

## 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 11/30/2011

#### Cumulative Performance (%)<sup>1</sup>

	1 mo	1YR	3YRS	5YRS
Fund	0.54	0.81	19.66	28.41
Benchmark <sup>2</sup>	0.41	2.88	3.16	10.39

#### Annualized Performance (%)<sup>1</sup>

	1YR	2YRS	3YRS	4YRS	5YRS
Fund	0.81	4.38	6.17	5.09	5.13
Benchmark <sup>2</sup>	2.88	1.49	1.04	1.32	2.00

#### Calendar Year Performance (%)<sup>1</sup>

	YTD	2010	2009	2008	2007	2006
Fund	1.38	6.53	9.76	2.17	4.93	5.85
Benchmark <sup>2</sup>	2.85	0.14	0.15	1.80	4.67	4.64

<sup>1</sup>Returns are net of fees. Past performance is not an indication of future returns.

<sup>2</sup>The 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	248.31
Total Fund NAV (Mln)	USD	88.76
Par Value	USD	100.00
Portfolio Weighted Yield to Maturity	%	4.49

#### Past 12 Months

Risk Characteristics	30 Nov '11	Low	High	Average
Duration (years) <sup>3</sup>	4.16	3.19	4.16	3.57
Volatility <sup>4</sup>	1.62%	1.41%	1.64%	1.51%
Sharpe Ratio <sup>5</sup>	0.44			

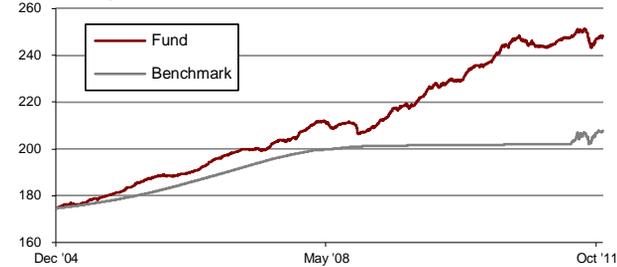
#### General Information

Launch Date	August 30, 1994	
Fund Structure	Unit Investment Trust Fund	
Fund Classification	Medium Term Bond Fund	
Fund Currency	US Dollar	
Minimum Initial Investment <sup>6</sup>	USD	500.00
Minimum Transaction <sup>6</sup>	USD	200.00
Minimum Holding Period	30 calendar days	
Early Redemption Fee	0.25%	
Trust Fee	1.00% per annum / 0.25% per quarter <sup>7</sup>	
Custodianship Fees <sup>8</sup>	0.003%	
External Audit Fees <sup>9</sup>	0.002% per quarter	
Special Expense <sup>10</sup>	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	

<sup>3</sup>Duration 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.

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

### NAVPU Graph



### Allocation

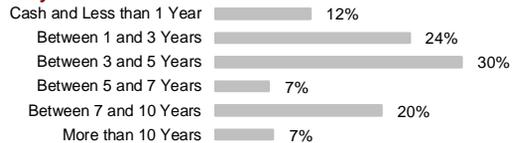
Portfolio Composition: Government 48.8%, Corporates 44.2%, Deposits and Other Receivables 7.0%

### Top Ten Holdings

Name	Maturity	% of Fund
Republic of the Philippines Bonds 8.250%	1/15/2014	7.51%
Republic of the Philippines Bonds 8.875%	3/17/2015	6.71%
Republic of the Philippines Global Peso Bonds 4.950%	1/15/2021	5.98%
RCBC Perpetual Bonds 9.875%	10/27/2016	5.93%
Universal Robina Corp. Bonds 8.250%	1/20/2012	4.71%
SM Investments Corp. Bonds 6.000%	9/22/2014	4.58%
SM Investments Corp. Bonds 5.500%	10/13/2017	4.42%
Multicurrency Retail Treasury Bond 2.8750%	4/29/2013	4.31%
Republic of the Philippines Bonds 8.000%	1/15/2016	4.03%
Metrobank and Trust Co. Perpetual Bonds 9.000%	2/15/2016	3.76%

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.

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

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

<sup>7</sup>Trust fees paid for the quarter as a percentage of average daily NAV for the quarter.

<sup>8</sup>Custodianship fees billed for the quarter as a percentage of average daily NAV for the quarter.

<sup>9</sup>External Audit fees as a percentage of end-year 2009 NAV.

<sup>10</sup>For publication expense.

### Manager's Report

**Monthly Commentary.** Philippine dollar-denominated bonds remained resilient in November, with prices practically unchanged month-on-month, even as GDP growth in the third quarter came in lower than expected. The Philippine economy expanded by only 3.2% year-on-year in 3Q2011, slightly stronger than the downwardly revised 3.1% figure for 2Q2011, but below the 4.0%-4.3% range expected by most market watchers.

US Treasuries were supported on the other hand as yields declined by 4 bps on average by month-end. Demand for perceived safe-haven debt surged after members of the Joint Select Committee on Deficit Reduction, branded as the "Super Committee", failed to reach an agreement on how to implement a total of USD1.5Tn in deficit cuts over 10 years. Persistent political wrangling in Washington increasingly jeopardizes the triple "A" sovereign credit rating of the US, as evidenced by Fitch Ratings' downgrade of its outlook on US creditworthiness from "Stable" to "Negative".

In Europe, signs that the sovereign debt contagion is spreading from the periphery to the core gained traction after the German government's "failure" to sell all of the new 10-year bonds offered at a recent auction. News that EUR2.1Bn (or 35%) of EUR6.0Bn put up for sale failed to get bids were taken by investors as a signal of diminished appetite even for the Euro region's safest assets. Since then, Euro sovereign yields have increased to more than 2.0% for 10-year German bonds and more than 3.7% for 10-year French sovereign bonds. Spanish and Italian 10-year bonds pay even higher, with yields reaching 6.6% and 7.2%, respectively.

**Fund Performance.** The Fund's performance was 0.54% for the month, underperforming the return of its new benchmark. Year-to-date performance improved to 1.38%.

**Strategy.** We are looking to increase the Fund's duration—which was at 4.16 as of month-end—by purchasing longer-dated ROPs. Moving forward, we will increase the portfolio's exposure to Philippine corporate bonds for the yield pickup that these securities offer over sovereign bonds.

