

#### 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 Treasury Bill, net of tax.

#### Figures as of 10/31/2012

##### Cumulative Performance (%)<sup>1</sup>

	1 mo	1YR	3YRS	5YRS	S.I. <sup>3</sup>
Fund	-0.25	10.96	50.78	27.85	100.66
Benchmark <sup>2</sup>	0.75	13.26	46.60	29.73	99.56

##### Annualized Performance (%)<sup>1</sup>

	1YR	2YRS	3YRS	4YRS	5YRS	S.I. <sup>3</sup>
Fund	10.96	4.94	14.67	15.71	5.04	9.62
Benchmark <sup>2</sup>	13.26	7.34	13.60	18.08	5.34	9.54

##### Calendar Year Performance (%)<sup>1</sup>

	YTD	2011	2010	2009	2008	2007
Fund	10.34	-0.72	37.38	20.28	-26.80	11.42
Benchmark <sup>2</sup>	12.64	2.81	20.41	33.32	-22.30	12.06

<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-d T-Bills. Prior to 2009, the Benchmark was 50% PSEI/50% 1-Year T-bills.

<sup>3</sup> Since Inception

#### Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	PHP	137.69
Total Fund NAV (Mln)	PHP	865.57
Current Number of Holdings		18
Information Ratio <sup>4</sup>		(0.27)
Sharpe Ratio <sup>4</sup>		0.80

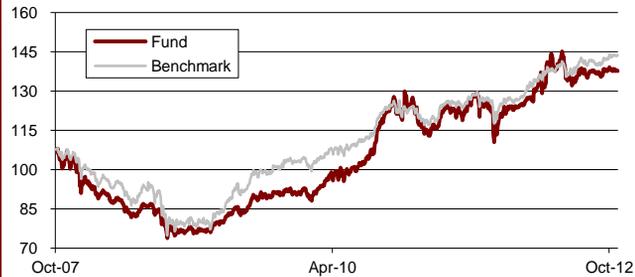
##### Statistics – Past 5 Years

	Fund	Benchmark
Annualized Return (net)	5.04%	5.34%
Annualized Volatility	12.76%	11.99%
Portfolio beta	1.05	

##### 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	
Management/Trust Fee	1.50% per annum / 0.37% per quarter <sup>5</sup>	
Custodianship Fees	0.005% per quarter <sup>5</sup>	
External Audit Fees	0.01% <sup>6</sup>	
Valuation Methodology	Marked-to-Market	
Special Expense <sup>7</sup>	PHP 2,000.00 per annum	
External Auditor	Isla Lipana & Co.	
Receiving Banks	BPI Branches	
Trustee	Bank of the Philippine Islands	
Third Party Custodian	HSBC, Ltd. (Philippines)	
Dealing Cut-Off	2:30 PM	

#### NAVPU Graph



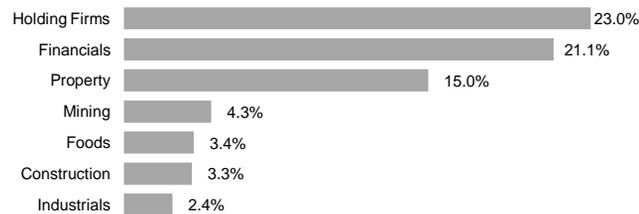
#### Allocation

Portfolio Composition: Equities 72.5%, Cash, Fixed Income and Other Receivables 27.5%

#### Top Equity Holdings

Name	Main Business	% of Fund
DMCI Holdings, Inc.	Holding Firms	10.42%
Ayala Corporation	Holding Firms	8.13%
Bank of the Philippine Islands	Financials	7.61%
Union Bank of the Philippines	Financials	7.56%
Cebu Holdings, Inc.	Property	6.94%
SM Prime Holdings, Inc.	Property	4.48%
GT Capital Holdings, Inc.	Holding Firms	4.41%
Semirara Mining Corporation	Mining	4.29%
Ayala Land, Inc.	Property	3.54%
Megawide Construction Corporation	Construction	3.34%

#### 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 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.

<sup>4</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>5</sup> Trust fees/custodianship fees/audit fees as a percentage of average daily NAV for the quarter.

<sup>6</sup> External Audit fees as a percentage of the end-year NAV.

<sup>7</sup> For publication expense.

#### Manager's Report

**Local Market Review:** For the month of October, the Philippine Stock Exchange index was up by 1.47% as investors decided to expand equity holdings on the back of the country's strong macroeconomic environment. Inflation eased to 3.6% for the month of September from 3.8% the following month, allowing the central bank to further reduce benchmark borrowing rates by 25 basis points to 3.5%. In addition, OFW remittances for the month of August went up by 7.6% year-on-year, a significant uptick from the 5.5% YoY growth registered in July. Foreign investors continued to be net buyers during the month at US\$94.2 million. Market activity was more brisk in October as trade value averaged US\$185.2 million a day, 48.5% higher than the average during September.

The consumer sector was the top-performing counter, returning 10.6% during the month, as investors expected consumer spending to accelerate with the upcoming mid-term elections. Utilities went up by 6.4% MoM, led by Lopez-led power generators FGEN (+11.9%) and EDC (+9.7%) on the back of developments in the completion of the Bacman power plant rehabilitation. Meanwhile, the telecommunication sector lagged, with PLDT declining 4.8% during the month, as the Supreme Court denied the company's motion for reconsideration regarding its issue on foreign ownership limits.

**Fund Performance:** The Fund shed 0.25% during the month against its benchmark's 0.75% gain. Year-to-date, the Fund is up 10.34%.

**Strategy:** We expect the market to continue its upward trend as growth prospects remain intact. Moody's upgraded the Philippines' debt rating to Ba1, catching up with peer ratings, to place the country just a notch below investment grade. In addition, China's manufacturing and industrial data are already showing signs of strength. We are keeping our year-end target of 5,500. Our overweight sectors remain to be consumer, infrastructure, real-estate, and financials.

