

## 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 07/31/2014

Cumulative Performance (%) <sup>1</sup>	S.I. <sup>3</sup>				
	1 mo	1YR	3YRS	5YRS	S.I. <sup>3</sup>
Fund	0.16	1.44	24.74	79.59	133.58
Benchmark <sup>2</sup>	0.20	2.09	27.82	76.95	137.35

Annualized Performance (%) <sup>1</sup>	S.I. <sup>3</sup>					
	1YR	2YRS	3YRS	4YRS	5YRS	S.I. <sup>3</sup>
Fund	1.44	8.03	7.65	11.95	12.42	9.52
Benchmark <sup>2</sup>	2.09	7.41	8.53	11.18	12.09	9.71

Calendar Year Performance (%) <sup>1</sup>	S.I. <sup>3</sup>					
	YTD	2013	2012	2011	2010	2009
Fund	9.15	1.37	16.08	-0.72	37.39	20.27
Benchmark <sup>2</sup>	8.50	0.94	17.13	2.81	20.41	33.32

### Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	PHP	160.28
Total Fund NAV (Mn)	PHP	3,396.27
Average Daily NAV for the Quarter (Mn) <sup>4</sup>	PHP	3,497.45
Current Number of Holdings		35
Information Ratio <sup>5</sup>		-0.37
Sharpe Ratio <sup>5</sup>		0.06
<b>Statistics (Past 5 Years)</b>	<b>Fund</b>	<b>Benchmark</b>
Annualized Return (% net)	12.42	12.09
Annualized Volatility (%)	13.00	9.09
Portfolio beta	1.27	

### 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 <sup>6</sup>	1.50% per annum / 0.37% per quarter
Custodianship Fee <sup>6</sup>	0.003% per quarter
External Audit Fee <sup>7</sup>	0.004%
Valuation Methodology	Marked-to-Market
External Auditor	Isla Lipana & Co.
Available Through	BPI Branches and <a href="http://www.bpiexpressonline.com">www.bpiexpressonline.com</a>
Trustee	Bank of the Philippine Islands
Third Party Custodian	HSBC, Ltd. (Philippines)
Dealing Cut-Off	2:30 PM

### Manager's Report

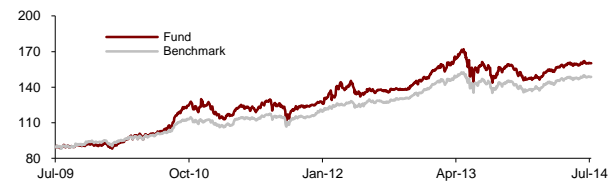
**Market Review.** After a strong start and breaching the 7,000 level, the PSEi quickly consolidated and traded sideways for the remainder of the month. The local bourse finished relatively flat gaining just 0.3% month on month. Net foreign flows have continued to remain positive; however the pace of inflows have notably waned. In fact, July's inflows came in at just over USD1 million, a far cry from the year's average of USD 224 million. Trading volumes were tepid as well due to market holidays and low conviction trading prior to the start of earnings season. Top gainers for the month include GLO (+8.4%) as investors bought into the stock prior to the August dividend and LTG (+8.4%) as investors anticipated positive developments in cutting down on illicit trade. AGI (+9.5%), on the other hand, declined the most, following a club placement between the chairman and select parties.

**Fund Performance.** The Fund gained 0.16% for the month against its benchmark's gain of 0.20%.

**Strategy.** We may see higher volatility in the coming month as earnings results and increasing geopolitical risk in Russia and Gaza drive investor sentiment. Higher-than-expected inflation may also fuel expectations of further increases in the BSP's policy rates.

We will continue to take profits on issues that have outperformed while rotating into issues that have good potential for earnings surprises. The expected volatility this month may also pose an opportunity to increase exposure on undervalued stocks.

### NAVPU Graph



### Allocation

Portfolio Allocation: Equities 50.38%, Fixed Income 36.49% and Cash and Other Receivables 13.13%

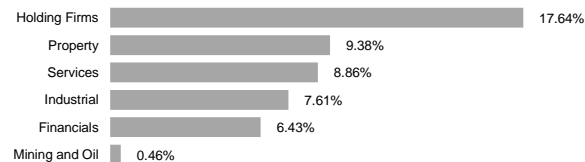
### Top Equity Holdings

Name	Main Business	% of Fund
SM Investments Corporation	Holding Firms	6.03
Philippine Long Distance Telephone Co.	Services	5.53
Ayala Land, Inc.	Property	4.52
Ayala Corporation	Holding Firms	4.10
Bank of the Philippine Islands	Financials	2.83

### Top Fixed Income Holdings

Name	Yield (%)	Maturity	% of Fund
BSP Special Deposit Account	1.80	8/6/2014	5.86
BSP Special Deposit Account	1.80	8/5/2014	5.86
BSP Special Deposit Account	1.80	8/4/2014	5.86
BSP Special Deposit Account	1.80	8/14/2014	4.39
Fixed Rate Treasury Note	2.53	8/18/2018	3.20

### 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.

<sup>1</sup> Returns are net of fees. Past performance is not an indication of future returns.

<sup>2</sup> 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.

<sup>3</sup> Since Inception

<sup>4</sup> Average daily NAV for the past three months

<sup>5</sup> 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.

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

<sup>7</sup> External Audit fee as a percentage of 2013 end-year NAV.

\* Plan rules are available upon request.