

# BPI Global Philippine Fund

June 30, 2010

BPI ASSET MANAGEMENT is backed by years of leadership in trust and investment management, with over PHP480 billion in total assets under management.

## Investment Objective

To achieve investment returns by investing primarily in foreign currency-denominated fixed-income instruments issued by the Philippine government, corporations and financial institutions.

## Fund Performance

Absolute Returns	Fund	3-Month U.S. Treasury Bills
Year-to-date	3.31%	0.05%
2009	9.76%	0.15%
2008	2.17%	1.80%
2007	4.93%	4.67%
2006	5.85%	4.64%
2005	5.60%	2.77%

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

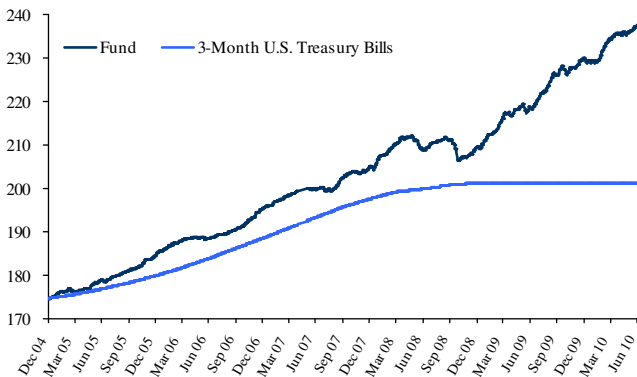
## Fund Manager's Report

Philippine USD-denominated ROP prices increased by 0.30% causing yields to decline by an average of 11 bps for the month of June. Positive sentiment over the domestic economy came about as expectations for relatively benign inflation moving forward and the resiliency of overseas remittances overshadowed the market's concerns over the budget deficit. The government had already incurred in just the first five months of the year a PHP162.1Bn shortfall, higher than its PHP145.2Bn deficit target for 1H 2010.

The smooth turnover of the presidency to the next administration may have also lent support for local bids for the country's dollar-denominated debt. The Philippines may have also benefited from the positive outlook given by Moody's on the sovereign credit rating of Indonesia. Given renewed fears of a possible double-dip recession in the US, expectations for a rate hike by the Federal Reserve have been pushed back from the second half of this year to 2Q 2011.

Against this backdrop, the Fund outperformed its benchmark, and we continue to seek new investment outlets to diversify the Fund's portfolio.

## Net Asset Value Per Unit



**Net Asset Value, end-of-quarter** USD 87.96 Million  
**NAV Per Unit (NAVPU)** USD 237.51  
**Par Value** USD 100.00

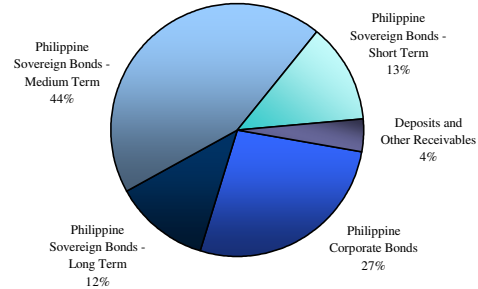
## Risk Disclosure

The Fund is suitable for investors who take medium to long-term views. As a marked-to-market UITF, the Fund's yield, net asset value, and total return may fall as well as rise as a result of interest rate movements and the changes in credit quality of the investments. On redemption of units, an investor may receive an amount less than the original amount of the investment.

## Risk Management

In accordance with the provisions in the Declaration of Trust, the Fund implements a risk management policy that applies the principles of Value-at-Risk (VAR). VAR is a measure of the portfolio's maximum potential loss and is computed based on price volatility and market value of the investment portfolio. The Fund's risk management policy prescribes a dynamic volatility band, such that if the volatility of the Fund's investments as reflected in the NAVPU exceeds the volatility band, adjustments are made for the collective interest of the participants. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks.

## Portfolio Composition



Average Credit Rating: Ba3 (Moody's) / BB- (S&P)

## Top 10 Holdings

Security	Yield	Maturity	% of Fund
Republic of the Philippines Bonds	8.250%	01/15/2014	17.1
Republic of the Philippines Bonds	8.375%	02/15/2011	12.9
Republic of the Philippines Bonds	8.875%	03/17/2015	11.8
Republic of the Philippines Bonds	9.000%	02/15/2013	11.0
SM Investments Corp. Bonds	6.000%	09/22/2014	10.8
Universal Robina Corp. Bonds	8.250%	01/20/2012	5.1
Republic of the Philippines Bonds	8.750%	10/07/2016	4.0
Retail Treasury Bond	2.8750%	04/29/2013	3.9
Republic of the Philippines Bonds	8.000%	01/15/2016	3.1
JG Summit Corporate Bonds	8.00%	01/18/2013	3.0

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			
	Jun 30, 2010	Low	High	Average
Duration	3.12	2.44	3.66	3.14
Volatility, Past 360 Days	1.44%	1.32%	1.54%	1.44%
Sharpe Ratio, Past 360 Days	5.98			

Duration measures the sensitivity of NAVPU to interest rate movements. As interest rates rise, bond prices fall. The higher the duration, the more NAVPU will fluctuate in relation to changes in interest rates. Volatility measures the fluctuations in NAVPU. The higher the number, the higher the potential gain or loss. Sharpe ratio evaluates reward-to-risk efficiency. The higher the number, the higher the reward per unit of risk.

## Fund Facts

Launch Date	August 30, 1994
Structure	Unit Investment Trust Fund
Fund Type	Medium Term Bond Fund
Client Suitability	The Fund is suitable for investors with at least a moderately conservative risk profile.
Base Currency	US Dollar
Minimum Investment	USD 1,000.00
Minimum Additional	USD 200.00
Minimum Holding Period	30 calendar days
Early Redemption Fee	0.25%
Trust Fees <sup>1</sup>	1.00% per annum 0.26% per quarter
Custodianship Fees <sup>2</sup>	0.003%
External Audit Fees <sup>3</sup>	0.02% per quarter
Valuation Methodology	Mark-to-Market
Trustee and Fund Manager	Bank of the Philippine Islands
Available Thru	Bank of the Philippine Islands Branches
Custodians	HSBC and Bank of New York
Dealing	Daily up to 12 noon
Bloomberg Ticker	BPIGLPH PM

<sup>1</sup>Trust fees paid for the quarter as a percentage of average daily NAV for the quarter.

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

<sup>3</sup>External Audit fees as a percentage of end-year 2008 NAV.

BPI Global Philippine 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.