

#### 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 08/31/2012

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

	1 mo	1YR	3YRS	5YRS
Fund	-0.01	9.87	50.17	36.55
Benchmark <sup>2</sup>	-0.99	10.46	43.38	35.00

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

	1YR	2YRS	3YRS	4YRS	5YRS
Fund	9.87	13.71	14.51	12.28	6.43
Benchmark <sup>2</sup>	10.46	11.59	12.76	11.08	6.19

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

	YTD	2011	2010	2009	2008	2007
Fund	10.05	-0.72	37.38	20.28	-26.80	11.42
Benchmark <sup>2</sup>	9.94	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.

#### Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	PHP	137.33
Total Fund NAV (Mln)	PHP	871.99
Current Number of Holdings		17
Information Ratio <sup>3</sup>		(0.06)
Sharpe Ratio <sup>3</sup>		0.57

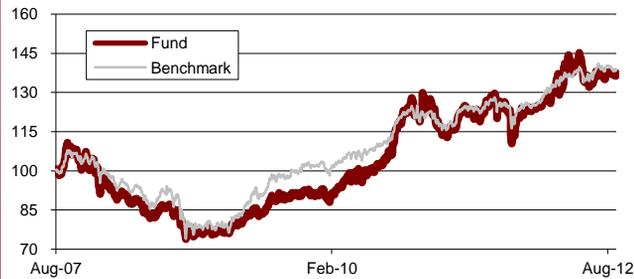
##### Statistics – Past 5 Years

	Fund	Benchmark
Annualized Return (net)	6.43%	6.19%
Annualized Volatility	13.05%	12.15%
Portfolio beta	1.06	

##### 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>4</sup>	
Custodianship Fees	0.005% per quarter <sup>4</sup>	
External Audit Fees	0.01% <sup>5</sup>	
Valuation Methodology	Marked-to-Market	
Special Expense <sup>6</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



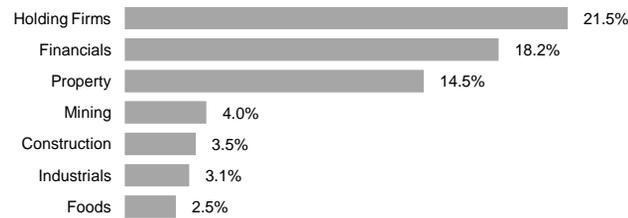
#### Allocation

Portfolio Composition: Equities 67.3%, Cash, Fixed Income and Other Receivables 32.7%

#### Top Equity Holdings

Name	Main Business	% of Fund
DMCI Holdings, Inc.	Holding Firms	9.81%
Cebu Holdings, Inc.	Property	7.73%
Union Bank of the Philippines	Financials	7.53%
Ayala Corporation	Holding Firms	7.27%
Bank of the Philippine Islands	Financials	6.99%
GT Capital Holdings, Inc.	Holding Firms	4.43%
Semirara Mining Corporation	Mining	3.97%
SM Prime Holdings, Inc.	Property	3.75%
The Philippine Stock Exchange, Inc.	Financials	3.64%
Megawide Construction Corporation	Construction	3.45%

#### 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>3</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>4</sup>Trust fees/custodianship fees/audit fees as a percentage of average daily NAV for the quarter.

<sup>5</sup>External Audit fees as a percentage of the end-year NAV.

<sup>6</sup>For publication expense.

#### Manager's Report

**Local Market Review:** For the month of August, the local main-share index lost 2.1% as foreign investors sold down the market due to fears of a slowing global economic recovery. This was the first month this year that foreign investors turned net sellers. Foreign outflow for the month of August amounted to US\$68 million, compared to a US\$503 million net inflow for the month prior. Top foreign sold stocks were Metrobank, which had a net foreign outflow of US\$57 million, and Meralco with a net foreign outflow of US\$25 million, as their weights were reduced in the MSCI rebalancing done for the month of August.

The Philippine economy as a whole grew by 5.9% year-on-year for the 2<sup>nd</sup> quarter of 2012, faster than the market consensus of 5.5% YoY, and slower than 1st quarter's growth of 6.3%. This brings the first half GDP figure at 6.1% YoY, slightly higher than the government's full-year target of 5-6% YoY. Consequently, first half corporate earnings results proved to be healthy, growing by 15% YoY collectively. The property sector and banks showed outstanding bottom-line results, growing by 37% YoY and 23% YoY respectively.

**Fund Performance:** The Fund shed 0.01% during the month against its benchmark's -0.99%. Year-to-date, the Fund is up 10.05%.

**Strategy:** We expect the market to reach 5,500 by year-end 2012. The market could be buoyed by launches and biddings for the Public-Private-Partnership projects of the government set for the second half of this year. With this said, we hold an overweight position on the infrastructure sector, primarily on the PPP proponents. In addition, we prefer to be invested in banks and the property sector as we expect them to continue benefiting from the low interest rate regime. We are also looking towards building a larger position in consumer stocks as consumption spending would increase with the holidays and upcoming elections early next year.

