

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 01/30/2014

Cumulative Performance (%)¹

	1 mo	1YR	3YRS	5YRS
Fund	0.27	-1.18	11.35	28.52
Benchmark ²	0.30	-1.17	8.88	9.19

Annualized Performance (%)¹

	1YR	2YRS	3YRS	4YRS	5YRS
Fund	-1.18	3.72	3.65	4.29	5.15
Benchmark ²	-1.17	2.36	2.88	2.18	1.77

Calendar Year Performance (%)¹

	YTD	2013	2012	2011	2010	2009
Fund	0.27	-1.46	9.75	2.15	6.62	10.09
Benchmark ²	0.30	-2.53	7.69	3.39	0.15	0.13

Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	USD	271.36
Total Fund NAV (Mn)	USD	92.37
Average Daily NAV for the Quarter (Mn) ³	USD	92.66
Portfolio Weighted Yield to Maturity	% , net	3.31
Current Number of Holdings		63
Information Ratio ⁴		-0.02
Sharpe Ratio ⁴		-0.39

Statistics (Past 5 Years)

	Fund
Annualized Return (% , net)	5.15
Annualized Volatility (%)	2.12
Duration (years)	2.99

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	0.009%
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. Philippine dollar-denominated bonds inched up in January as strong economic figures reinforced the country's positive fundamentals. For the month, ROP bond yields declined by an average of 7 basis points, with the price of the 20-year ROP moving up by 0.26%. This increase occurred in spite of concerns regarding emerging market countries' capabilities to ride the effects of the Federal Reserve's commencement of its Quantitative Easing tapering activities, and continued strengthening of the US Dollar. During the month's Federal Open Market Committee meeting, the US Federal Reserve further reduced the amount of bonds they will be buying for Quantitative Easing to US\$65 billion from US\$75 billion.

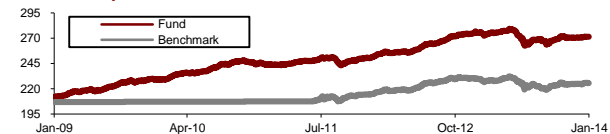
On the local front, the Philippine fourth quarter 2013 GDP figure came in at 6.5%, which was higher than the market expectation of a 6.0% growth rate. This brought the full-year 2013 GDP figure to 7.2%, the highest in four years since it reached 7.6% in 2010.

During the month, the Bureau of Treasury issued a new 10-year ROP, which fetched a coupon rate of 4.20% and saw healthy investor demand from the market. The sale was nine times oversubscribed as total bids amounted to US\$13.5 billion compared to the offered amount of US\$1.5 billion. The new Philippine dollar bond fared better as it was issued at a spread of 123 basis points over US Treasuries of the same tenor. In contrast, the new Indonesian 10-year dollar bond was issued at 300 basis points over US Treasuries of the same tenor with a coupon of 5.875%. For the same 10-year tenor, Indonesia paid 1.77% more than the Philippines upon issuance of their respective 10-year dollar bonds.

Fund Performance. The Fund returned 0.27% for the year, underperforming its benchmark by 3 basis points.

Strategy. The duration of the Fund as of month-end was at 2.99, lower than the previous month's 3.01. 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 30.11%, Corporates 42.35%, Cash and Other Receivables 27.54%

Top Holdings

Name	Yield (%) ⁷	Maturity	% of Fund
Republic of the Philippines Bonds	2.92	6/17/2019	6.44
Republic of the Philippines Global Peso Note	4.09	1/15/2021	5.02
SM Investments Corp. Foreign Currency Bonds	4.18	10/13/2017	4.19
Republic of the Philippines Bonds	0.73	3/17/2015	3.94
Development Bank of the Philippines Bonds	4.43	3/25/2021	3.77
Metrobank Perpetual Bonds	5.90	2/15/2016	3.44
Republic of the Philippines Bonds	1.06	1/15/2016	3.37
SM Investments Corp. Foreign Currency Bonds	3.37	9/22/2014	3.32
Int'l Container Terminal Services Inc. Bonds	5.46	3/17/2020	3.30
Time Deposit		2/21/2014	3.24

Portfolio Weightings

Philippine Corporate Bonds	42.35%
Philippine Sovereign Bonds	30.11%

Maturity Profile

Cash and Less than 1 Year	29.79%
Between 1 and 3 Years	24.56%
Between 3 and 5 Years	10.50%
Between 5 and 7 Years	22.73%
Between 7 and 10 Years	10.73%
More than 10 Years	1.69%

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 2012 end-year NAV

⁷Net of Tax

*Plan rules are available upon request.