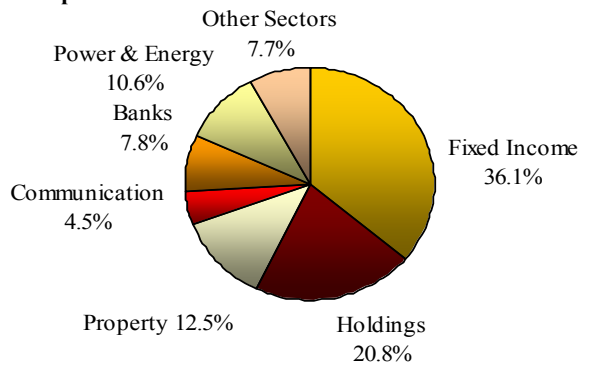


Net Asset Value, end-of-period PHP 719.74 Million
NAV Per Unit (NAVpu) PHP 125.70
Par Value Php 100.00

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

Equity Holdings	% of Fund
Aboitiz Power Corporation	4.9
Philippine Long Distance Tel. Company	4.8
Banco de Oro Universal Bank	3.8
Universal Robina Corporation	3.8
SM Investments Corporation	3.9
Alliance Global Group Inc	3.6
Manila Electric Company	3.4
Ayala Land, Inc.	3.4
Metropolitan Bank and Trust Company	3.2
Ayala Corporation	3.1

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, 2010	Past 12 Months		
		Low	High	Average
Volatility, Past 360 Days	11.89%	5.40%	11.89%	7.02%
Information Ratio, Past 360 Days	1.46			

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	Suitable for investors with an aggressive risk profile
Base Currency	Philippine Peso
Minimum Initial Investment ¹	PHP 10,000.00
Minimum Transaction ¹	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 ²
Custodianship Fees ³	0.001%
External Audit Fees ⁴	0.02%
Special Expense ⁵	PHP 2000.00 per annum
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

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.
⁵For publication expense.