

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 06/28/2013

Cumulative Performance (%)¹

	1 mo	1YR	3YRS	5 YRS	S.I. ³
Fund	-4.34	0.22	25.63	59.66	66.99
JACI Phil ²	-3.69	1.16	28.31	63.11	71.82

Annualized Performance (%)¹

	1YR	2YRS	3YRS	4YRS	5YRS	S.I. ³
Fund	0.22	6.74	7.90	9.80	9.81	8.21
JACI Phil ²	1.16	7.34	8.66	10.91	10.28	8.69

Calendar Year Performance (%)¹

	YTD	2012	2011	2010	2009	2008
Fund	-7.27	15.09	9.91	13.40	20.71	-2.95
JACI Phil ²	-6.66	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.

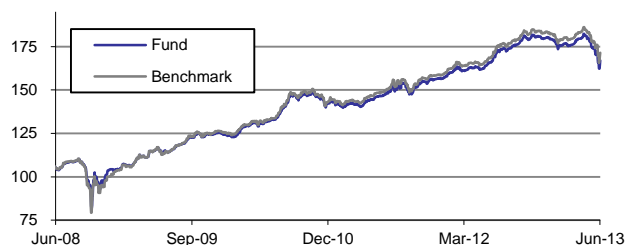
Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	USD	166.99
Total Fund NAV (Mn)	USD	28.01
Average Daily NAV for the Quarter (Mn) ⁴	USD	31.39
Portfolio Weighted Yield to Maturity	% net	4.42
Current Number of Holdings		43
Tracking Error (1-Yr) ⁵		2.36%
Statistics (Past 5 Years)	Fund	Benchmark
Annualized Return (net)	9.81	10.28
Annualized Volatility (%)	7.57	7.96
Duration (years)	7.24	7.65

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 ⁶	0.25% per annum / 0.06% per quarter	
Custodianship Fees ⁶	0.003%	
External Audit Fees ⁷	0.021%	
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



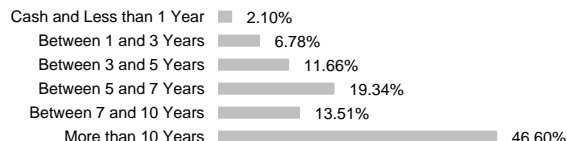
Allocation

Portfolio Composition Government 65.15%, Corporates 32.75%, Cash and Receivables 2.10%

Top Holdings

Name	Yield (%)	Maturity	% of Fund
Republic of the Philippines Bonds 6.3750%	4.85	10/23/2034	8.51%
Republic of the Philippines Bonds 7.7500%	4.99	1/14/2031	7.68%
Republic of the Philippines Bonds 9.5000%	5.02	2/2/2030	6.35%
Republic of the Philippines Bonds 4.0000%	3.18	1/15/2021	5.55%
Republic of the Philippines Bonds 10.6250%	4.38	3/16/2025	5.31%
Republic of the Philippines Bonds 5.5000%	4.15	3/30/2026	4.30%
Republic of the Philippines Bonds 8.3750%	3.04	6/17/2019	3.96%
Republic of the Philippines Bonds 5.0000%	4.55	1/13/2037	3.91%
Power Sector Assets and Liabilities Mgt. 7.3900%	4.99	12/2/2024	3.88%
Republic of the Philippines Bonds 6.5000%	3.15	1/20/2020	3.63%

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.

⁴ Average Daily NAV for the past 3 months.

⁵ 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.

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

⁷ 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.

Fund Performance. Against this backdrop, the Fund returned -7.27% year-to-date.

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

