

## BPI Global Philippine Fund

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



#### Investment Objective

The Fund aims to achieve capital appreciation and income by investing in a diversified portfolio of foreign currency-denominated fixed income instruments issued by the Philippine government and by Philippine corporations and financial institutions. The Fund aims to provide excess return over the composite benchmark, 50% return of the 3-month U.S. Treasury Bill and 50% JP Morgan Asia Credit Philippines Total Return Index.

#### Figures as of 02/28/14

##### Cumulative Performance (%)<sup>1</sup>

	1 mo	1YR	3YRS	5YRS
Fund	0.65	-0.77	11.97	28.18
Benchmark <sup>2</sup>	1.16	-0.15	10.13	10.46

##### Annualized Performance (%)<sup>1</sup>

	1YR	2YRS	3YRS	4YRS	5YRS
Fund	-0.77	3.37	3.84	4.33	5.09
Benchmark <sup>2</sup>	-0.15	2.24	3.27	2.48	2.01

##### Calendar Year Performance (%)<sup>1</sup>

	YTD	2013	2012	2011	2010	2009
Fund	0.92	-1.46	9.75	2.15	6.62	10.09
Benchmark <sup>2</sup>	1.47	-2.53	7.69	3.39	0.15	0.13

#### Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	USD	273.12
Total Fund NAV (Mn)	USD	92.34
Average Daily NAV for the Quarter (Mn) <sup>3</sup>	USD	92.35
Portfolio Weighted Yield to Maturity	% , net	3.21
Current Number of Holdings		65
Information Ratio <sup>4</sup>		-0.30
Sharpe Ratio <sup>4</sup>		-0.32

#### Statistics (Past 5 Years)

	Fund
Annualized Return (% , net)	5.09
Annualized Volatility (%)	2.12
Duration (years)	2.96

#### General Information

Launch Date	August 30, 1994
Fund Structure	Unit Investment Trust Fund
Fund Classification	Medium-Term Bond Fund
Fund Currency	US Dollar
Minimum Initial Investment	USD 500.00
Minimum Transaction	USD 200.00
Minimum Holding Period	None
Days to Settlement (Contribution)	Day 1 End-of-Day
Days to Settlement (Redemption)	Day 1 End-of-Day
Trust Fee <sup>5</sup>	1.00% per annum / 0.25% per quarter
Custodianship Fee <sup>5</sup>	0.004%
External Audit Fee <sup>6</sup>	0.009%
Valuation Methodology	Marked-to-Market
External Auditor	Isla Lipana & Co.
Available Through	BPI Branches and <a href="http://www.bpiexpressonline.com">www.bpiexpressonline.com</a>
Trustee	Bank of the Philippine Islands
Third Party Custodian	HSBC, Ltd. (Philippines)
Dealing Cut-Off	12:00 PM

#### Manager's Report

**Market Review.** Philippine dollar-denominated bonds rallied in February, with ROP bond yields declining by an average of 22 basis points as the price of the ROP 37 increased by as much as 4.30%. The country's macroeconomic fundamentals were once again at the forefront, buoying investor appetite.

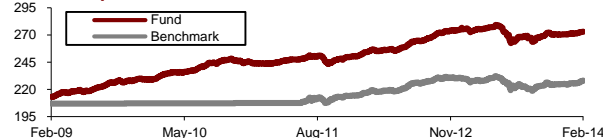
The Philippine government reported a full-year deficit figure of PHP164.1 billion for 2013, well within the ceiling of Php238 billion. In addition, the Bangko Sentral ng Pilipinas reported that dollar inflows from Overseas Filipino Workers reached a record high of US\$22.8 billion in 2013, equivalent to a 6.4% full-year growth from last year. The central bank noted the boost given by remittances to economic activity, as it accounted for 8.4% of Philippine Gross Domestic Product (GDP) in 2013. Gross international reserves amounted to US\$80.3 billion in February, enough to cover 11.5 months' worth of imports of goods and services.

In the U.S., Fed Chair Janet Yellen spoke of continued tapering while reinforcing the message that rate hikes should not be expected any time soon given the current state of the economy during her testimony to the Senate Banking Committee. The Fed's assurance of a continued accommodative stance spurred risk-on sentiment for emerging markets.

**Fund Performance.** The Fund has returned 0.92% for the year, underperforming its benchmark by 55 basis points.

**Strategy.** The duration of the Fund as of month-end was at 2.96, lower than the previous month's 2.99. We will retain an underweight duration position for the Fund due to the expected volatility that may be brought about by tapering in the US.

#### NAVPU Graph



#### Allocation

Portfolio Allocation: Government 28.07%, Corporates 42.77%, Cash and Other Receivables 29.16%

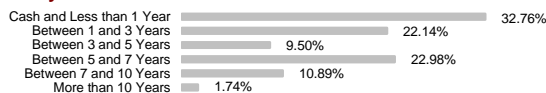
#### Top Holdings

Name	Yield (%) <sup>7</sup>	Maturity	% of Fund
Republic of the Philippines Bonds	2.76	6/17/2019	6.47
Republic of the Philippines Global Peso Note	3.14	1/15/2021	4.92
SM Investments Corporation Bonds	3.96	10/13/2017	4.21
Development Bank of the Philippines Bonds	4.32	3/25/2021	3.80
Metobank Perpetual Bonds	5.72	2/15/2016	3.44
SM Investments Corporation Bonds	2.79	9/22/2014	3.44
Republic of the Philippines Bonds	0.71	1/15/2016	3.38
Int'l Container Terminal Services Inc. Bonds	5.22	3/17/2020	3.34
Energy Development Corp. Bonds	5.96	1/20/2021	3.26
Time Deposit		3/28/2014	3.25

#### Portfolio Weightings



#### Maturity Profile



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

**Average Credit Rating:** Baa3 (Moody's) / BBB- (S&P)

#### Risk Disclosure

The Fund is suitable for investors with at least a moderately conservative profile. The Fund is suitable for investors 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 a result of interest rate and currency movements and the changes in the credit quality of the investments. On redemption of units, an investor may receive an amount less than the original amount of investment. Liquidity risk also needs to be taken into account.

#### Risk Management

In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. 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. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks.

<sup>1</sup>Returns are net of fees. Past performance is not an indication of future returns.

<sup>2</sup>The Benchmark of the Fund is a composite of 50% 3-month U.S. Treasury Bill and 50% JP Morgan Asia Credit Philippines Total Return Index. The Fund adopted the Benchmark on July 1, 2011. The previous Benchmark of the Fund is the 3-month U.S. Treasury Bill.

<sup>3</sup>Average daily NAV for the past 3 months

<sup>4</sup>The Information Ratio evaluates reward-to-risk efficiency relative to the benchmark, while the Sharpe Ratio evaluates reward-to-risk efficiency relative to the risk free rate. The higher the number, the higher the reward per unit of risk. Sharpe and Information Ratios between funds of different classifications are non-comparable.

<sup>5</sup>Trust fee/custodianship fee as a percentage of average daily NAV for the quarter

<sup>6</sup>External Audit fees as a percentage of 2012 end-year NAV

<sup>7</sup>Net of Tax

\*Plan rules are available upon request.