



# BPI Balanced Fund

As of March 31, 2011

## Investment Objective

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

## Fund Performance

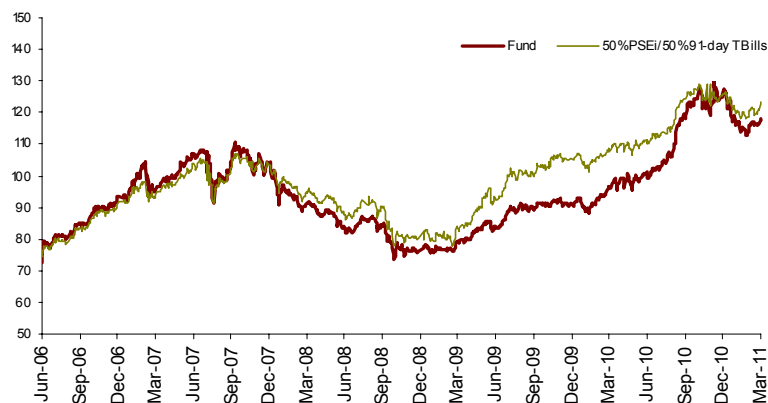
Absolute Returns	Fund	Benchmark*
Year-to-Date	-5.93%	-1.62%
2010	37.38%	20.41%
2009	20.28%	33.32%
2008	-26.80%	-22.30%
2007	11.42%	12.54%
2006	26.31%	24.19%
5-Year CAGR	8.76%	8.79%

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**  
**NAV Per Unit (NAVpu)**  
**Par Value**

**PHP 747.67 Million**  
**PHP 118.25**  
**PHP 100.00**

## Fund Manager's Report

### Monthly Commentary

The Philippine Stock Exchange index (PSEi) rallied during the month to 4,055.14, up by 288.41 points or +8.0% month-on-month, primarily on the back of the acquisition by index heavy-weight PLDT of a 51.55% stake in Digitel. The deal brought the PSEi to -3.0% year-to-date from -10.34% at the end of February. After two months of net selling, foreign investors finally started coming back to the local market and began buying across the board, signaling renewed confidence in Philippine assets. Economic news was also supportive of the market - the government reported a budget surplus of \$311.62 million for January 2011 while the country's exports surged 11.8% year-on-year. The Bangko Sentral ng Pilipinas, on the other hand, raised its overnight borrowing rate to 4.25% from a record-low of 4.0% during the month. In our view, policy rates - though expected to move higher - will remain accommodative given the uncertainties in the Middle East and North Africa (MENA) region and their effect to global growth.

### Strategy

Over a twelve-month period, we expect equity prices to tread higher as the country's fundamentals remain intact. Gross domestic product is expected to grow by 5%-5.5% for 2011, slightly lower than the earlier target of 7%-8% but still above trend. Inflation, although expected to pick-up will remain within the bounds targeted by monetary authorities. Price movements are still seen to be well-behaved despite the spike in global food and oil prices. Corporate earnings growth remains to be positive this year albeit at a slower pace of 10%-15%. Overall market sentiment continues to be upbeat. Primary risk to our forecast is wayward inflation triggered by upsurge in oil and local food prices.

### 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>	0.02%
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 Branche:
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.

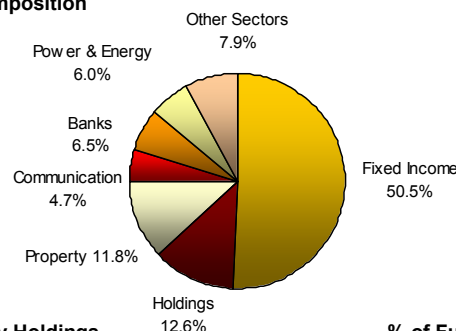
<sup>2</sup>Trust fees paid for the quarter as a percentage of average daily NAV for the quarter.

<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 2008 NAV.

<sup>5</sup>For publication expense.

## Portfolio Composition



## Top 10 Equity Holdings

Philippine Long Distance Tel. Company	4.7%
Alliance Global Group Inc	3.9%
Ayala Land, Inc.	3.7%
PNOC Energy Development Corporation	3.4%
Metropolitan Bank and Trust Company	3.3%
International Container Terminal Services Inc	2.9%
DMCI Holdings Inc	2.8%
Aboitiz Power Corporation	2.7%
Semirara Mining Corporation	2.6%
Ayala Corporation	2.5%

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 Da	Low	High	Average
Volatility, Past 360 Days	13.70%	9.03%	13.73%	11.50%
Information Ratio, Past 360 Days	0.66			

BPI Balanced Fund is a Unit Investment Trust Fund (UITF) and not a bank deposit product. It is not guaranteed by BPI nor by the Philippine Deposit Insurance Corporation (PDIC). As such, units of participation of the investor in the UITF, when redeemed, may be worth more or worth less than his/her initial investment/contributions. Due to the nature of the investments, yield and potential yields cannot be guaranteed. Any income or loss arising from market fluctuations and price volatility of the securities held by the UITF, even if invested in government securities, is for the account of the investor. Historical performance, when presented, is purely for reference purposes and is not a guarantee of future results. The Trustee is not liable for losses, unless upon willful default, bad faith or gross negligence. For the purpose of lodging, clearing, settlement, and delivery of securities in the Fund, the Trustee is authorized to avail of the services of third party institutions such as but not limited to custodians which the Trustee may change or replace without prior notice to or approval from the investors. The Trustee will not be responsible for any loss or damage suffered by the Fund as a result of the third parties' willful default, gross negligence, or evident bad faith. Investors are advised to read the Declaration of Trust for the Fund, which may be obtained from the office of the Trustee, before deciding to invest. For inquiries, please call: (632) 845-5080, (632) 845-5087 or (632) 816-9053, email bpi\_trust@bpi.com.ph or visit www.bpiexpressonline.com.