

## BPI Global Philippine Fund

December 31, 2010

BPI ASSET MANAGEMENT is backed by years of leadership in trust and investment management, with about PHP490 billion in total assets under management.

### Investment Objective

To achieve capital appreciation and income derived from a diversified portfolio of 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
2010	6.53%	0.14%
2009	9.76%	0.15%
2008	2.17%	1.80%
2007	4.93%	4.67%
2006	5.85%	2.64%
2005	5.60%	2.77%

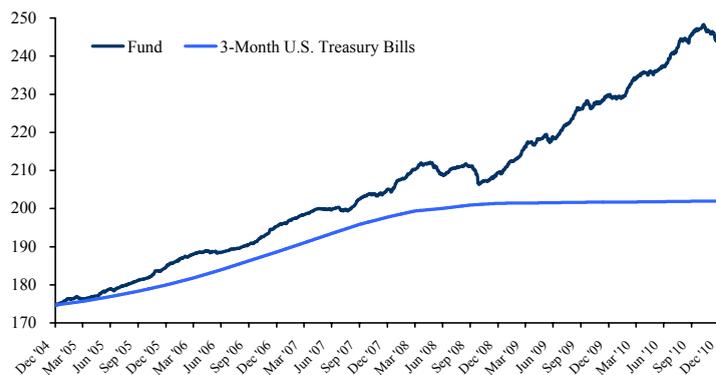
Returns are net of fees. Past performance is not an indication of future returns.

### Fund Manager's Report

Philippine capital markets had a notable year in 2010 as it was a year of many firsts for the government, following the issuance of its first multi-currency Retail Treasury Bonds and its first Global Peso Notes, and the conduct of its first dollar debt swap. All these forays into deepening the global bond markets, coupled with the fiscal discipline espoused by the new administration, culminated with the Philippines receiving a one-notch sovereign credit upgrade from Standard & Poor's, the first from the rating agency in five years. As a result, Philippine USD-denominated bond prices increased by an average of 4.8% causing yields to drop by approximately half a percent. Against this backdrop, the Fund outperformed the benchmark 3-month US Treasury Bill in 2010.

The Fund will continue to purchase and hold on to Philippine sovereign bonds after the government announced its preference for borrowing more from the domestic bond markets rather than issuing dollar-denominated bonds in 2011. The Fund will also invest more in Philippine corporate bonds to further diversify its portfolio.

### Net Asset Value Per Unit



**Net Asset Value, end-of-quarter** USD 100.49 Million  
**NAV Per Unit (NAVPU)** USD 244.92  
**Par Value** USD 100.00

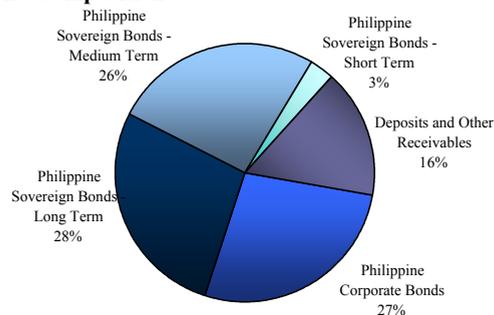
### Risk Disclosure

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	% of Fund
Republic of the Philippines Bonds 9.000% 02/15/2013	9.3
Republic of the Philippines Bonds 8.250% 01/15/2014	6.4
Republic of the Philippines Bonds 8.875% 03/17/2015	6.4
BPI Certificate of Deposit 02/01/2011	5.0
SM Investments Corp. Bonds 6.000% 09/22/2014	4.8
Republic of the Philippines Global Peso Bonds 4.950% 01/15/2021	4.7
RCBC Perpetual Bond 9.875% 10/27/2016	4.4
Universal Robina Corp. Bonds 8.250% 01/20/2012	4.4
Republic of the Philippines Bonds 8.000% 01/15/2016	4.3
Republic of the Philippines Bonds 9.875% 01/15/2019	3.9

Any prospective investment shall be limited to the type of investments described in the Declaration of Trust for the Fund.

### Risk Characteristics

Risk Measures	Dec 31, 2010	Past 12 Months		
		Low	High	Average
Duration	3.61	2.75	3.72	3.33
Volatility, Past 360 Days	1.54%	1.42%	1.54%	1.49%
Sharpe Ratio, Past 360 Days	4.36			

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 <sup>1</sup>	USD 500.00
Minimum Transaction <sup>1</sup>	USD 200.00
Minimum Holding Period	30 calendar days
Early Redemption Fee	0.25%
Trust Fees <sup>2</sup>	1.00% per annum 0.26% per quarter
Custodianship Fees <sup>3</sup>	0.003%
External Audit Fees <sup>4</sup>	0.02% per quarter
Special Expense <sup>5</sup>	PHP 2,000.00 per annum
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>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.