

BPI Balanced Fund

A Unit Investment Trust Fund of the Bank of the Philippine Islands

Investment Objective

The Fund aims to achieve long-term capital growth by investing in a diversified portfolio of equity and fixed income securities. The Fund aims to provide excess return over the composite benchmark, 50% Philippine Stock Exchange index (PSEi) and 50% return of the 91-day Philippine Treasury Bill, net of tax.

Figures as of 11/28/2014

Cumulative Performance (%) ¹	11/28/2014				
	1 mo	1YR	3YRS	5YRS	S.I. ³
Fund	0.80	8.73	35.04	81.01	141.68
Benchmark ²	0.60	9.02	37.13	71.95	145.21

Annualized Performance (%) ¹	11/28/2014					
	1YR	2YRS	3YRS	4YRS	5YRS	S.I. ³
Fund	8.73	8.13	10.53	8.67	12.60	9.57
Benchmark ²	9.02	7.27	11.10	9.45	11.45	9.73

Calendar Year Performance (%) ¹	11/28/2014					
	YTD	2013	2012	2011	2010	2009
Fund	12.94	1.37	16.08	-0.72	37.39	20.27
Benchmark ²	12.09	0.94	17.13	2.81	20.41	33.32

Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	PHP	165.84
Total Fund NAV (Mn)	PHP	3,456.10
Average Daily NAV for the Quarter (Mn) ⁴	PHP	3,454.04
Current Number of Holdings		36
Information Ratio ⁵		-0.12
Sharpe Ratio ⁵		1.15
Statistics (Past 5 Years)		Fund
Annualized Return (% net)		12.60
Annualized Volatility (%)		12.90
Portfolio beta		1.31

General Information

Launch Date	April 4, 2005
Fund Structure	Unit Investment Trust Fund
Fund Classification	Balanced Fund
Fund Currency	Philippine Peso
Minimum Initial Investment	PHP 10,000.00
Minimum Transaction	PHP 1,000.00
Minimum Holding Period	None
Days to Settlement (Contribution)	Day 1 End-of-Day
Days to Settlement (Redemption)	Day 4 5:00 PM
Trust Fee ⁶	1.50% per annum / 0.37% per quarter
Custodianship Fee ⁷	0.0175%
External Audit Fee ⁷	0.0142%
Valuation Methodology	Marked-to-Market
External Auditor	Isla Lipana & Co.
Available Through	BPI Branches and www.bpiexpressonline.com
Trustee	Bank of the Philippine Islands
Third Party Custodian	HSBC, Ltd. (Philippines)
Dealing Cut-Off	2:30 PM

Manager's Report

Market Review. The Philippine Stock Exchange index (PSEi) rose by 1.09% month-on-month to 7,294.38 in November due to robust corporate earnings results in 3Q2014, and declining oil prices.

Meanwhile, the headline 3Q2014 GDP growth figure came in at 5.3%, sharply lower than the 6.4% registered in 2Q2014, mostly due to weak government spending (-2.6% YoY) on the demand side, and agriculture (-2.7% YoY) on the supply side. The lower-than-anticipated 3Q2014 GDP print prompted profit-taking, which capped significant gains on the local equity market.

On a more positive note, inflation eased to 4.3% in October from 4.4% in September as food and oil prices fell. OFW remittances likewise continued to trend higher, growing 7.9% YoY in September.

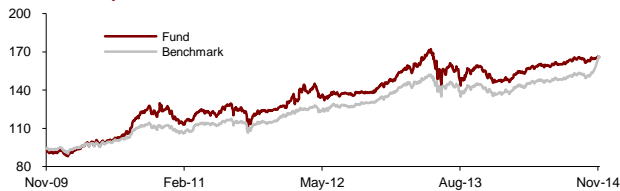
In terms of foreign activity, net foreign buying of US\$601 million was boosted by large equity placements during the month. Average value turnover during the month climbed to Pph8.18 million, up by 9.9% from Pph7.45 million.

Top stock gainers for the month included SCC (+15.37%), BDO (+11.43%) and SMC (+6.96%) while top laggards were BLOOM (-10.44%), LTG (-7.02%) and PCOR (-6.09%). In terms of sector, most were positive, led by Industrials (+3.29%) followed by Mining and Oil (+3.08%), and Services (+2.33%).

Fund Performance. The Fund gained 0.80% for the month against its benchmark's gain of 0.60%.

Strategy. We are maintaining our beta strategy and will continue to stick to large cap issues. We prefer select property names that have resilient recurring revenues, consumer issues that have strong purchasing power and energy stocks that will benefit from the tight power supply situation beginning next year. We are also looking to deploy cash during marked dips in the market.

NAVPU Graph



Allocation

Portfolio Allocation: Equities 52.22%, Fixed Income 37.06% and Cash and Other Receivables 10.73%

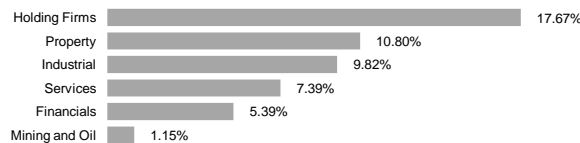
Top Equity Holdings

Name	Main Business	% of Fund
SM Investments Corporation	Holding Firms	5.15
Ayala Corporation	Holding Firms	4.72
Ayala Land, Inc.	Property	4.64
Universal Robina Corp.	Industrial	4.30
Philippine Long Distance Telephone Co.	Services	3.79

Top Fixed Income Holdings

Name	Yield (%) ⁸	Maturity	% of Fund
BSP Special Deposit Account	1.88	12/10/2014	5.75
BSP Special Deposit Account	1.88	12/9/2014	5.75
BSP Special Deposit Account	1.88	12/8/2014	5.75
BSP Special Deposit Account	1.88	12/5/2014	5.75
BSP Special Deposit Account	1.88	12/11/2014	4.31

Sector Holdings (Equity Portion)



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

Risk Disclosure

The Fund is suitable for investors with an aggressive risk profile or for those who have medium- to long-term views. Prior to investment in the Fund, the investor shall undergo a client suitability assessment procedure to determine whether the Fund is appropriate for him considering his investment objective, risk tolerance, preferences and experience. As a marked-to-market UITF, the Fund's net asset value and total return may fluctuate as a result of movements in stock prices and interest rates. On redemption of units, an investor may receive an amount less than the original amount of investment. Liquidity risk also needs to be taken into account.

¹Returns are net of fees. Past performance is not an indication of future returns.

²The Benchmark of the fund is 50% PSEi / 50% 91-day Philippine Treasury Bill. Prior to 2009, the Benchmark was 50% PSEi/50% 1-Year Philippine Treasury bill, net of tax.

³Since Inception

⁴Average daily NAV for the past three months

⁵The Information Ratio evaluates reward-to-risk efficiency relative to the benchmark, while the Sharpe Ratio evaluates reward-to-risk efficiency relative to the risk free rate. The higher the number, the higher the reward per unit of risk. Sharpe and Information Ratios between funds of different classifications are non-comparable.

⁶Trust fee as a percentage of average daily NAV for the quarter

⁷Calculated based on the total billings received in 2013 divided by the average daily NAV in 2013

⁸Net of Tax

*Declaration of Trust and List of Prospective Investment Outlets are available upon request through branch of account.