

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 05/31/2012

Cumulative Performance (%)¹

| | 1 mo | 1YR | 3YRS | 5YRS |
|------------------------|-------|-------|-------|-------|
| Fund | -5.76 | 10.37 | 60.61 | 29.62 |
| Benchmark ² | -1.00 | 10.69 | 57.06 | 31.33 |

Annualized Performance (%)¹

| | 1YR | 2YRS | 3YRS | 4YRS | 5YRS |
|------------------------|-------|-------|-------|-------|------|
| Fund | 10.37 | 16.55 | 17.11 | 11.20 | 5.33 |
| Benchmark ² | 10.69 | 13.87 | 16.24 | 9.94 | 5.60 |

Calendar Year Performance (%)¹

| | YTD | 2011 | 2010 | 2009 | 2008 | 2007 |
|------------------------|------|-------|-------|-------|--------|-------|
| Fund | 8.13 | -0.72 | 37.38 | 20.28 | -26.80 | 11.42 |
| Benchmark ² | 8.51 | 2.81 | 20.41 | 33.32 | -22.30 | 12.06 |

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

³ Since inception

Key Figures and Statistics

| | | |
|----------------------------------|-----|--------|
| Net Asset Value per Unit (NAVPU) | PHP | 134.93 |
| Total Fund NAV (Mln) | PHP | 794.10 |
| Current Number of Holdings | | 17 |
| Information Ratio ⁴ | | (0.03) |
| Sharpe Ratio ⁵ | | 0.57 |

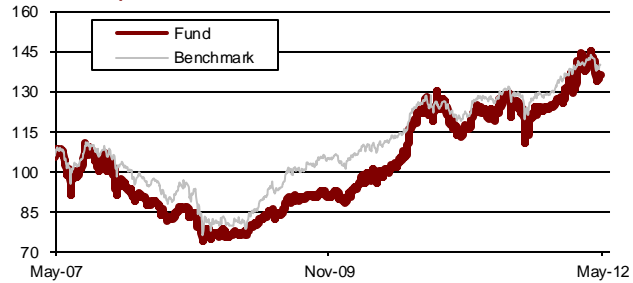
Statistics – Past 5 Years

| | Fund | Benchmark |
|-------------------------|--------|-----------|
| Annualized Return (net) | 5.33% | 5.60% |
| Annualized Volatility | 13.62% | 12.62% |
| 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 Holding Period | 90 calendar days | |
| Minimum Initial Investment ⁶ | PHP | 10,000.00 |
| Minimum Transaction ⁶ | PHP | 1,000.00 |
| Early Redemption Fee | 0.50% | |
| Management/Trust Fee | 1.50% per annum / 0.37% per quarters | |
| Custodianship Fees | 0.001% per quarters | |
| External Audit Fees | 0.01% ⁷ | |
| Valuation Methodology | Marked-to-Market | |
| Special Expense ⁸ | 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



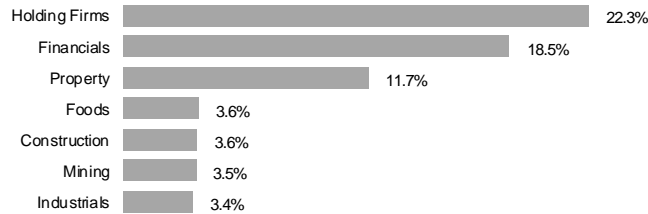
Allocation

Portfolio Composition: Equities 66.7%, Cash, Fixed Income and Other Receivables 33.3%

Top Equity Holdings

| Name | Main Business | % of Fund |
|-----------------------------------|---------------|-----------|
| DMCI Holdings, Inc. | Holding Firms | 9.98% |
| Union Bank of the Philippines | Financials | 9.67% |
| Cebu Holdings, Inc. | Property | 8.37% |
| Ayala Corporation | Holding Firms | 8.05% |
| Bank of the Philippine Islands | Financials | 5.68% |
| GT Capital Holdings, Inc. | Holding Firms | 4.30% |
| Jollibee Foods Corporation | Foods | 3.63% |
| Megawide Construction Corporation | Construction | 3.57% |
| Semirara Mining Corporation | Mining | 3.49% |
| SM Prime Holdings, Inc. | Property | 3.37% |

Sector Holdings (Equity Portion)



Any prospective investments 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.

⁴ 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.

⁵ Contribution rounded down/ redemption rounded off to the nearest whole unit.

⁶ Trust fees/custodianship fees/audit fees as a percentage of average daily NAV for the quarter.

⁷ External Audit fees as a percentage of the end-year NAV.

⁸ For publication expense.

Manager's Report

Local Market Review: As of end-May, the Philippine Stock Exchange index was down by 2.14% against the previous month's close. Markets deemed this development as a technical correction given that the market was already up by 19% for the first four months of the year. The market oscillated within a wide trading range, reaching a new all-time high of 5,300 on May 3, then falling by almost 10% to touch an intra-month low of 4,864. The index closed the month at 5,091.23. Turnover volume was slightly higher at US\$155 million, compared to the US\$130 million of the prior month, attributable to the MSCI rebalancing where DMC was added, and the weight of MER in the index was reduced. Foreign investors were net sellers by US\$180 million for May.

The correction was across most sectors. Most badly hit was the mining sector which was down -12.3%, after mining companies reported disappointing first quarter income results. Conglomerates was the only sector with positive returns (+0.26%) for the month. The industry proved to be resilient as holding companies (AC +10.65%, MPI +5.75% MoM) are expected to benefit from the rollout the PPP (Public-Private Partnership) projects.

The market reacted to a mixed bag of news. Dispute between the Philippines and China over the Scarborough Shoal, and persistent negative news coming from the European region prompted investors to book some profits. The outlook upgrade of Moody's from stable to positive, the surprising GDP figure of 6.4% for the 1st quarter (against the market consensus of 4.5% to 5%), and the end of Chief Justice Renato Corona's impeachment trial induced investors to buy on dips.

Fund Performance: The Fund returned -5.76% during the month against its benchmark's -1.00%. Year-to-date, the Fund is up 8.13%.

Strategy: Going forward we can expect the market to take its cue on developments in Europe, primarily on the upcoming Greek elections for the month of June. The next market support is at 5,000. We are still bullish on the rate cyclical sectors such as the banking and real estate industries. We are also heavy on conglomerates who are actively bidding for the PPP projects.

