

## BPI Global Philippine Fund

October 31, 2010

BPI ASSET MANAGEMENT is backed by years of leadership in trust and investment management, with over PHP490 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	7.56%	0.11%
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%

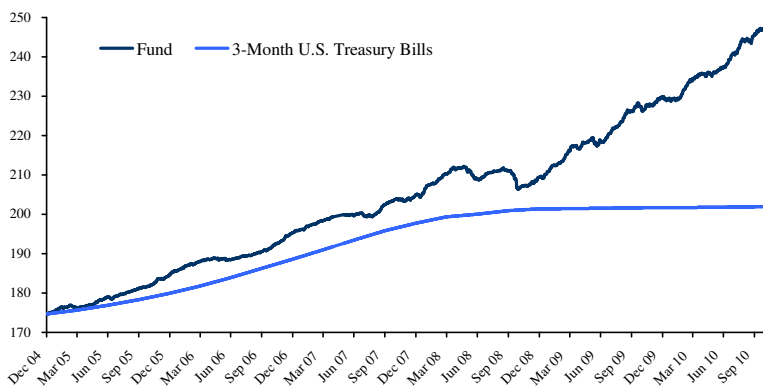
Returns are net of fees. Past performance is not an indication of future returns.

### Fund Manager's Report

Philippine USD-denominated ROP bond prices dropped by half a percent towards month-end as investors chose to stay on the sidelines while waiting for further details about the Federal Reserve's second round of quantitative easing (QE2). Particulars of the program, including the amount of asset purchases to be made by the Fed, were expected to be announced during the policy body's November 4 meeting. New issuances that offer higher yields over Philippine sovereigns such as the Petron Global Peso Note likewise took their toll on ROP bonds. China's unexpected interest rate hike also raised caution over a possible slowdown of the global economy's recovery. The sudden 25-bp hike in China's lending rates raised speculation on whether this was just a one-time rate hike or the start of a series of monetary tightening measures.

However, positive developments in the domestic economy, including news that the Philippine government incurred a 9-month budget deficit of PHP259Bn—well within target—and the continued low inflationary environment, provided stability to prices of dollar-denominated bonds. These were also reflected in the narrowing of the 5-year CDS spreads by 7 points down to the 131 levels.

### Net Asset Value Per Unit



**Net Asset Value, end-of-quarter** USD 98.27 Million  
**NAV Per Unit (NAVPU)** USD 247.27  
**Par Value** USD 100.00

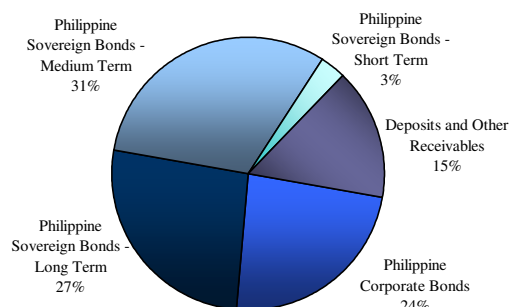
### Risk Disclosure

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	Term	% of Fund
Republic of the Philippines Bonds	8.250%	01/15/2014	9.9
Republic of the Philippines Bonds	9.000%	02/15/2013	9.7
Republic of the Philippines Bonds	8.875%	03/17/2015	7.8
Republic of the Philippines Bonds	4.950%	01/15/2021	5.0
SM Investments Corp. Bonds	6.000%	09/22/2014	4.9
Universal Robina Corp. Bonds	8.250%	01/20/2012	4.5
Republic of the Philippines Bonds	6.500%	01/20/2020	4.2
SM Investments Corp. Bonds	5.500%	10/13/2017	4.1
Multicurrency Retail Treasury Bond	2.8750%	04/29/2013	4.0
BPI Certificate of Deposit		12/01/2010	3.5

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			
	Oct 31, 2010	Low	High	Average
Duration	3.61	2.75	3.72	3.27
Volatility, Past 360 Days	1.49%	1.37%	1.54%	1.47%
Sharpe Ratio, Past 360 Days	6.08			

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 Initial Investment	USD 500.00
Minimum Transaction	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.