

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% JACI Philippines.

Figures as of 08/31/2011

Cumulative Performance (%)¹

	1 mo	1YR	3YRS	5YRS
Fund	0.11	2.67	18.70	32.11
Benchmark ²	0.67	2.37	3.04	11.16

Annualized Performance (%)¹

	1YR	2YRS	3YRS	4YRS	5YRS
Fund	2.67	5.87	5.88	5.80	5.73
Benchmark ²	2.37	1.24	1.00	1.44	2.14

Calendar Year Performance (%)¹

	YTD	2010	2009	2008	2007	2006
Fund	2.30	6.53	9.76	2.17	4.93	5.85
Benchmark ²	2.30	0.14	0.15	1.80	4.67	4.64

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.

Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	USD	250.55
Total Fund NAV (Mln)	USD	97.23
Par Value	USD	100.00
Portfolio Weighted Yield to Maturity	%	4.08

Past 12 Months

Risk Characteristics	31 Aug '11	Low	High	Average
Duration (years) ³	3.61	3.19	3.72	3.53
Volatility ⁴	1.41%	1.41%	1.54%	1.49%
Sharpe Ratio ⁵	1.79			

General Information

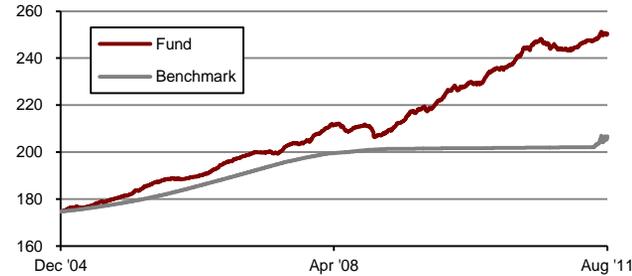
Launch Date	August 30, 1994
Fund Structure	Unit Investment Trust Fund
Fund Classification	Medium Term Bond Fund
Fund Currency	US Dollar
Minimum Initial Investment ⁶	USD 500.00
Minimum Transaction ⁶	USD 200.00
Minimum Holding Period	30 calendar days
Early Redemption Fee	0.25%
Trust Fee	1.00% per annum / 0.25% per quarter ⁷
Custodianship Fees ⁸	0.003%
External Audit Fees ⁹	0.002% per quarter
Special Expense ¹⁰	PHP 2,000.00 per annum
Valuation Methodology	Marked-to-Market
Trustee and Fund Manager	Bank of the Philippine Islands
Available Through	BPI Branches
Third-Party Custodian	HSBC, Ltd. (Philippines)
Dealing	Daily up to 12 noon

³Duration measures the sensitivity of NAVPS to interest rate movements. As interest rates rise, bond prices fall.

The higher the duration, the more NAVPS will fluctuate in relation to changes in interest rates.

⁴Volatility measures the fluctuations in NAVPS. The higher the number, the higher the potential gain or loss.

NAVPU Graph



Allocation

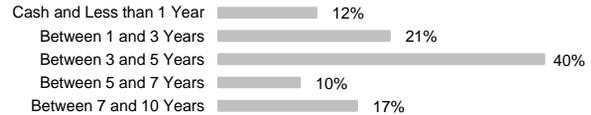
Portfolio Composition: Government 49.2%, Corporates 42.6%, Deposits and Other Receivables 8.2%

Top Ten Holdings

Name	Maturity	% of Fund
Republic of the Philippines Bonds 8.250%	01/15/2014	7.78%
Republic of the Philippines Bonds 9.000%	02/15/2013	7.06%
Republic of the Philippines Bonds 8.875%	03/17/2015	6.83%
RCBC Perpetual Bond 9.875%	10/27/2016	5.78%
Republic of the Philippines Global Peso Bonds 4.950%	01/15/2021	5.01%
SM Investments Corp. Bonds 6.000%	09/22/2014	4.92%
Universal Robina Corp. Bonds 8.250%	01/20/2012	4.30%
Multicurrency Retail Treasury Bond 2.8750%	04/29/2013	4.11%
SM Investments Corp. Bonds 5.500%	10/13/2017	4.05%
Republic of the Philippines Bonds 8.000%	01/15/2016	3.74%

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

Maturity Profile



Average Credit Rating: Ba3 (Moody's) / BB- (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. The Fund's net asset value, and total return may fall as well as rise as a result of stock price movements. On redemption of units, an investor may receive an amount less than the original amount of 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.

⁵Sharpe ratio evaluates reward-to-risk efficiency. The higher the number, the higher the reward per unit of risk.

⁶Contribution rounded down/redemption rounded off to the nearest whole unit.

⁷Trust fees paid for the quarter as a percentage of average daily NAV for the quarter.

⁸Custodianship fees billed for the quarter as a percentage of average daily NAV for the quarter.

⁹External Audit fees as a percentage of end-year 2009 NAV.

¹⁰For publication expense.

Manager's Report

Monthly Commentary. Philippine dollar-denominated bond prices rallied by half a percent on average in August, primarily due to price increases in 10-year and other longer-tenor bond issues. Yields though, were practically unchanged as the increase in short-term rates was offset by the decline in yields at the long end of the curve. The government reported a budget deficit of PHP26.5 Bn for July, bringing the year-to-date total to PHP43.7 Bn, still a long way off from the PHP300.0 Bn full-year target. The market took this as a positive, reflecting the administration's resolve to accelerate spending to spur economic growth. The economy was reported to have cooled down in the second quarter, expanding by only 3.4% year-on-year, following a downward revision of the 1Q2011 figure from 4.9% to 4.6%. A benign inflationary environment is in the offing as the headline inflation for August was reported at 4.7% (using 2006 base year prices), slower than the 5.1% inflation figure reported for July.

Risk aversion prevailed once again especially following the release of the US employment report, which showed the unemployment rate unchanged at 9.1% in August amid zero jobs growth. Concerns over a possible economic slowdown gained traction when the US economy was reported to have grown by only 1.0% (annualized) in the second quarter. Speculation for a weaker economy supported a rally in US Treasuries. Interest rates dropped across all benchmark tenors, with the biggest decline occurring at the long end of the yield curve. The 10-year US Treasury Note dropped to an all-time low of 1.906% before recovering to the 2.0% level. The same sentiment caused investors to become wary of perceived risk assets, including emerging market debt, as reflected by the 30-point widening in 5-year Philippine credit default swap (CDS) spreads from 134 to 164.

Fund Performance. The Fund returned 2.30% year-to-date, matching the return of its new benchmark. The duration of the Fund as of month-end was at 3.61.

Strategy. Moving forward, the Fund will maintain its overweight duration and will further diversify its portfolio to Philippine corporate bonds so as to take advantage of the yield pickup these bonds have over ROPs.

