

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 12/28/2012

Cumulative Performance (%)¹

	1 mo	1YR	3YRS	5YRS
Fund	0.20	9.75	19.54	34.24
Benchmark ²	-0.07	7.69	11.47	13.66

Annualized Performance (%)¹

	1YR	2YRS	3YRS	4YRS	5YRS
Fund	9.75	5.88	6.13	7.11	6.07
Benchmark ²	7.69	5.56	3.69	2.79	2.59

Calendar Year Performance (%)¹

	2012	2011	2010	2009	2008	2007
Fund	9.75	2.15	6.62	10.09	2.00	4.78
Benchmark ²	7.69	3.39	0.15	0.13	1.77	4.67

¹ Returns are net of fees. Past performance is not an indication of future returns.

² 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.

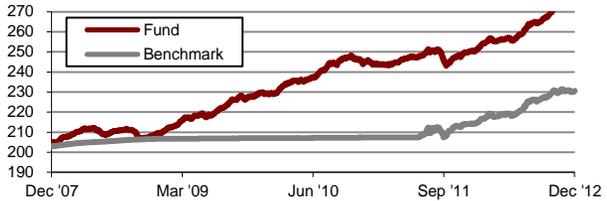
Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	USD	274.65
Total Fund NAV (Min)	USD	94.09
Portfolio Weighted Yield to Maturity	%, net	3.31
Current Number of Holdings		50
Information Ratio ³		1.88
Sharpe Ratio ³		8.68
Statistics (Past 5 Years)	Fund	
Annualized Return (net)		6.07
Annualized Volatility (%)		1.40
Duration (years)		4.80

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
Trust Fee	1.00% per annum / 0.25% per quarter ⁴
Custodianship Fees ⁴	0.004%
External Audit Fees ⁵	0.006%
Special Expense ⁶	PHP 2,000.00 per annum
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 45.1%, Corporates 48.0%, Cash and Receivables 6.9%

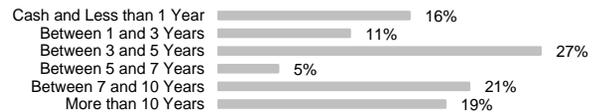
Top Holdings

Name	Yield (%)	Maturity	% of Fund
RCBC Perpetual Bonds 8.875%	6.15	10/27/2016	5.72%
Republic of the Philippines Bonds 8.375%	3.70	2/2/2030	5.63%
JG Summit Corporate Bonds 8.000%	3.25	1/18/2013	5.30%
Republic of the Philippines Global Peso Note 4.950%	3.51	1/15/2021	4.79%
Republic of the Philippines Global Peso Note 4.950%	3.45	9/22/2014	4.52%
Multicurrency Retail Treasury Bonds 2.300%	0.17	4/29/2013	4.39%
Development Bank of the Philippines Notes 5.500%	3.35	3/25/2021	4.39%
International Container Term Services Inc 7.375%	4.51	3/17/2020	4.20%
Republic of the Philippines Bonds 8.375%	3.25	3/16/2025	4.13%
Republic of the Philippines Bonds 8.875%	0.88	3/17/2015	3.87%

Portfolio Weightings



Maturity Profile



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 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 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.

³ The 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.

⁴ Trust fees/management fees/ custodianship fees as a percentage of average daily NAV for the quarter.

⁵ External Audit fees as a percentage of end-year NAV.

⁶ For publication expense.

*Plan rules are available upon request.

Manager's Report

Market Review. For the month of December, Philippine dollar denominated bond prices decreased by an average of 1.06%. ROP prices traded lower on risk-off sentiment as onshore and offshore dealers lightened up on positions ahead of the year end. ROPs tracked the movements in US treasuries as the Republicans and Democrats struggled to come up with the resolution to avoid the Fiscal Cliff. Fear of a US recession was the theme in December.

The stable political environment and the passing of the sin tax which garnered favorable assessments from rating agencies were not enough to offset the pessimism in global markets. S&P upgraded the Philippine sovereign's credit outlook from stable to positive. All three rating agencies, Moody's, Fitch, and S&P, have rated the country at one notch below investment grade. The Philippines continued to exhibit prudent fiscal management as the 11-month budget balance accumulated to a deficit of Php127.3 billion, well below the full year government target deficit of Php279 billion. The government posted a Php11.6 billion deficit in November.

The month saw mixed movements brought about by the US Fiscal Cliff and positive economic data. US Treasury yields increased by an average of 4.5 basis points following better than expected PMI and confidence figures from the US, China and Europe. Euro benchmark bonds yields, on the other hand, decreased by an average of 8 basis points as investors flocked to safe-haven assets on concerns that US lawmakers would be unable to reach an agreement on budget negotiations involving more than US\$600 billion.

Fund Performance. The Fund's return for the month was 0.20%, bringing its year-to-date return to 9.75%.

Strategy. The duration of the Fund as of month-end was at 4.80. We shall maintain the Fund's overweight position in terms of duration given the positive outlook on Philippine fundamentals.

