

INVESTMENT FUNDS MONITOR
July 16, 2008

FUND	NAV PER UNIT*	NAV PER UNIT CHANGE**	Absolute Returns		
			Year-to-Date	Past 1 Year	Past 2 Years
BPI Short Term Fund (PHP)	117.61	0.009%	1.56%	3.51%	7.41%
BPI Premium Bond Fund (PHP)	132.05	-0.015%	2.25%	5.63%	20.79%
BPI Institutional Fund (PHP)	140.26	0.007%	0.84%	7.60%	21.65%
ABF Philippines Bond Index Fund (PHP)	127.69	-0.063%	-7.61%	-1.17%	11.54%
BPI Global Philippine Fund (USD)	209.39	-0.043%	2.13%	4.54%	10.85%
BPI International Fund Plus (USD)	136.83	0.066%	1.93%	1.90%	8.46%
Philippine Dollar Bond Index Fund*** (USD)	105.06	-0.502%	-2.00%	3.89%	-
BPI Balanced Fund (PHP)	82.13	-0.376%	-20.97%	-23.66%	6.33%
BPI Equity Fund (PHP)	67.14	-0.783%	-30.88%	-34.91%	14.46%
BPI Global Equity Fund (USD)	226.49	-0.979%	-14.86%	-16.17%	4.11%
ALFM Peso Bond Fund (PHP)	225.92	0.013%	1.38%	4.86%	16.09%
ALFM Dollar Bond Fund (USD)	310.56	0.023%	1.67%	4.00%	10.66%
ALFM Euro Bond Fund (EUR)	160.78	-0.012%	0.32%	0.61%	**** 4.69%
Philippine Stock Index Fund (PHP)	259.08	-1.640%	-34.46%	-36.50%	9.12%

*Maybe subject to fees if redeemed within early redemption period

***Date of inception is December 31, 2006

**Percentage change from previous trading day

****Since inception on July 5, 2005

Local equities continued to decline as the Dow Jones broke the psychological support of 11,000 on revived worries over the financial markets. Peso bond yields rose on the average as the market expects the Monetary Board to hike its benchmark interest rate tomorrow. Philippine peso depreciated against the US dollar despite falling crude oil prices.

Global Markets

US stock market retreated as crude futures fell 4.5% to \$138.69, pulling down energy shares, on concern slowing global growth will curb demand. Fannie Mae and Freddie Mac continued to slump, heading the decline in financial shares, on speculation that the mortgage-finance firms may need to raise more capital to cover losses. The S&P500 decreased 13.39 points, or 1.1%, to 1214.91, while the DJIA slipped 92.65 points, or 0.8%, to 10962.54. Meanwhile, Asian markets declined as the US credit crunch threatens to prolong slowing global growth. As of mid-day, Japan's Nikkei was down 0.48%, Hong Kong's Hang Seng Index was down 0.41%, China's Shanghai Index was down 2.39%, Taiwan's Taiex was down 1.14%, Korea's Kospi was down 0.91%, Australia's ASX 200 Index was up 0.88%, and Singapore's Straits Times Index was down 0.13%.

US Treasury prices advanced on the back of renewed turmoil over the financial sector. Moreover, Federal Reserve Chairman Ben S. Bernanke stated that risks to economic growth have increased, driving investors to the relative safety of fixed income government debt. Yields on 10-year notes declined 4 basis points to 3.82%, while 2-year notes declined 8 basis points to 2.37%. Respective yields across tenors were 3.40% for ROP 9, 6.61% for ROP 16 and 7.04% for ROP 32. As of previous day, JACI Phils weighted spread widened by 14 basis points from 288 to 302.

The US dollar weakened against the major currencies on Fed Reserve Chairman Bernanke's comments that growth and inflation risks have accelerated. EUR/USD is currently at 1.5914, while USD/JPY at 104.58 and GBP/USD at 2.0034.

Local Markets

Local equities fell anew, with the PSEi sliding by 39.56 points or -1.64% to 2,373.70. Year-to-date, the index is down 34.46%. All sub-sectors slid, with 79 issues ending lower, following the decline in US equities on weaker US growth prospects. Property stocks were mostly hit including RLC (-5.97%), VLL (-4.46%), FPH (-3.92%), and MEG (-3.39%), despite favorable OFW remittance figures released yesterday. Value traded is at PHP1.6 billion.

Yields on long-maturing peso bonds inclined an average of 19 basis points, with the 10-year government debt paper yield at 10.15%. Trading volume reached PHP1.08 billion. The Monetary Board is anticipated to hike its overnight borrowing rate by 25 to 50 basis points, from 5.25% when it meets tomorrow. In a BSP statement, the domestic economy can accommodate further monetary policy tightening, as private and government spending continue to support growth. The National Government is boosting its expenditures by P4 billion, on top of the P4 billion fiscal package it implemented earlier. The additional subsidies on electric bills, microfinance loans and assistance to typhoon-ravaged areas will be sourced from windfall income from VAT collections. The Department of Finance is announcing today a budget surplus in June, the third straight month of surplus this year.

The Philippine peso traded at USD/PHP45.462, sliding from yesterday's close of USD/PHP45.264 despite the reported strong growth in OFW remittances in May at 15.6%. Remittances reached \$1.4 billion as the deployment of highly-paid skilled workers continued. An aggressive policy direction from the Monetary Board may help the peso recover. Year-to-date, the peso has depreciated 9.32%.

Sources : Bloomberg, Technistock, PDEX

This material, which is strictly for information purposes only, is for your sole use, does not constitute a recommendation or an offer to sell or a solicitation to buy any financial product. Any information is subject to change without notice and BPI is not under any obligation to update or keep current the information contained herein. You are advised to make your own independent judgment with respect to the matter contained in this document. No liability whatsoever is accepted for any loss that may arise (whether direct or consequential) from any use of the information contained herein.

All funds managed by BPI Asset Management and affiliates are Trust and/or Investment Management Funds, which do not carry any guarantee of income or principal, and are NOT covered by the Philippine Deposit Insurance Corporation. Past performance is not a guarantee of future results. BPI Investment Funds are valued daily using the marked-to-market method.