

Philippine Dollar Bond Index Fund

A Unit Investment Trust Fund of the Bank of the Philippine Islands



Investment Objective

The Fund aims to achieve investment returns that closely track the total return of a U.S. dollar-denominated index, the JP Morgan Asia Credit Philippines Total Return Index, before fees and taxes, by investing in a diversified portfolio of Philippine sovereign and corporate fixed income instruments.

Figures as of 02/28/2013

Cumulative Performance (%)¹

	1 mo	1YR	3YRS	5 YRS	S.I. ³
Fund	0.20	9.04	42.37	65.27	76.74
JACI Phil ²	0.24	9.24	42.73	68.43	80.46

Annualized Performance (%)¹

	1YR	2YRS	3YRS	4YRS	5YRS	S.I. ³
Fund	9.04	11.59	12.50	13.47	10.57	9.67
JACI Phil ²	9.24	12.00	12.59	14.09	10.99	10.04

Calendar Year Performance (%)¹

	YTD	2012	2011	2010	2009	2008
Fund	-1.86	15.09	9.91	13.40	20.71	-2.95
JACI Phil ²	-1.98	15.79	10.44	13.78	26.07	-6.71

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

²The fund tracks the JP Morgan Asia Credit Philippines Total Return Index.

³Since Inception.

Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	USD	176.74
Total Fund NAV (Mn)	USD	31.15
Portfolio Weighted Yield to Maturity	%, net	3.36
Current Number of Holdings		39
Tracking Error (1-Yr) ⁴		1.95%

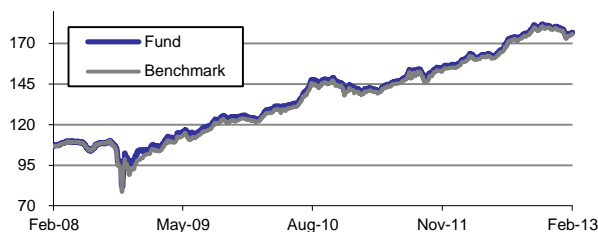
Statistics (Past 5 Years)

	Fund	Benchmark
Annualized Return (net)	10.59	10.99
Annualized Volatility (%)	7.36	7.75
Duration (years)	8.13	8.16

General Information

Launch Date	December 31, 2006
Fund Structure	Unit Investment Trust Fund
Fund Classification	Index Tracker Bond Fund
Fund Currency	US Dollar
Minimum Initial Investment	USD 500.00
Minimum Transaction	USD 200.00
Minimum Holding Period	None
Trust Fee	0.25% per annum / 0.06% per quarter ⁵
Custodianship Fees ⁵	0.001%
External Audit Fees ⁶	0.017%
Special Expense ⁷	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



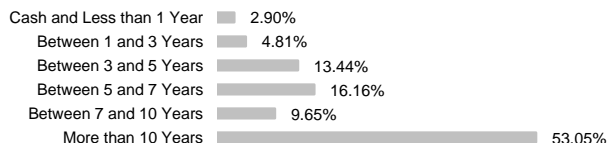
Allocation

Portfolio Composition Government 72.99%, Corporates 24.11%, Cash and Receivables 2.90%

Top Holdings

Name	Yield (%)	Maturity	% of Fund
Republic of the Philippines Bonds 6.375%	4.10	10/23/2034	9.35%
Republic of the Philippines Bonds 7.750%	4.07	1/14/2031	8.83%
Republic of the Philippines Bonds 9.500%	4.10	2/2/2030	8.15%
Republic of the Philippines Bonds 10.625%	3.61	3/16/2025	6.47%
Republic of the Philippines Bonds 4.000%	2.40	1/15/2021	5.64%
Republic of the Philippines Bonds 6.375%	3.35	3/30/2026	4.59%
Republic of the Philippines Bonds 5.500%	4.07	1/15/2032	4.58%
Republic of the Philippines Bonds 5.000%	3.98	1/13/2037	4.20%
Republic of the Philippines Bonds 8.375%	2.27	6/17/2019	4.18%
Power Sector Assets and Liabilities Mgt. 7.39%	3.70	12/2/2024	3.90%

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 an aggressive risk profile. An index tracker bond fund is suitable for investors who take medium to long-term views and want exposure to Philippine bonds. 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. As a marked-to-market UITF, the Fund's yield, 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 the investment. Liquidity risk also needs to be taken into account.

⁴ Tracking error is the measure of deviation between the Fund's returns and the benchmark returns. A lower number means the Fund's return is closely aligned with the benchmark.

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

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

⁷ For publication expense.

*Plan rules are available upon request.

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. Against this backdrop, the Fund returned 0.20% for the month.

Strategy. The Fund will continue to track the JPMorgan Asia Credit Total Return Index.

