

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 10/31/2014

Cumulative Performance (%)¹

	1 mo	1YR	3YRS	5YRS	S.I. ³
Fund	-0.37	3.58	32.58	80.16	139.76
Benchmark ²	-0.40	5.15	34.05	76.50	143.76

Annualized Performance (%)¹

	1YR	2YRS	3YRS	4YRS	5YRS	S.I. ³
Fund	3.58	9.31	9.86	7.10	12.49	9.56
Benchmark ²	5.15	8.11	10.26	8.03	12.03	9.75

Calendar Year Performance (%)¹

	YTD	2013	2012	2011	2010	2009
Fund	12.04	1.37	16.08	-0.72	37.39	20.27
Benchmark ²	11.43	0.94	17.13	2.81	20.41	33.32

Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	PHP	164.52
Total Fund NAV (Mn)	PHP	3,489.00
Average Daily NAV for the Quarter (Mn) ⁴	PHP	3,434.20
Current Number of Holdings		36
Information Ratio ⁵		-0.60
Sharpe Ratio ⁵		0.39

Statistics (Past 5 Years)	Fund	Benchmark
Annualized Return (% net)	12.49	12.03
Annualized Volatility (%)	12.93	8.87
Portfolio beta	1.30	

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 (PSEi) ended October at 7,215.73, slightly lower by 0.93% on a month-on-month basis, as market players adopted a risk-off stance amid external global uncertainties namely the Fed Policy, Euro-zone issues and continued Ebola fears.

Key domestic events had an impact on the performance of the local bourse. The BSP kept key policy and SDA rates at 4.0% and 2.5%, respectively, owing to a slower October inflation of 4.3%. Also, the central bank raised its minimum capital requirements for banks by as much as 300% to avoid contagion in times of crises. Based on the new regulation, the minimum capital level of universal and commercial banks will be tiered according to network size based on the number of branches. Moreover, the BSP also ruled that banks should cap real estate collateral at 60% value from the average of 80%.

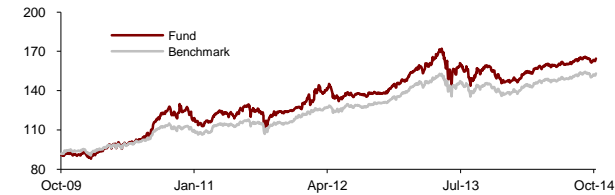
In terms of foreign activity, foreigners were net outflows of US\$540.03 million for the month, a substantial turnaround from US\$11.38 million net inflows registered in September. Average value turnover during the month slipped to Php7.45 million or down by 14.33% from Php8.69 million.

Top stock gainers for the month include BLOOM (+15.13%), JGS (+10.19%) and ICT (+5.07%) while top laggards were LTG (-8.95%), SMC (-6.99%) and AC (-6.76%). In terms of sector, only Services (+3.03%) ended on a positive note while Mining and Oil (-8.32%), Banking (-2.67%) and Property (-1.96%) were the laggards.

Fund Performance. The Fund lost 0.37% for the month against its benchmark's loss of 0.40%.

Strategy. We are maintaining our beta strategy and will continue to stick to large cap issues. We are also looking to deploy cash during marked dips in the market.

NAVPU Graph



Allocation

Portfolio Allocation: Equities 51.42%, Fixed Income 39.19% and Cash and Other Receivables 9.39%

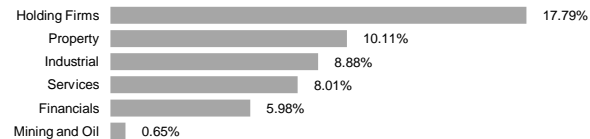
Top Equity Holdings

Name	Main Business	% of Fund
SM Investments Corporation	Holding Firms	6.13
Philippine Long Distance Telephone Co.	Services	4.45
Ayala Land, Inc.	Property	4.25
Ayala Corporation	Holding Firms	3.67
Universal Robina Corp.	Industrial	3.41

Top Fixed Income Holdings

Name	Yield (%) ⁸	Maturity	% of Fund
BSP Special Deposit Account	1.88	11/11/2014	5.72
BSP Special Deposit Account	1.88	11/10/2014	5.72
BSP Special Deposit Account	1.88	11/7/2014	4.29
BSP Special Deposit Account	1.88	11/6/2014	4.29
BSP Special Deposit Account	1.88	11/5/2014	4.29

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 as a percentage of average daily NAV for the quarter

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

⁸ Net of Tax

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