

BPI Global Philippine Fund

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



BPI Investment Funds

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 07/31/14

Cumulative Performance (%)¹

	1 mo	1YR	3YRS	5YRS
Fund	0.41	4.64	12.16	27.04
Benchmark ²	0.36	4.41	10.66	12.68

Annualized Performance (%)¹

	1YR	2YRS	3YRS	4YRS	5YRS
Fund	4.64	3.03	3.90	3.90	4.90
Benchmark ²	4.41	1.56	3.43	3.00	2.42

Calendar Year Performance (%)¹

	YTD	2013	2012	2011	2010	2009
Fund	3.70	-1.46	9.75	2.15	6.62	10.09
Benchmark ²	3.60	-2.53	7.69	3.39	0.15	0.13

Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	USD	280.65
Total Fund NAV (Mn)	USD	95.94
Average Daily NAV for the Quarter (Mn) ³	USD	94.98
Portfolio Weighted Yield to Maturity	% , net	3.28
Current Number of Holdings		64
Information Ratio ⁴		0.14
Sharpe Ratio ⁴		2.41

Statistics (Past 5 Years)

	Fund
Annualized Return (% , net)	4.90
Annualized Volatility (%)	2.08
Duration (years)	3.80

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 ⁶	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. The JP Morgan Chase Asia Total Return Philippine Bond Index gained 0.72% in July to settle at the 231 level. Average prices of sovereign bonds were flat during the month, though liquid ROP bonds such as those due in 2024 and 2037 went up by 0.32 and 0.59 in price points, respectively. This came after the yield on 10-year US Treasury bonds inched up by three basis points to 2.56%.

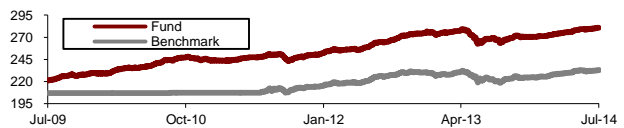
During its last policy meeting, the US Federal Reserve remained committed to its accommodative policies even as the US economy exhibited some signs of recovery. The US economy expanded by 4% in the second quarter, helped by strong growth in consumer spending and business inventories. The strong GDP growth figure came as a surprise after first quarter growth was downwardly revised to negative 2.1%. As expected, the Fed Funds Rate was kept unchanged at 0-0.25%, and the Federal Reserve reduced its bond buying stimulus program by another US\$10 billion. The US central bank projected that its Fed Funds Rate would remain low for an extended period even after the end of its bond purchase program.

On the other hand, the Philippine central bank met last month at around the same time as the Federal Reserve and raised policy rates by 25 basis points to 3.75% for the borrowing rate, and to 5.75% for the lending rate. The Bangko Sentral ng Pilipinas said that the policy rate adjustments, the first since October 2012, were measured moves against higher inflation expectations. The decision to hike policy rates followed the previous meetings' hikes in reserve requirement and Special Deposit Account rates.

Fund Performance. The Fund has returned 3.70% for the year, underperforming its benchmark by 10 basis points.

Strategy. The duration of the Fund as of month-end was at 3.80, lower than the previous month's 3.97. 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 26.22%, Corporates 46.50%, Cash and Other Receivables 27.28%

Top Holdings

Name	Yield (%) ⁷	Maturity	% of Fund
First Pacific Company Limited Bond	4.61	9/28/2020	5.99
Int'l Container Terminal Serv. Inc. Bond	4.66	3/17/2020	4.58
Energy Development Corp. Bond	4.93	1/20/2021	4.44
Republic of the Philippines Bond	2.50	6/17/2019	4.17
SM Investments Corp. Bond	5.04	6/10/2024	4.11
Development Bank of the Philippines Bond	3.76	3/25/2021	3.76
Metrobank and Trust Co. Perp. Bond	4.01	2/15/2016	3.35
Dev't Bank of the Phils. Perpetual Bond	4.26	9/15/2016	3.04
Republic of the Philippines Bond	4.39	10/23/2034	2.90
RCBC Perpetual Bond	5.82	10/27/2016	2.82

Portfolio Weightings

Philippine Corporate Bonds	46.50%
Philippine Sovereign Bonds	26.22%

Maturity Profile

Cash and Less than 1 Year	28.67%
Between 1 and 3 Years	18.60%
Between 3 and 5 Years	8.24%
Between 5 and 7 Years	23.43%
Between 7 and 10 Years	11.95%
More than 10 Years	9.11%

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

Average Credit Rating: Ba1 (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.

