

### 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 07/31/2013

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

	1 mo	1YR	3YRS	5 YRS	S.I. <sup>3</sup>
Fund	1.19	-2.53	20.96	56.45	68.97
JACI Phil <sup>2</sup>	0.16	-2.60	22.48	58.28	72.10

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

	1YR	2YRS	3YRS	4YRS	5YRS	S.I. <sup>3</sup>
Fund	-2.53	5.73	6.55	9.79	9.36	8.29
JACI Phil <sup>2</sup>	-2.60	5.79	6.99	10.08	9.62	8.59

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

	YTD	2012	2011	2010	2009	2008
Fund	-6.17	15.09	9.91	13.40	20.71	-2.95
JACI Phil <sup>2</sup>	-6.51	15.79	10.44	13.78	26.07	-6.71

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

<sup>2</sup>The Fund tracks the JP Morgan Asia Credit Philippines Total Return Index.

<sup>3</sup>Since Inception.

### Key Figures and Statistics

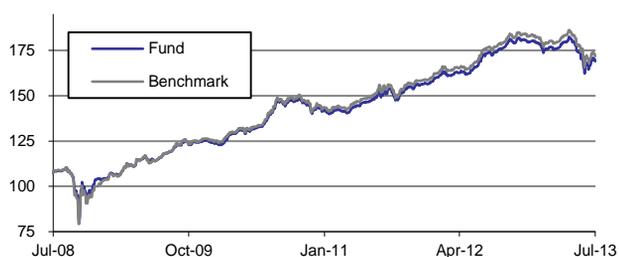
Net Asset Value per Unit (NAVPU)	USD	168.97
Total Fund NAV (Mn)	USD	25.08
Average Daily NAV for the Quarter (Mn) <sup>4</sup>	USD	29.41
Portfolio Weighted Yield to Maturity	% net	4.35
Current Number of Holdings		43
Tracking Error (3-Yr) <sup>5</sup>		1.90%

Statistics (Past 5 Years)	Fund	Benchmark
Annualized Return (net)	9.36	9.62
Annualized Volatility (%)	7.60	7.99
Duration (years)	7.20	7.66

### 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
Days to Settlement (Contribution)	Day 1 End-of-Day
Days to Settlement (Redemption)	Day 1 End-of-Day
Trust Fee <sup>6</sup>	0.25% per annum / 0.06% per quarter
Custodianship Fees <sup>6</sup>	0.003%
External Audit Fees <sup>7</sup>	0.021%
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



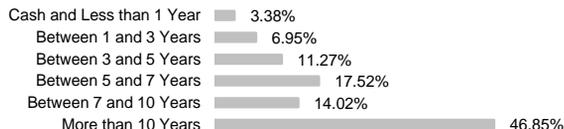
### Allocation

Portfolio Composition Government 63.26%, Corporates 33.36%, Cash and Receivables 3.38%

### Top Holdings

Name	Yield (%)	Maturity	% of Fund
Republic of the Philippines Bonds 6.3750%	4.80	10/23/2034	9.50%
Republic of the Philippines Bonds 7.7500%	5.00	1/14/2031	8.57%
Republic of the Philippines Bonds 9.5000%	4.94	2/2/2030	7.09%
Republic of the Philippines Bonds 10.6250%	4.25	3/16/2025	6.20%
Republic of the Philippines Bonds 4.0000%	3.22	1/15/2021	5.93%
Republic of the Philippines Bonds 5.0000%	4.49	1/13/2037	4.80%
Republic of the Philippines Bonds 6.3750%	4.88	1/15/2032	4.42%
Republic of the Philippines Bonds 5.5000%	4.09	3/30/2026	4.37%
Republic of the Philippines Bonds 8.375%	2.99	6/17/2019	4.33%
Power Sector Assets and Liabilities Mgt. 7.3900%	4.63	12/2/2024	4.05%

### 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) / BBB- (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.

<sup>4</sup> Average Daily NAV for the past 3 months.

<sup>5</sup> 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.

<sup>6</sup> Trust fees/custodianship fees as a percentage of average daily NAV for the quarter.

<sup>7</sup> External Audit fees as a percentage of 2011 end-year NAV.

\*Plan rules are available upon request.

### Manager's Report

**Market Review.** July provided a brief respite for Emerging Markets as investors reacted to Federal Reserve Chairman Ben Bernanke's attempt to clarify his prior statements on the tapering of the Quantitative Easing (QE) stimulus. Bond markets experienced a return in investors' appetite for risk after the Fed Chair alluded to a possible pushback in the reduction of the US\$85 billion in monthly securities purchases by the central bank, which was originally thought to begin as early as September.

ROP yields declined by 11 basis points on average with the 25-year ROP bond price rising to as much as 110 mid-July, before settling down to the 107 level by month-end. Investors mostly remained on the sidelines awaiting the release of the July US Non-Farm Payrolls (NFP) Report. The July NFP figure came out indicating that employment increased by only 162,000 jobs, which was below the market consensus of 185,000. This caused 10-Year US Treasury yields to decline by 10 basis points to the 2.60% level and since ROPs have been tracking the movement of US Treasuries, ROP yields declined as well.

Looking ahead, ROP prices will remain volatile due to market news from abroad but may benefit from a possible credit rating upgrade from Moody's Investors Service. Note that it is the only major credit rating agency who has not yet given the Philippines an investment grade rating. We remain bullish on the country's economic fundamentals, with the government's fiscal deficit as of June at Php51 billion, well below the full-year target of Php238 billion. Domestic inflation was likewise a positive surprise as the CPI figure for July came out at only 2.5%, giving the Monetary Board further leeway to not hike interest rates any time soon.

**Fund Performance.** Against this backdrop, the Fund returned -6.17% year-to-date.

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

