

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 06/30/14

Cumulative Performance (%)¹

	1 mo	1YR	3YRS	5YRS
Fund	0.14	5.44	12.95	27.95
Benchmark ²	-0.32	4.16	11.98	12.29

Annualized Performance (%)¹

	1YR	2YRS	3YRS	4YRS	5YRS
Fund	5.44	3.81	4.14	4.16	5.05
Benchmark ²	4.16	2.39	3.84	2.91	2.35

Calendar Year Performance (%)¹

	YTD	2013	2012	2011	2010	2009
Fund	3.28	-1.46	9.75	2.15	6.62	10.09
Benchmark ²	3.26	-2.53	7.69	3.39	0.15	0.13

Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	USD	279.50
Total Fund NAV (Mn)	USD	95.41
Average Daily NAV for the Quarter (Mn) ³	USD	94.10
Portfolio Weighted Yield to Maturity	% , net	3.38
Current Number of Holdings		65
Information Ratio ⁴		0.71
Sharpe Ratio ⁴		2.45

Statistics (Past 5 Years)

	Fund
Annualized Return (% , net)	5.05
Annualized Volatility (%)	2.08
Duration (years)	3.97

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 ⁵	1.00% per annum / 0.25% per quarter
Custodianship Fee ⁵	0.004%
External Audit Fee ⁶	0.008%
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	12:00 PM

Manager's Report

Market Review. As expected, the US Federal Reserve (the Fed) kept its key interest rates steady, but reduced bond purchases by another \$10 billion during its meeting held last June 19. The Fed's stimulus is now down to \$35 billion per month, which puts them on track to terminate the program before year-end. The Federal Reserve also noted that the country's economy had rebounded in recent months, but lowered this year's growth forecast to 2.1%-2.3% from the 2.8%-3% it had predicted earlier in March.

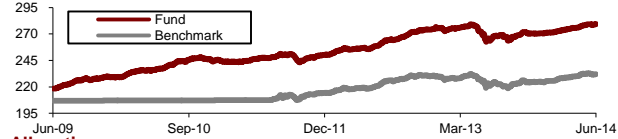
For the month of June, US interest rates increased amid speculation that the Fed would soon raise rates as the US economy has started to exhibit signs of recovery. US employment bounced back as non-farm payrolls rose by 288,000 in June whereas the expected figure was only at 215,000. The US unemployment figure on the other hand, went down to 6.1%, which is almost a six-year low. As a result, the ten-year US Treasury yield closed the month 5 basis points higher at 2.53%.

Dollar-denominated Philippine bonds, which track the performance of US Treasuries, likewise saw an increase in yields. ROP yields went up by 6.5 basis points on the average. This caused prices of Philippine sovereign bonds to decline by 1.4 points during the month. The J.P. Morgan Chase Asia Total Return Philippine Bond Index likewise declined by 0.64% in June.

Fund Performance. The Fund has returned 3.28% for the year, underperforming its benchmark by 2 basis points.

Strategy. The duration of the Fund as of month-end was at 3.97, higher than the previous month's 3.20. Moving forward, we look to maintain the Fund's underweight duration in light of the continued reduction in stimulus by the US Federal Reserve.

NAVPU Graph



Allocation

Portfolio Allocation: Government 27.33%, Corporates 47.39%, Cash and Other Receivables 25.28%

Top Holdings

Name	Yield (%) ⁷	Maturity	% of Fund
First Pacific Company Limited Bond	4.68	9/28/2020	6.01
Int'l Container Terminal Serv. Inc. Bond	4.69	3/17/2020	4.60
Energy Development Corp. Bond	5.05	1/20/2021	4.44
Republic of the Philippines Bond	2.52	6/17/2019	4.21
SM Investments Corp. Bond	5.00	6/10/2024	4.15
Development Bank of the Philippines Bond	3.76	3/25/2021	3.78
Metrobank and Trust Co. Perp. Bond	4.25	2/15/2016	3.37
Dev't Bank of the Phils. Perpetual Bond	4.52	9/15/2016	3.05
RCBC Perpetual Bond	5.68	10/27/2016	2.85
Republic of the Philippines Bond	3.50	1/21/2024	2.77

Portfolio Weightings

Philippine Corporate Bonds	47.39%
Philippine Sovereign Bonds	27.33%

Maturity Profile

Cash and Less than 1 Year	26.68%
Between 1 and 3 Years	17.69%
Between 3 and 5 Years	9.98%
Between 5 and 7 Years	23.50%
Between 7 and 10 Years	11.99%
More than 10 Years	10.16%

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.

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

²The 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.

³Average daily NAV for the past 3 months

⁴The 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.

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

⁶External Audit fees as a percentage of 2013 end-year NAV

⁷Net of Tax

*Plan rules are available upon request.