



As of May 31, 2011

**Investment Objective**

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

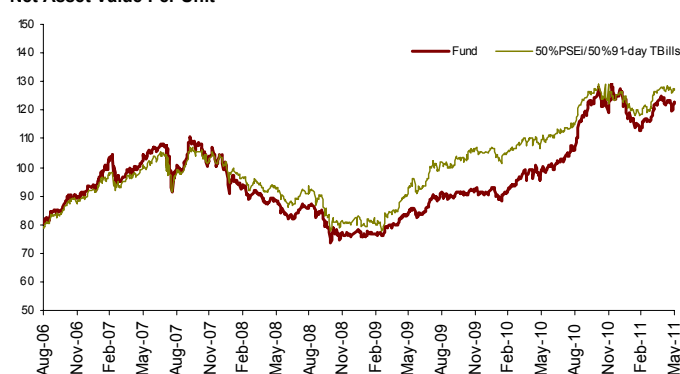
**Fund Performance**

Absolute Returns	Fund	Benchmark*
Year-to-Date	-2.74%	0.71%
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	9.34%	8.77%

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 858.39 Million**  
**PHP 122.25**  
**PHP 100.00**
**Fund Manager's Report**
**Monthly Commentary**

The Philippine Stock Exchange index faltered in the month of May, mainly due to external factors including the unfolding debt crisis in Europe, soft patches in US economic growth and rising commodity prices, leading investors to decrease exposures to risky assets. The local bourse shed 74.87 points or -1.73% to end the month at 4,244.64.

On the local economic scene, 1Q11 GDP growth came out at 4.9%, slightly below expectations of 5.1% and not as robust as the 7.9% posted a year ago. While we acknowledge that achieving a 5-5.5% above trend growth may not be as easy compared to last year, we have not fully discounted the possibility and we think that an above-trend growth is still in the cards.

In corporate news, San Miguel Corp. (SMC) completed its \$900 million share sale earlier in the month. SMC intends to use most of the proceeds for its diversification strategy, specifically in investments in infrastructure. Meanwhile, Philex Mining Corp. (PX) bought a 5% stake in Lepanto Consolidated Mining Company (LC) worth Php1.43 billion. The company stated that this acquisition will provide them an indirect interest in the Far Southeast Gold Project. It is worthy to note that the Mining sector significantly outperformed in May.

**Strategy**

We expect the market to consolidate and investors likely to be cautious over the short term. Overall, we expected equities to outperform fixed income which bodes well for our strategy to maintain an overweight exposure in equities. We also note that stock selection becomes even more important as growth is not the same across all sectors. The economy's fundamental story is intact and a 4,600-4,800 PSEI level in the next 6-12 months is possible.

**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 Branches
Custodian	HSBC
External Auditor	Isla Lipana & Co.
Dealing	Daily up to 12 noon
Bloomberg Ticker	BPIEQBL

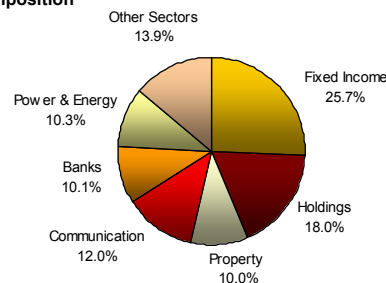
<sup>1</sup>Contribution rounded down/ redemption rounded off to the nearest whole unit.

<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 2008 NAV.

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

**Portfolio Composition**

**Top 10 Equity Holdings**

Digital Telecom Phils. Inc.	6.5%
PNOC Energy Development Corporation	5.9%
Philippine Long Distance Tel. Company	5.5%
Metro Pacific Investments Corporation	4.8%
Ayala Land, Inc.	3.9%
Banco de Oro Universal Bank	3.7%
Metropolitan Bank and Trust Company	3.6%
Aboitiz Power Corporation	3.5%
Ayala Corporation	3.4%
Alliance Global Group Inc	3.4%

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 Day	Low	High	Average
Volatility, Past 360 Days	12.66%	10.33%	13.73%	12.07%
Information Ratio, Past 360 Days	0.63			

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.