

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 06/30/2014

Cumulative Performance (%) ¹	S.I. ³				
	1 mo	1YR	3YRS	5YRS	S.I. ³
Fund	1.30	3.18	29.87	90.47	133.22
Benchmark ²	1.51	3.34	31.44	94.87	137.34

Annualized Performance (%) ¹	S.I. ³				
	1YR	2YRS	3YRS	4YRS	5YRS
Fund	3.18	8.35	9.10	12.15	13.75
Benchmark ²	3.34	7.69	9.54	11.44	14.27

Calendar Year Performance (%) ¹	S.I. ³				
	YTD	2013	2012	2011	2010
Fund	8.98	1.37	16.08	-0.72	37.39
Benchmark ²	8.28	0.94	17.13	2.81	20.41

Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	PHP	160.03
Total Fund NAV (Mn)	PHP	3,493.35
Average Daily NAV for the Quarter (Mn) ⁴	PHP	3,530.64
Current Number of Holdings		35
Information Ratio ⁵		-0.18
Sharpe Ratio ⁵		0.21

Statistics (Past 5 Years)	Fund	Benchmark
Annualized Return (% net)	13.75	14.27
Annualized Volatility (%)	13.02	9.13
Portfolio beta	1.26	

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 ⁶	0.003% per quarter
External Audit Fee ⁷	0.004%
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

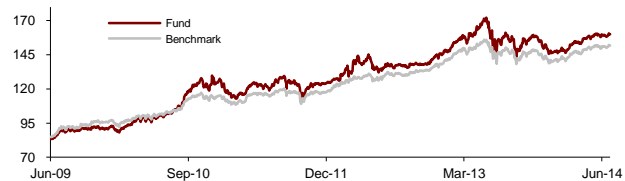
Manager's Report

Market Review. The local equity market surged in June, rising 196.66 points or 2.96%, as bargain hunters came in after May's sell-down. Investor sentiment turned risk-on following the Fed's dovish stance and the BSP's decision to keep policy rates unchanged. Foreign inflows continued (US\$ 46.5 million) with strong interest in large cap names and banks bringing year-to-date foreign inflows to US\$1 billion. Philex (+29.2%) and First Gen (+10.7%) were the month's top index gainers after PX's suspension of mining operations was lifted and FGEN's natural gas plants came back online. Other market movers include TEL (+6%), BPI (+7.7%), SM (+3.8%), BDO (+5.8%), and MBT (+4.7%).

Fund Performance. The Fund gained 1.30% for the month against its benchmark's loss of 1.51%.

Strategy. Lacking further fundamental catalysts, we may see some consolidation in the market as it pushes to test the psychological 7,000 resistance level. We may look to take profits on issues that have outperformed and increase exposure on the financial sector as net interest margins improve in light of the BSP's monetary policy.

NAVPU Graph



Allocation

Portfolio Allocation: Equities 49.71%, Fixed Income 4.88%, Cash and Other Receivables 45.41%

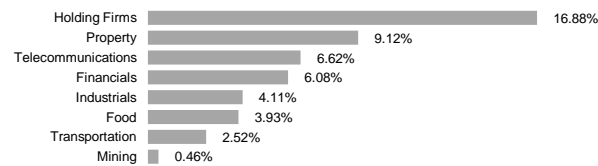
Top Equity Holdings

Name	Main Business	% of Fund
Philippine Long Distance Telephone Co	Telecommunications	6.14
SM Investments Corp	Holding Firms	5.36
Ayala Land Inc	Property	4.31
Ayala Corp	Holding Firms	4.02
Universal Robina Corp	Food	3.06

Top Fixed Income Holdings

Name	Yield (%)	Maturity	% of Fund
Time Deposit		7/1/2014	10.39
BSP Special Deposit Account	1.80	7/9/2014	5.68
BSP Special Deposit Account	1.80	7/8/2014	5.68
BSP Special Deposit Account	1.80	7/7/2014	5.68
BSP Special Deposit Account	1.60	7/1/2014	4.26

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.

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

² The 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.

³ Since Inception

⁴ Average daily NAV for the past three months

⁵ The 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.

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

⁷ External Audit fee as a percentage of 2013 end-year NAV.

* Plan rules are available upon request.