

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 02/28/13

Cumulative Performance (%)¹

	1 mo	1YR	3YRS	5YRS
Fund	0.23	7.67	19.37	32.25
Benchmark ²	0.12	4.49	10.26	11.94

Annualized Performance (%)¹

	1YR	2YRS	3YRS	4YRS	5YRS
Fund	7.67	6.22	6.08	6.61	5.75
Benchmark ²	4.49	4.92	3.31	2.51	2.28

Calendar Year Performance (%)¹

	YTD	2012	2011	2010	2009	2008
Fund	0.21	9.75	2.15	6.62	10.09	2.00
Benchmark ²	-0.99	0.62	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	275.23
Total Fund NAV (Mn)	USD	95.60
Portfolio Weighted Yield to Maturity	%, net	3.31
Current Number of Holdings		52
Information Ratio ³		2.60
Sharpe Ratio ³		5.92

Statistics (Past 5 Years)	Fund
Annualized Return (net)	5.75
Annualized Volatility (%)	1.42
Duration (years)	4.62

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

Manager's Report

Market Review. Philippine dollar-denominated bonds continued to track the movement of US Treasuries which resulted to a slight recovery in ROP bond prices. The price of the 25-year ROP bond moved up by 0.89%, a welcome relief from the 5% decline we saw during the first month of the year.

During the month, investors returned to risk-taking despite various negative news such as the United Kingdom losing its coveted triple A credit rating. Moody's Investors Service downgraded the domestic and foreign currency bond ratings of the United Kingdom from Aaa to Aa1, marking the country's first credit rating downgrade since 1978. In the US, the March 1 deadline for the White House and the US Congress to come to an agreement on the planned spending reductions passed, prompting the commencement of sequestration. US government agencies now have to find ways to save US\$85 billion in federal budget cuts split evenly between defense and non-defense expenditures. This decrease in government spending may in turn cause a slowdown in economic growth for the US.

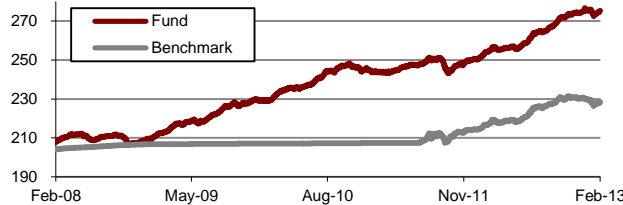
On the local front, the ROP bond due 2013 matured in the middle of February releasing about US\$750 million of liquidity back into the market. Thus, we saw some bid support for ROPs as investors put their liquidity back to work.

Fund Performance. The Fund's performance was 0.23% for the month of February.

Strategy. The duration of the Fund as of month-end was at 4.62 lower than the previous month's 4.88. Moving forward, we look to lighten up on the Fund's duration in light of the expected volatility in ROP bonds.



NAVPU Graph



Allocation

Portfolio Composition: Government 41.56%, Corporates 45.26%, Cash and Receivables 13.18%

Top Holdings

Name	Yield (%)	Maturity	% of Fund
Republic of the Philippines Bonds 8.375%	3.61	3/16/2025	4.89%
Republic of the Philippines Global Peso Note 4.950%	3.03	1/15/2021	4.65%
SM Inv. Corp. Foreign Currency Bonds 6.000%	3.58	9/22/2014	4.18%
Multicurrency Retail Treasury Bonds 2.300%	1.77	4/29/2013	4.05%
Development Bank of the Philippines Notes 5.500%	3.65	3/25/2021	3.94%
RCBC Perpetual Bond 9.875%	5.78	10/27/2016	3.92%
Republic of the Philippines Bonds 9.500%	4.10	2/2/2030	3.91%
Metrobank and Trust Co. Perp. Series 9.000%	5.05	2/15/2016	3.67%
SM Inv. Corp. Foreign Currency Bonds 5.500%	4.03	10/13/2017	3.63%
Republic of the Philippines Bonds 8.000%	1.21	1/15/2016	3.49%

Portfolio Weightings

Philippine Corporate Bonds	52.13%
Philippine Sovereign Bonds	47.87%

Maturity Profile

Cash and Less than 1 Year	17.54%
Between 1 and 3 Years	16.73%
Between 3 and 5 Years	17.92%
Between 5 and 7 Years	7.11%
Between 7 and 10 Years	23.50%
More than 10 Years	17.19%

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.

³The 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.

⁴Trust 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.