

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 01/31/12

Cumulative Performance (%)¹

	1 mo	1YR	3YRS	5YRS
Fund	0.88	11.59	50.44	58.63
Benchmark ²	1.03	11.92	54.06	61.64

Annualized Performance (%)¹

	1YR	2YRS	3YRS	4YRS	5YRS
Fund	11.59	12.82	14.58	10.13	9.67
Benchmark ²	11.92	13.17	15.50	10.55	10.08

Calendar Year Performance (%)¹

	YTD	2011	2010	2009	2008	2007
Fund	0.88	9.97	13.34	20.41	-2.70	7.20
Benchmark ²	1.03	10.47	13.76	24.38	-5.43	7.59

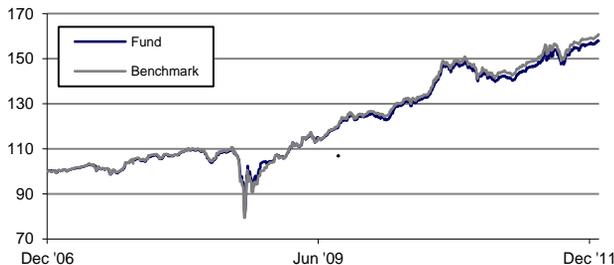
¹Returns are net of fees. Past performance is not an indication of future returns.

²The Benchmark of the fund is the JP Morgan Asia Credit Philippines Total Return Index.

Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	USD	157.92
Total Fund NAV (Min)	USD	14.77
Par Value	USD	100.00
Portfolio Weighted Yield to Maturity	%, net	4.13
Risk Characteristics	Fund	Benchmark
Duration (years) ³	7.79	8.26
Volatility ⁴	4.38%	4.07%
Tracking Error ⁵	1.52%	
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 ⁶	USD	500.00
Minimum Transaction ⁶	USD	200.00
Minimum Holding Period	90 calendar days	
Early Redemption Fee	0.25%	
Trust Fee	0.25% per annum / 0.06% per quarter ⁷	
Custodianship Fees ⁸	0.004%	
External Audit Fees ⁹	0.002%	
Special Expense ¹⁰	PHP 2,000.00 per annum	
Valuation Methodology	Marked-to-Market	
Trustee and Fund Manager	Bank of the Philippine Islands	
Available Through	BPI Branches	
Third-Party Custodian	HSBC, Ltd. (Philippines)	
External Auditor	Isla Lipana & Co.	
Dealing	Daily up to 12 noon	

NAVPU Graph



Allocation

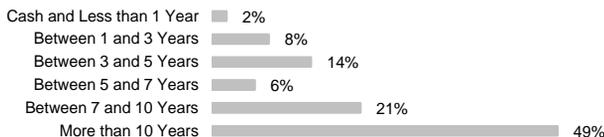
Portfolio Composition Government 81.3%, Corporates 16.9%, Deposits and Other Receivables 1.8%

Top Ten Holdings

Name	Maturity	% of Fund
Republic of the Philippines Bonds 6.375%	10/23/2034	9.35%
Republic of the Philippines Bonds 7.750%	1/14/2031	8.25%
Republic of the Philippines Bonds 9.500%	2/2/2030	7.89%
Republic of the Philippines Bonds 10.625%	3/16/2025	6.49%
Republic of the Philippines Bonds 6.500%	1/20/2020	5.67%
Republic of the Philippines Bonds 4.000%	1/15/2021	5.56%
Republic of the Philippines Bonds 5.500%	3/30/2026	4.55%
Republic of the Philippines Bonds 6.375%	1/15/2032	4.43%
Republic of the Philippines Bonds 9.375%	1/18/2017	4.37%
PSALM Corporate Bonds 4.800%	12/2/2024	4.19%

Any prospective investment shall be limited to the type of investments described in the Declaration of Trust for the Fund.

Maturity Profile



Average Credit Rating: Ba2 (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. As a marked-to-market UITF, the Fund's yield, net asset value, and total return may fall as well as rise as a result of interest rate movements and the changes in 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.

³Duration 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.

⁴Volatility measures the fluctuations in NAVPU. The higher the number, the higher the potential gain or loss.

⁵Tracking 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.

⁶Contribution rounded down/ redemption rounded off to the nearest whole unit.

⁷Trust fees paid for the quarter as a percentage of average daily NAV for the quarter.

⁸Custodianship fees billed for the quarter as a percentage of average daily NAV for the quarter.

⁹External Audit fees as a percentage of end-year 2009 NAV.

¹⁰For publication expense.

Manager's Report

Monthly Commentary. Philippine dollar-denominated bonds sustained their ascent, with prices increasing by 0.12% on average in January, still benefiting from the positive overhang following Standard and Poor's (S&P) move to raise its outlook on the country from stable to positive. Stronger flows into emerging markets continued to lift ROPs, a trend that has persisted since the beginning of the year, after rival agency Moody's Investor Service elevated Indonesia's credit rating to investment grade on January 18.

The country's stable economic fundamentals were further validated by the latest GDP figures. Philippine GDP growth registered at 3.7% in 4Q2011, slightly lower than the 3.8% figure expected by consensus but still better than the upwardly revised 3.6% growth rate recorded in the previous quarter. Meanwhile, the full-year figure for 2011 came out at 3.7%, slower than the 7.6% growth posted in 2010.

US Treasuries likewise remained supported, with yields declining by 3 basis points on average in January. Investors' demand for safe-haven debt was fueled after S&P downgraded its ratings on nine European countries including France, Italy and Spain. In contrast, Germany was able to retain its AAA rating, with a stable outlook. Consequently, Euro benchmark yields increased on the short and long ends of the curve while the 5- to 10-year tenor buckets declined 7 basis points on average.

Fund Performance. Against this backdrop, the Fund returned 0.88% for the month. The Fund continues to track the JPMorgan Asia Credit Total Return index.

