



As of June 30, 2011

**Investment Objective**

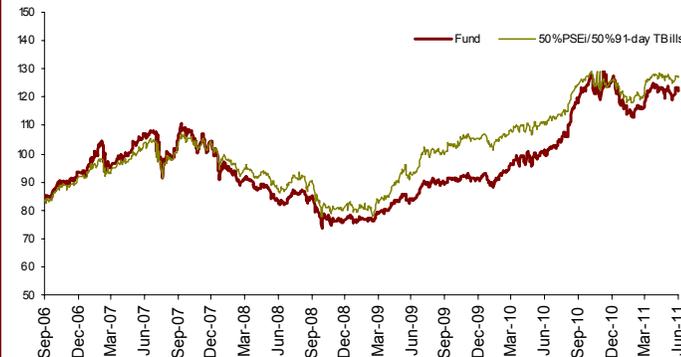
To achieve long-term capital growth derived from a diversified portfolio of equity and fixed-income securities.

**Fund Performance**

Absolute Returns	Fund	Benchmark*
Year-to-Date	-1.97%	1.30%
2010	37.38%	20.41%
2009	20.28%	33.32%
2008	-26.80%	-22.30%
2007	11.42%	12.54%
2006	26.31%	24.19%
5-Year CAGR	10.98%	9.58%

Returns are net of fees. Past performance is not an indication of future returns.  
 \*50% PSEI/50% 91-d TBills. Prior to 2009, benchmark was 50% PSEI/50% 1-Year TBills.  
 PSEI is a barometer of stock price movements in the Philippine Stock Exchange.

**Net Asset Value Per Unit**



**Net Asset Value** PHP 898.86 Million  
**NAV Per Unit (NAVpu)** PHP 123.22  
**Par Value** PHP 100.00

**Fund Manager's Report**

**Monthly Commentary**

The Philippine Stock Exchange index regained its footing in June after disappointing in May. The index increased by 1.1% or 46.57 points to end the first half of the year at 4,291. This could be largely attributed to the two consecutive credit rating upgrades by Fitch and Moody's which affirm the country's macro-economic performance and fiscal progress. Concerns regarding the Greece debt default slightly dissipated after its government approved to carry out austerity measures and as the EU disbursed loans to the country. This eased the overhang for local markets and provided investors a sign of relief and a chance to reconsider risky assets.

Despite an uptick in inflation for June, the market seems to have already priced in inflation expectations as commodity prices continue to decline and stabilize. Though we expect another hike of 25 basis points in key policy rates for the year, we believe rates will not be restrictive and will continue to be supportive of equity prices. Despite the decline in commodity prices, the mining sector continued to show a robust performance, led by Philex Mining Corp. (PX) and Lepanto Consolidated (LC/LCB).

**Strategy**

The market may extend its rally during the second half of the year alongside expectations that the economy will to expand as the government accelerates spending and remittances sustain consumption. Risks to our forecasts are mainly external which include the lingering Greek debt crisis, the ongoing debate on US sovereign debt ceiling, and the possible spike in oil prices. These short term headwinds are likely to cause volatility but should not distract us from the more important headline which is the renewed confidence in the economic performance. We maintain our overweight position in equities with preference for issues related to infrastructure development, energy, and mining.

**Risk Disclosure**

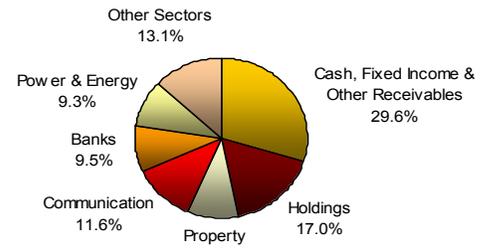
The Fund is suitable for investors who take medium- to long-term views. As a marked-to-market UITF, the Fund's net asset value and total return may fall as well as rise as a result of stock prices and interest rates movements. On redemption of units, an investor may receive an amount less than the original amount of investment.

**Fund Facts**

Structure	Unit Investment Trust Fund
Fund Type	Balanced Fund
Client Suitability	Suitable for investors with an aggressive risk profile
Base Currency	Philippine Peso
Minimum Initial Investment <sup>1</sup>	PHP 10,000.00
Minimum Transaction <sup>1</sup>	PHP 1,000.00
Minimum Holding Period	90 calendar days
Early Redemption Fee	0.50%
Trust Fees	1.50% per annum 0.37% per quarter <sup>2</sup>
Custodianship Fees <sup>3</sup>	0.001%
External Audit Fees <sup>4</sup>	0.01%
Special Expense <sup>5</sup>	PHP 2000.00 per annum
Valuation Methodology	Marked-to-Market
Trustee	Bank of the Philippine Islands
Available Thru	Bank of the Philippine Islands Branches
Custodian	HSBC
External Auditor	Isla Lipana & Co.
Dealing	Daily up to 12 noon
Bloomberg Ticker	BPIEQBL

<sup>1</sup>Contribution rounded down/ redemption rounded off to the nearest whole unit.  
<sup>2</sup>Trust fees paid for the quarter as a percentage of average daily NAV for the quarter.  
<sup>3</sup>Custodianship fees billed for the quarter as a percentage of average daily NAV for the quarter.  
<sup>4</sup>External Audit fees as a percentage of end-year 2009 NAV.  
<sup>5</sup>For publication expense.

**Portfolio Composition**



**Top 10 Equity Holdings**

	% of Fund
Digital Telecom Phils. Inc.	6.1%
Philippine Long Distance Tel. Company	5.5%
PNOC Energy Development Corporation	5.4%
Metro Pacific Investments Corporation	4.9%
Ayala Land, Inc.	3.8%
Alliance Global Group Inc	3.5%
Metropolitan Bank and Trust Company	3.5%
Ayala Corporation	3.3%
Banco de Oro Universal Bank	3.3%
Aboitiz Power Corporation	3.1%

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

**Risk Characteristics**

Risk Measures	Past 12 Months			
	Past 360 Days	Low	High	Average
Volatility, Past 360 Days	12.64%	10.33%	13.73%	12.25%
Information Ratio, Past 360 Days	0.64			

Volatility measures the fluctuations in NAVpu. The higher the number, the higher the potential gain or loss. Information ratio evaluates reward-to-risk efficiency relative to the benchmark. The higher the number, the higher the reward per unit of risk.