

BPI Philippine Equity Index Fund

A Unit Investment Trust Fund of the Bank of the Philippine Islands



Investment Objective

The Fund aims to track the performance of the Philippine Stock Exchange Composite index (PSEi). The Fund shall substantially invest in stocks comprising the PSEi using the same weights as in the index.

Figures as of 06/30/2014

Cumulative Performance (%)¹

	1 mo	1YR	S.I. ⁴
Fund	2.81	5.29	-7.58
PSEi ²	2.96	5.86	-5.93
PSEi (Total Return) ³	3.04	8.35	-3.48

Annualized Performance (%)¹

	1YR
Fund	5.29
PSEi ²	5.86
PSEi (Total Return) ³	8.35

Calendar Year Performance (%)¹

	YTD	2013 ⁵
Fund	16.66	-
PSEi ²	16.21	-
PSEi (Total Return) ³	17.99	-

Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	PHP	92.42
Total Fund NAV (Mn)	PHP	5,974.46
Average Daily NAV for the Quarter (Mn) ⁶	PHP	5,918.66
Current Number of Holdings		31
Statistics (Past 1 Year)		
Annualized Return (% net)	Fund	Benchmark
	5.29	5.86
Annualized Volatility (%)	22.12	22.31
Portfolio beta	0.99	
Tracking Error (%) ⁷	2.27	

General Information

Launch Date	May 20, 2013
Fund Structure	Unit Investment Trust Fund
Fund Classification	Index Tracker Equity Fund
Fund Currency	Philippine Peso
Minimum Initial Investment	PHP 10,000.00
Minimum Transaction	PHP 1,000.00
Minimum Holding Period	None
Days to Settlement (Contribution)	Day 1 End-of-Day
Days to Settlement (Redemption)	Day 4 5:00 PM
Trust Fee ⁸	1.50% per annum / 0.37% per quarter
Custodianship Fee ⁸	0.00% per quarter
External Audit Fee ⁹	-
Valuation Methodology	Marked-to-Market
External Auditor	Isla Lipana & Co.
Available Through	BPI Branches and www.bpiexpressonline.com
Trustee	Bank of the Philippine Islands
Third Party Custodian	HSBC, Ltd. (Philippines)
Dealing Cut-Off	2:30 PM

Manager's Report

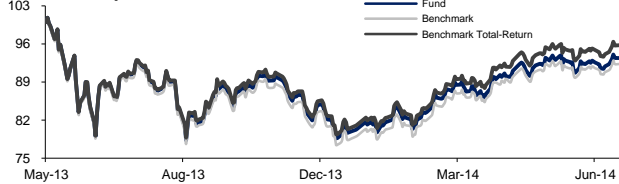
Market Review: The local equity market surged in June, rising 196.66 points or 2.96%, as bargain hunters came in after May's sell down. Investor sentiment turned risk-on following the Fed's dovish stance and the BSP's decision to keep policy rates unchanged. Foreign inflows continued (+USD 46.5 million) with strong interest in large cap names and banks bringing year to date foreign inflows to USD 1 billion. Philex (+29.2%) and First Gen (+10.7%) were the month's top index gainers after PX's suspension of mining operations was lifted and FGEN's natural gas plants came back online. Other market movers include TEL (+6%), BPI (+7.7%), SM (+3.8%), BDO (+5.8%), and MBT (+4.7%).

Lacking further fundamental catalysts, we may see some consolidation in the market as it pushes to test the psychological 7,000 resistance level. We may look to take profits on issues that have outperformed and increase exposure on the financial sector as net interest margins improve in light of the BSP's monetary policy.

Fund Performance. The Fund gained 2.81% for the month compared to its benchmark's 2.96%.

Strategy. The Fund will continue to track the Philippine Stock Exchange index (PSEi).

NAVPU Graph



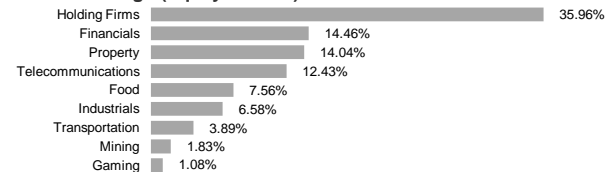
Allocation

Portfolio Allocation: Equities 97.83%, Cash, Fixed Income and Other Receivables 2.17%

Top Equity Holdings

Name	Main Business	% of Fund
Philippine Long Distance Telephone Co	Telecommunications	10.85%
SM Investments Corp	Holding Firms	9.64%
Ayala Land Inc	Property	7.30%
Bank of the Philippine Islands	Financials	5.65%
Universal Robina Corp	Food	5.00%
Ayala Corp	Holding Firms	4.98%
BDO Unibank Inc	Financials	4.85%
Aboitiz Equity Ventures Inc	Holding Firms	4.59%
JG Summit Holdings Inc	Holding Firms	4.37%
Alliance Global Group Inc	Holding Firms	4.14%

Sector Holdings (Equity Portion)



Any prospective investment shall be limited to the type of investments described in the Declaration of Trust for the Fund. The Declaration of Trust is available upon request.

Risk Disclosure

The Fund is suitable for investors with an aggressive risk profile, or for those who take 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. The Fund's net asset value, and total return may fluctuate as result of stock price movements. On redemption of shares, an investor may receive an amount less than the original amount of investment. Liquidity risk also needs to be taken into account.

¹ Returns are net of fees. Past performance is not an indication of future returns.

² The fund tracks the Philippine Stock Exchange index.

³ The PSE Total Return Index measures the performance of the PSEi based on price appreciation and dividends issued by constituent stocks.

⁴ Since inception

⁵ The Fund was launched on May 20, 2013. The return from May 20, 2013 to December 31, 2013 is -20.8%.

⁶ Average daily NAV for the past three months

⁷ Tracking error is the measure of deviation between the Fund's returns and the benchmark returns. It is computed as the annualized standard deviation of monthly returns as against the benchmark over three year periods. A lower number means the Fund's return is closely aligned with the benchmark.

⁸ Trust fee/custodianship fee as a percentage of average daily NAV for the quarter

⁹ Shall be computed as a percentage of the end-year NAV; first external audit of the Fund will be for the year ending 2013

* Plan rules are available upon request.