

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% JP Morgan Asia Credit Philippines Total Return Index.

Figures as of 08/30/13

Cumulative Performance (%)¹

	1 mo	1YR	3YRS	5YRS
Fund	-0.42	0.77	9.45	26.57
Benchmark ²	-1.12	-2.62	6.50	7.21

Annualized Performance (%)¹

	1YR	2YRS	3YRS	4YRS	5YRS
Fund	0.77	3.25	3.06	4.57	4.83
Benchmark ²	-2.62	2.00	2.12	1.62	1.40

Calendar Year Performance (%)¹

	YTD	2012	2011	2010	2009	2008
Fund	-2.75	9.75	2.15	6.62	10.09	2.00
Benchmark ²	-4.36	7.69	3.39	0.15	0.13	1.77

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.

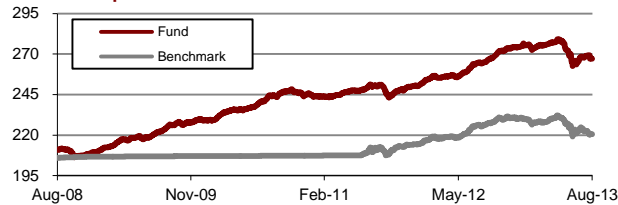
Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	USD	267.09
Total Fund NAV (Mn)	USD	92.77
Average Daily NAV for the Quarter (Mn) ³	USD	94.92
Portfolio Weighted Yield to Maturity	%, net	4.07
Current Number of Holdings		55
Information Ratio ⁴		2.09
Sharpe Ratio ⁴		0.29
Statistics (Past 5 Years)	Fund	
Annualized Return (net)		4.83
Annualized Volatility (%)		1.71
Duration (years)		3.87

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	USD	500.00
Minimum Transaction	USD	200.00
Minimum Holding Period	None	
Days to Settlement (Contribution)	Day 1 End-of-Day	
Days to Settlement (Redemption)	Day 1 End-of-Day	
Trust Fee ⁵	1.00% per annum / 0.25% per quarter	
Custodianship Fees ⁵	0.007%	
External Audit Fees ⁶	0.009%	
Valuation Methodology	Marked-to-Market	
Trustee	Bank of the Philippine Islands	
External Auditor	Isla Lipana & Co.	
Available Through	BPI Branches and www.bpiexpressonline.com	
Third-Party Custodian	HSBC, Ltd. (Philippines)	
Dealing Cut-Off	12:00 PM	

NAVPU Graph



Allocation

Portfolio Composition: Government 36.33%, Corporates 45.47%, Cash and Receivables 18.20%

Top Holdings

Name	Yield (%)	Maturity	% of Fund
Republic of the Philippines Bonds 8.3750%	3.50	6/17/2019	6.99%
Republic of the Phils. Global Peso Note 4.9500%	3.77	1/15/2021	5.07%
SM Inv. Corp. Foreign Currency Bonds 5.5000%	4.71	10/13/2017	4.65%
RCBC Perpetual Bond 9.8750%	6.91	10/27/2016	3.88%
Dev't Bank of the Philippines Bonds 5.5000%	4.86	3/25/2021	3.88%
Metrobank and Trust Co. Perp. Series 9.0000%	6.11	2/15/2016	3.66%
Republic of the Philippines Bonds 8.3750%	4.84	3/16/2025	3.66%
Republic of the Philippines Bonds 8.0000%	1.70	1/15/2016	3.51%
Energy Dev't Corp. Bonds 6.5000%	5.82	1/20/2021	3.21%
Int'l Container Terminal Serv. Inc. Bonds 7.3750%	5.47	3/17/2020	3.20%

Portfolio Weightings

Philippine Corporate Bonds	55.59%
Philippine Sovereign Bonds	44.41

Maturity Profile

Cash and Less than 1 Year	17.44%
Between 1 and 3 Years	15.97%
Between 3 and 5 Years	22.01%
Between 5 and 7 Years	14.67%
Between 7 and 10 Years	21.71%
More than 10 Years	8.20%

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

Average Credit Rating: Ba1 (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. Prior to investment in the Fund, the investor shall undergo a client suitability assessment procedure to determine whether the Fund is appropriate for him considering his investment objective, risk tolerance, preferences and experience. The Fund's net asset value, and total return may fluctuate as a result of interest rate and currency movements and the changes in the credit quality of the investments. On redemption of units, an investor may receive an amount less than the original amount of investment. Liquidity risk also needs to be taken into account.

Risk Management

In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. Duration measures the sensitivity of NAVPU to interest rate movements. As interest rates rise, bond prices fall. The higher the duration, the more NAVPU will fluctuate in relation to changes in interest rates. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks.

³Average daily NAV for the past 3 months.

⁴The Information Ratio evaluates reward-to-risk efficiency relative to the benchmark, while the Sharpe Ratio evaluates reward-to-risk efficiency relative to the risk free rate. The higher the number, the higher the reward per unit of risk. Sharpe and Information Ratios between funds of different classifications are non-comparable.

⁵Trust fees/custodianship fees as a percentage of average daily NAV for the quarter.

⁶External Audit fees as a percentage of 2011 end-year NAV.

^{*}Plan rules are available upon request.

Manager's Report

Market Review. A slew of positive economic figures from the US prompted talks that the Federal Reserve could start tapering their Quantitative Easing (QE) Program by this September. The 2nd Quarter GDP in the US beat market expectations as it grew by 2.5% compared to the 2.2% consensus, and the previous quarter's reading of 1.7%. Unemployment rate, meanwhile, clocked-in at 7.40% for July versus the 7.60% reading last June. Discussions of a US-led military strike against Syria due to suspected use of chemical weapons added fuel to the bond market slide. As a result, the 10-Year US Treasury traded as high as 2.9% before falling 12 basis points to end the month at 2.78%.

ROPs continued to track the movement of US Treasuries as yields rose by 34 basis points on average, with the 25-year ROP bond price falling to the 103 level by month-end, compared to 107 at the start of the month. This decline in ROP bond prices occurred in spite of the Philippines posting positive economic figures. GDP registered a 7.5% growth for the Second Quarter of 2013, exceeding analysts' expectations of 7.2%, only slightly falling below last quarter's revised figure of 7.7%. Meanwhile, preliminary data from the BSP reported a jump in the Philippines' gross international reserves to US\$ 83.201 billion in August, from US\$ 83.172 billion in July. This is enough to cover 12 months of imports of goods and service payments, as well as 8.5x the country's short-term external debt.

Moving forward, volatility in ROP prices may remain due to news flows abroad. However, the country's economic fundamentals remain positive as domestic inflation was likewise a positive surprise. The CPI figure for August registered at 2.1% versus last month's 2.5%, giving the Monetary Board leeway to maintain their accommodative stance.

Fund Performance. The Fund has returned -2.75% for the year, outperforming its benchmark by 161 basis points.

Strategy. The duration of the Fund as of month-end was at 3.87 lower than the previous month's 3.94. We look to maintain an underweight duration position for the Fund since we expect more volatility as we near the Federal Reserve meeting in mid-September.

