

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 7/31/2011

Cumulative Performance (%)¹

	1 mo	1YR	3YRS	5YRS
Fund	1.14	3.92	18.92	32.22
Benchmark ²	1.56	1.70	2.46	10.89

Annualized Performance (%)¹

	1YR	2YRS	3YRS	4YRS	5YRS
Fund	3.92	6.44	5.95	5.83	5.74
Benchmark ²	1.70	0.91	0.81	1.37	2.09

Calendar Year Performance (%)¹

	YTD	2010	2009	2008	2007	2006
Fund	2.19	6.53	9.76	2.17	4.93	5.85
Benchmark ²	1.62	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	250.28
Total Fund NAV (Mln)	USD	100.51
Par Value	USD	100.00
Portfolio Weighted Yield to Maturity	% net	3.54

Past 12 Months

Risk Characteristics	1 YR	Low	High	Average
Duration (years) ³	3.60	3.19	3.72	3.50
Volatility ⁴	1.41%	1.41%	1.54%	1.50%
Sharpe Ratio ⁵	2.65			

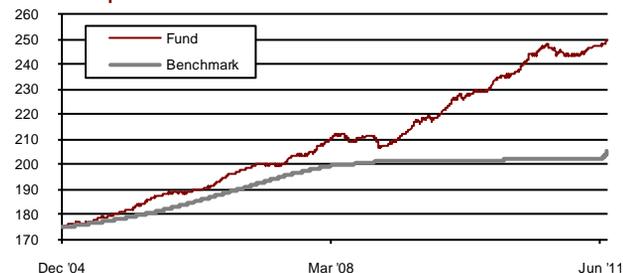
General Information

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

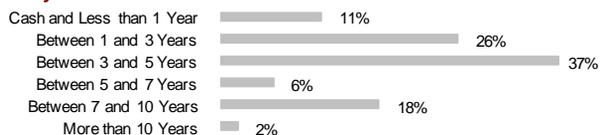
Portfolio Composition: Government 50.8%, Corporates 42.2%, Deposits and Other Receivables 7.0%

Top Ten Holdings

Name	Maturity	% of Fund
Republic of the Philippines Bonds 9.000%	2/15/2013	12.35%
Republic of the Philippines Bonds 8.250%	1/15/2014	7.58%
Republic of the Philippines Bonds 8.875%	3/17/2015	6.66%
RCBC Perpetual Bond 9.875%	10/27/2016	5.63%
Republic of the Philippines Global Peso Bonds 4.950%	1/15/2021	4.71%
SM Investments Corp. Bonds 6.000%	9/22/2014	4.70%
Universal Robina Corp. Bonds 8.250%	1/20/2012	4.26%
DBP Corporate Bonds 5.500%	3/25/2021	4.00%
Multicurrency Retail Treasury Bond 2.8750%	4/29/2013	3.98%
SM Investments Corp. Bonds 5.500%	10/13/2017	3.91%

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 continued to rally in July throughout most of the yield curve, posting an average gain of 2.21%. The biggest gains came from the long end of the curve, with the ROP 32s and 34s returning more than 5% month-on-month. This caused yields to drop by an average 5.50 bps for the month of July. Five-year Philippine credit default swap (CDS) spreads also narrowed by 6 points from 140 to the 134 level. Positive investor sentiment for ROP bonds brought about by credit upgrades from Moody's and Fitch Ratings in June continued through most of July. Investor sentiment likewise perked up following reports that the Aquino government's budget deficit came in at P17.2Bn, lower than the P152.1Bn target. Bond investors also looked favorably upon the latest peso bond swap exercise which effectively lengthened the government's debt maturity profile.

Over in the US, Congress leaders worked overtime to come up with proposed spending cuts and an increase in the nation's debt ceiling just before the August 2 deadline lapsed. At stake was the prized triple A sovereign credit rating which the US has held since 1941. All their last ditch efforts were for naught, as Standard & Poor's still downgraded the US by one notch from AAA to AA+, with a negative outlook. In addition, the US economy slowed down as the 2nd quarter GDP figure came in at 1.3% QoQ, way below the consensus figure of 1.9%, while figures for 1Q11 were revised lower from 1.9% to 0.4%. In spite of these developments, US Treasury yields dropped by 18 bps on the average with most of the decline coming in the 5 and 7 year tenors.

Fund Performance. The Fund returned 1.14% in July, underperforming its new benchmark by 42 basis points, following the strong performance of the JP Morgan Asia Credit Index-Philippines Total Return Index. Duration was at 3.60.

Strategy. Moving forward, the Fund will continue to lengthen its duration from the current 3.60, and will further diversify its portfolio to Philippine corporate bonds so as to benefit from the yield pickup these bonds have to offer.

