

### 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 06/28/13

#### Cumulative Performance (%)<sup>1</sup>

	1 mo	1YR	3YRS	5YRS
Fund	-2.90	2.21	11.63	26.89
Benchmark <sup>2</sup>	-1.84	0.62	7.71	8.65

#### Annualized Performance (%)<sup>1</sup>

	1YR	2YRS	3YRS	4YRS	5YRS
Fund	2.21	3.50	3.73	4.96	4.88
Benchmark <sup>2</sup>	0.62	3.71	2.51	1.91	1.67

#### Calendar Year Performance (%)<sup>1</sup>

	YTD	2012	2011	2010	2009	2008
Fund	-3.48	9.75	2.15	6.62	10.09	2.00
Benchmark <sup>2</sup>	-3.32	7.69	3.39	0.15	0.13	1.77

<sup>1</sup> Returns are net of fees. Past performance is not an indication of future returns.

<sup>2</sup> 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.

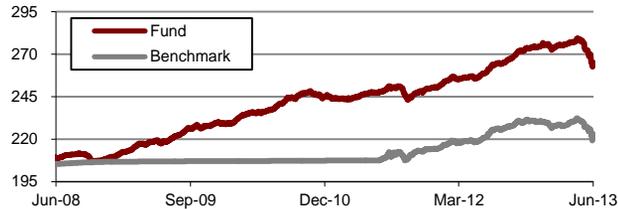
### Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	USD	265.08
Total Fund NAV (Mn)	USD	93.02
Average Daily NAV for the Quarter (Mn) <sup>3</sup>	USD	99.07
Portfolio Weighted Yield to Maturity	% net	4.06
Current Number of Holdings		53
Information Ratio <sup>4</sup>		1.10
Sharpe Ratio <sup>4</sup>		0.97
<b>Statistics (Past 5 Years)</b>		
Annualized Return (net)		4.88
Annualized Volatility (%)		1.64
Duration (years)		4.13

#### 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 <sup>5</sup>	1.00% per annum / 0.25% per quarter	
Custodianship Fees <sup>5</sup>	0.007%	
External Audit Fees <sup>6</sup>	0.009%	
Valuation Methodology	Marked-to-Market	
Trustee	Bank of the Philippine Islands	
External Auditor	Isla Lipana & Co.	
Available Through	BPI Branches and <a href="http://www.bpiexpressonline.com">www.bpiexpressonline.com</a>	
Third-Party Custodian	HSBC, Ltd. (Philippines)	
Dealing Cut-Off	12:00 PM	

### NAVPU Graph



### Allocation

Portfolio Composition: Government 39.60%, Corporates 44.87%, Cash and Receivables 15.53%

### Top Holdings

Name	Yield (%)	Maturity	% of Fund
Republic of the Philippines Bonds 8.3750%	3.04	6/17/2019	7.15%
Republic of the Phils. Global Peso Note 4.9500%	3.18	1/15/2021	5.12%
Republic of the Philippines Bonds 8.3750%	4.38	3/16/2025	4.62%
SM Inv. Corp. Foreign Currency Bonds 6.0000%	4.41	9/22/2014	4.25%
SM Inv. Corp. Foreign Currency Bonds 5.5000%	5.13	10/13/2017	4.01%
RCBC Perpetual Bond 9.8750%	6.84	10/27/2016	3.89%
Dev't Bank of the Phils. Bonds 5.5000%	4.53	3/25/2021	3.83%
Republic of the Philippines Bonds 6.5000%	3.15	1/20/2020	3.77%
Metrobank and Trust Co. Perp. Series 9.0000%	6.24	2/15/2016	3.64%
Republic of the Philippines Bonds 8.0000%	2.02	1/15/2016	3.47%

### Portfolio Weightings

Philippine Corporate Bonds	53.12%
Philippine Sovereign Bonds	46.88

### Maturity Profile

Cash and Less than 1 Year	15.84%
Between 1 and 3 Years	17.86%
Between 3 and 5 Years	17.71%
Between 5 and 7 Years	16.32%
Between 7 and 10 Years	21.37%
More than 10 Years	10.89%

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) / BBB- (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.

<sup>3</sup> Average daily NAV for the past 3 months.

<sup>4</sup> 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.

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

<sup>6</sup> External Audit fees as a percentage of 2011 end-year NAV.

\*Plan rules are available upon request.

### Manager's Report

**Market Review.** June proved to be a challenging month for Philippine dollar-denominated bonds as the market reacted to comments made by Federal Reserve Chairman Ben Bernanke on a possible tapering of the central bank's Quantitative Easing (QE) measures. His statement triggered outflows from Emerging Markets including the Philippines. As investors pulled out of the bond market, ROPs were sold down with the long-end of the yield curve being the most affected. For a time, the 25-year ROP bond was even priced below par. By the end of June, ROP yields had increased by an average of 59 basis points across the curve.

During the first week of July, the 10-year US Treasury bond yield spiked to 2.71% following a stronger-than-expected US jobs report. ROP yields, which track the movements of US Treasuries, are seen to follow suit.

Looking ahead, ROP prices will remain susceptible to news flows from abroad but may continue to find support from local bids as investors engage in bargain-hunting. We remain bullish on the economic fundamentals of the country and believe that the selling was mostly sentiment-driven and may have been overdone. Moving forward, we will increase our cash levels and stay away from the longer-dated ROP bonds in the meantime to reduce overall volatility of the Fund.

**Fund Performance.** The Fund has returned -3.48% for the year, underperforming its benchmark by 16 basis points.

**Strategy.** The duration of the Fund as of month-end was at 4.13, lower than the previous month's 4.56. We look to maintain a neutral duration position for the Fund in light of the recent volatility that we have observed in the markets.

