

# BPI GLOBAL PHILIPPINE FUND

## KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

### FUND FACTS

<b>Classification:</b> Medium Term Bond Fund	<b>Net Asset Value Per Unit (NAVPU):</b> USD287.50	<b>Fund Currency:</b> US Dollar
<b>Launch Date:</b> August 30, 1994	<b>Total Fund NAV (Mn):</b> USD101.88	<b>Benchmark:</b> 50% 3-month U.S. Treasury Bill and 50% JP Morgan Asia Credit Philippines Total Return Index
<b>Minimum Investment:</b> USD500.00	<b>Dealing Day:</b> Daily up to 12:00 PM	
<b>Additional Investment:</b> USD200.00	<b>Redemption Settlement:</b> Day 1 End-of-Day	
<b>Minimum Holding Period:</b> None	<b>Early Redemption Charge:</b> None	

### FEES

<b>Trust Fee:</b> 1.00%	<b>Custodianship Fee:</b> 0.0125%	<b>External Audit Fee:</b> 0.0001%
<b>Trustee:</b> BPI	<b>Custodian:</b> HSBC	<b>External Auditor:</b> Isla Lipana
<b>Computation:</b> % of average daily NAV	<b>Computation:</b> Billings received in 2014 divided by average daily NAV	<b>Computation:</b> Billings received in 2014 divided by average daily NAV

### INVESTMENT OBJECTIVE AND STRATEGY

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.

### CLIENT SUITABILITY

A client profiling process should be performed prior to participating in the Fund to guide the prospective investor if the Fund is suited to his/her investment objectives and risk tolerance. Clients are advised to read the Declaration of Trust/Plan Rules of the Fund, which may be obtained from the Trustee, before deciding to invest. The Fund is for investors who:

- Are at least classified as moderately conservative based on their risk profile
- Take short- to medium-term views, which means having an investment horizon of up to five (5) years

There is risk that the value of your investment, upon redemption may be worth less than the amount of your original contribution.

### KEY RISKS AND RISK MANAGEMENT

You should not invest in this Fund if you do not understand or are not comfortable with the accompanying risks. Some of the key risks associated with this Fund are listed below:

<b>Interest Rate Risk:</b>	Possibility to experience losses due to changes in interest rates.
<b>Liquidity Risk:</b>	Possibility to experience losses due to the fund's inability to convert assets into cash immediately or in instances where conversion to cash is possible but at a highly disadvantageous price.
<b>Credit/Default Risk:</b>	Possibility to experience losses due to a borrower's failure to pay principal and/or interest in a timely manner on instruments such as bonds, loans, or other forms of debt security.
<b>Related Party Risk:</b>	Risk of any actual or potential conflicts of interest in handling of related party transactions.
<b>Foreign Exchange Risk:</b>	Possibility to experience losses due to fluctuations in foreign exchange rates.

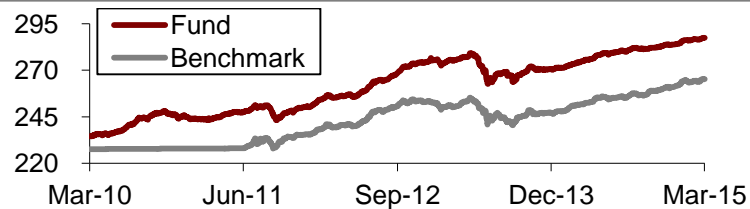
The Fund's investment outlets undergo proper screening and evaluation in accordance with the Trustee's accreditation process and minimum regulatory requirements. Regulatory exposure limits and asset allocation ranges as provided in the Fund's Plan Rules are strictly adhered to and monitored on a regular basis. In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks.

- THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORP. (PDIC).
- RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/ FLUCTUATIONS ONLY.
- WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES WILL BE SOLELY FOR THE ACCOUNT OF THE CLIENT.
- THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE.

## FUND PERFORMANCE AND STATISTICS

Historical performance, when presented, is purely for reference purposes and is not a guarantee of future results.

### NAVPU GRAPH



### CUMULATIVE PERFORMANCE (%)<sup>1</sup>

	1 mo	3 mos	6 mos	1 YR	3 YRS
<b>Fund</b>	<b>0.28</b>	<b>1.27</b>	<b>2.23</b>	<b>4.60</b>	<b>12.63</b>
Benchmark	0.40	1.64	3.50	5.36	10.86

### ANNUALIZED PERFORMANCE (%)<sup>1</sup>

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS
<b>Fund</b>	<b>4.60</b>	<b>2.09</b>	<b>4.04</b>	<b>4.16</b>	<b>4.16</b>
Benchmark	5.36	2.86	3.50	3.86	3.11

### CALENDAR YEAR PERFORMANCE (%)<sup>1</sup>

	YTD	2014	2013	2012	2011	2010
<b>Fund</b>	<b>1.27</b>	<b>4.90</b>	<b>-1.46</b>	<b>9.75</b>	<b>2.15</b>	<b>6.62</b>
Benchmark	1.64	5.60	-2.51	7.66	3.33	0.13

### STATISTICS

12 Month NAVPS (Low/High)	274.11/287.50
Weighted Average Duration (Years)	2.84
Volatility, Past 5 Years (%) <sup>2</sup>	2.00
Sharpe Ratio <sup>3</sup>	5.18
Information Ratio <sup>4</sup>	-0.71
Portfolio Weighted Yield to Maturity (%)	2.95
Current Number of Holdings	70
Average Credit Rating	Baa2/BBB

### PORTFOLIO COMPOSITION

Allocation	% of Fund
Government	17.87
Corporates	39.74
Cash and Other Receivables	42.39
Top Fixed Income Sectors	
Cash and less than 1 year	43.98
Between 1 and 3 years	12.11
Between 3 and 5 years	11.26
Between 5 and 7 years	16.18
Between 7 and 10 years	13.86
More than 10 years	2.61
Portfolio Weightings	
Philippine Corporate Bonds	39.74
Philippine Sovereign Bonds	17.87

### TOP HOLDINGS

Name	Maturity	% of Fund
First Pacific Company Limited Bond	9/28/2020	5.68%
Energy Development Corp. Bond	1/20/2021	4.23%
Int'l Cont. Terminal Serv. Inc. Bond	3/17/2020	4.03%
SM Investments Corp. Bond	6/10/2024	3.94%
Republic of the Philippines Bond	6/17/2019	3.83%
Dev't. Bank of the Philippines Bond	3/25/2021	3.45%
Metrobank and Trust Co. Perp. Bond	2/15/2016	3.06%
Dev't Bank of the Phils. Perp. Bond	9/15/2016	2.79%
Republic of the Philippines Bond	1/21/2024	2.74%
RCBC Perpetual Bond	10/27/2016	2.62%

### OUTLOOK AND STRATEGY

**Market Review.** The JP Morgan Chase Asia Total Return Philippine Bond Index gained 2.18% in March as US Treasuries swung from a high of 2.24% at the early part of the month thereafter dropping by 31 basis points to 1.93% by the end of March. Sentiments were bolstered by the unexpected tone of policy makers coming from the FOMC Meeting last March 19 as they emphasized data dependence and toned-down their outlook on US economic growth. Philippine Sovereign bonds showed positive returns for the month as expectations of a Fed rate hike were moved further back following the FOMC Meeting.

The European Central Bank along with the other central banks in the Eurozone started their bond purchasing program in an effort to stimulate the Eurozone's economy. They plan to purchase EUR 60 Bln of debt securities per month hoping to follow the quantitative-easing program undertaken by the US Federal Reserve in the past.

The Bangko Sentral ng Pilipinas maintained its neutral stance during its meeting last March 26, keeping policy rates, reserve requirement ratio and special deposit rates unchanged for the fourth straight meeting. It further adjusted its inflation forecasts for this year to 2.2% from 2.3% while keeping their estimate of 2.5% for 2016.

Inflation inched up in February to 2.5%, meeting investors' expectations. On the other hand, the budget deficit for 2014 was reported at Php 73.1Bn compared to Php 164.1Bn in 2013. This has been the smallest budget deficit since 2007. Money supply grew by 8.5% in February bringing it to P7.53 trillion, slightly moving faster than January's 7.7% pace.

**Fund Performance.** The fund gained by 0.28% in March, underperforming the benchmark by 12 basis points.

**Fund Strategy.** Moving forward, we look to maintain the Fund's underweight duration in light of the continued reduction in stimulus by the US Federal Reserve.

<sup>1</sup>Returns are net of fees.

<sup>2</sup>Measures the degree to which the Fund fluctuates vis-à-vis its average return over a period of time.

<sup>3</sup>Used to characterize how well the return of a Fund compensates the investor for the level of risk taken.

<sup>4</sup>Measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

\*Declaration of Trust is available upon request through branch of account.

## RELATED PARTY TRANSACTIONS\*

The Fund has transactions and outstanding investments including deposit, investments in the share/s of stock, and/or debt issuances of the following companies related to the Bank of the Philippine Islands:

Bank of the Philippine Islands, International Container Terminal Services, Inc., Philippine Long Distance Telephone Co., and Petron Corporation

Investments in the said outlets were approved by the Trust Committee. Likewise, all related party transactions are conducted on an arm's length and best execution basis and within established limits.

\*Related Party in accordance with BPI' s internal policy.

## LIST OF PROSPECTIVE INVESTMENTS

The following are among the Fund's approved investment outlets, wherein the Trustee intends to invest depending on strategy, availability, or other market-driven circumstances:

- (a) Tradable fixed-income instruments issued or guaranteed by the Philippine government or the BSP; tradable fixed-income instruments issued by financial institutions or private corporations; exchange-listed securities; marketable instruments that are traded in an organized exchange; loans traded in an organized market; and, such other tradable investment outlets/categories as the BSP may allow.
- (b) Tradable fixed-income securities issued, underwritten, or otherwise dealt by BPI and/or any of its subsidiaries, affiliates, their successors-in-interest or assignees, their directors, officers, stockholders, and related interest, and any of their trust and fund managed accounts, under such terms and conditions as the Trustee may deem to be in the best interest of the Fund.
- (c) The principal investments of the Fund will be in fixed-income instruments denominated in, but are not limited to, the following major currencies: U.S. Dollar, Euro, British Pound, Canadian Dollar, Australian Dollar, Swiss Franc, Danish Kroner, and Japanese Yen.
- (d) Bank deposits and such other investments allowed under regulations issued by the BSP.