

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 01/31/13

Cumulative Performance (%)¹

	1 mo	1YR	3YRS	5YRS
Fund	-0.02	8.86	19.71	32.52
Benchmark ²	-1.11	5.95	10.24	11.91

Annualized Performance (%)¹

	1YR	2YRS	3YRS	4YRS	5YRS
Fund	8.86	6.15	6.18	6.79	5.79
Benchmark ²	5.95	4.93	3.30	2.51	2.28

Calendar Year Performance (%)¹

	YTD	2012	2011	2010	2009	2008
Fund	-0.02	9.75	2.15	6.62	10.09	2.00
Benchmark ²	-1.11	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

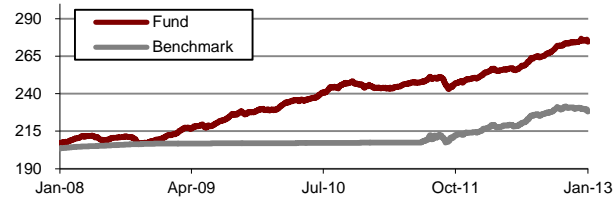
Net Asset Value per Unit (NAVPU)	USD	274.59
Total Fund NAV (Mln)	USD	95.49
Portfolio Weighted Yield to Maturity	%, net	3.32
Current Number of Holdings		52
Information Ratio ³		2.38
Sharpe Ratio ³		7.03

Statistics (Past 5 Years)	Fund
Annualized Return (net)	5.79
Annualized Volatility (%)	1.42
Duration (years)	4.88

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 43.59%, Corporates 44.77%, Cash and Receivables 11.64%

Top Holdings

Name	Yield (%)	Maturity	% of Fund
Republic of the Philippines Bonds 8.375%	4.13	2/2/2030	4.76%
Republic of the Philippines Global Peso Note 4.950%	2.86	1/15/2021	4.63%
RCBC Perpetual Bonds 9.875%	5.70	10/27/2016	4.41%
SM Inv. Corp. Foreign Currency Bonds 6.000%	3.59	9/22/2014	4.19%
Multicurrency Retail Treasury Bonds 2.300%	0.87	4/29/2013	4.06%
Development Bank of the Philippines Notes 5.500%	3.51	3/25/2021	3.98%
Republic of the Philippines Bonds 8.375%	3.46	3/16/2025	3.81%
Metrobank and Trust Co. Perp. Series 9.000%	4.00	2/15/2016	3.77%
SM Inv. Corp. Foreign Currency Bonds 5.500%	4.16	10/13/2017	3.64%
Republic of the Philippines Bonds 8.000%	1.25	1/15/2016	3.50%

Portfolio Weightings

Philippine Corporate Bonds	50.67%
Philippine Sovereign Bonds	49.33%

Maturity Profile

Cash and Less than 1 Year	16%
Between 1 and 3 Years	13%
Between 3 and 5 Years	22%
Between 5 and 7 Years	7%
Between 7 and 10 Years	22%
More than 10 Years	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.

Manager's Report

Market Review. Last January, Philippine dollar-denominated bonds succumbed to selling pressure as ROPs tracked the movement of US Treasuries. For the month, ROP bond prices decreased by an average of 2.3%. Prices on longer-tenored bonds were the most affected, declining by as much as 5.69% month-on-month.

This decline occurred in spite of the country's strong macroeconomic fundamentals. The fourth quarter GDP figure came in at 6.8%, which was higher than the market expectation of a 6.4% growth rate. Moreover, this brought the full-year 2012 GDP figure to 6.6% and placed the Philippines as the second best-performing economy in the Asian region, second only to China.

On a similar sentiment, the CPI figure for the month of January clocked in at 3%, rising slightly over December's 2.9% but still at the lower range of the government's 3-5% full-year target. This further strengthens our view that inflation will remain benign for months to come.

Fund Performance. The Fund's performance was -0.02% for the month of January.

Strategy. The duration of the Fund as of month-end was at 4.88, higher than the previous month's 4.80. Moving forward, we are looking to lighten up on the Fund's duration given the expected volatility in ROP bonds.

