

### 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 11/30/2011

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

	1 mo	1YR	3YRS	4YRS
Fund	0.55	6.22	58.01	46.58
Benchmark <sup>2</sup>	0.81	7.41	65.22	49.15

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

	1YR	2YRS	3YRS	4YRS
Fund	6.22	11.53	16.47	10.03
Benchmark <sup>2</sup>	7.41	12.44	18.22	10.51

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

	YTD	2010	2009	2008	2007
Fund	8.68	13.34	20.41	-2.70	7.20
Benchmark <sup>2</sup>	9.32	13.76	24.38	-5.43	7.59

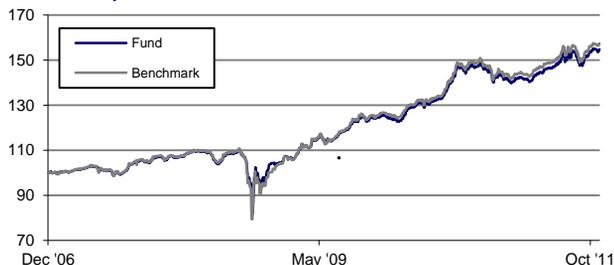
<sup>1</sup>Returns are net of fees. Past performance is not an indication of future returns.

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

### Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	USD	154.71
Total Fund NAV (Mln)	USD	13.78
Par Value	USD	100.00
Portfolio Weighted Yield to Maturity	% , net	4.37
<b>Risk Characteristics</b>	<b>Fund</b>	<b>Benchmark</b>
Duration (years) <sup>3</sup>	7.92	7.73
Volatility <sup>4</sup>	4.87%	4.78%
Tracking Error <sup>5</sup>	1.89%	
<b>General Information</b>		
Launch Date	December 31, 2006	
Fund Structure	Unit Investment Trust Fund	
Fund Classification	Index Tracker Bond Fund	
Fund Currency	US Dollar	
Minimum Initial Investment <sup>6</sup>	USD	500.00
Minimum Transaction <sup>6</sup>	USD	200.00
Minimum Holding Period	90 calendar days	
Early Redemption Fee	0.25%	
Trust Fee	0.25% per annum / 0.06% per quarter <sup>7</sup>	
Custodianship Fees <sup>8</sup>	0.004%	
External Audit Fees <sup>9</sup>	0.002%	
Special Expense <sup>10</sup>	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

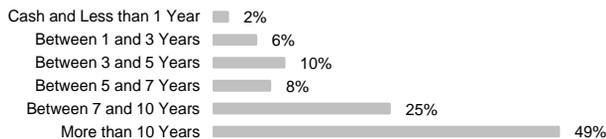
Portfolio Composition Government 79.6%, Corporates 18.6%, Deposits and Other Receivables 1.8%

### Top Ten Holdings

Name	Maturity	% of Fund
Republic of the Philippines Bonds 6.375%	10/23/2034	9.05%
Republic of the Philippines Bonds 7.750%	1/14/2031	8.65%
Republic of the Philippines Bonds 9.500%	2/2/2030	7.70%
Republic of the Philippines Bonds 10.625%	3/16/2025	6.83%
Republic of the Philippines Bonds 6.500%	1/20/2020	6.04%
Republic of the Philippines Bonds 4.000%	1/15/2021	5.50%
Republic of the Philippines Bonds 9.375%	1/18/2017	4.72%
Republic of the Philippines Bonds 6.375%	1/15/2032	4.67%
PSALM Corporate Bonds 4.800%	12/2/2024	4.40%
Republic of the Philippines Bonds 8.375%	6/17/2019	4.29%

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.

<sup>3</sup>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.

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

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

<sup>7</sup>Trust fees paid for the quarter as a percentage of average daily NAV for the quarter.

<sup>8</sup>Custodianship fees billed for the quarter as a percentage of average daily NAV for the quarter.

<sup>9</sup>External Audit fees as a percentage of end-year 2009 NAV.

<sup>10</sup>For publication expense.

### Manager's Report

**Monthly Commentary.** Philippine dollar-denominated bonds remained resilient in November, with prices practically unchanged month-on-month, even as GDP growth in the third quarter came in lower than expected. The Philippine economy expanded by only 3.2% year-on-year in 3Q2011, slightly stronger than the downwardly revised 3.1% figure for 2Q2011, but below the 4.0%-4.3% range expected by most market watchers.

US Treasuries were supported on the other hand as yields declined by 4 bps on average by month-end. Demand for perceived safe-haven debt surged after members of the Joint Select Committee on Deficit Reduction, branded as the "Super Committee", failed to reach an agreement on how to implement a total of USD1.5Tn in deficit cuts over 10 years. Persistent political wrangling in Washington increasingly jeopardizes the triple "A" sovereign credit rating of the US, as evidenced by Fitch Ratings' downgrade of its outlook on US creditworthiness from "Stable" to "Negative".

In Europe, signs that the sovereign debt contagion is spreading from the periphery to the core gained traction after the German government's "failure" to sell all of the new 10-year bonds offered at a recent auction. News that EUR2.1Bn (or 35%) of EUR6.0Bn put up for sale failed to get bids were taken by investors as a signal of diminished appetite even for the Euro region's safest assets. Since then, Euro sovereign yields have increased to more than 2.0% for 10-year German bonds and more than 3.7% for 10-year French sovereign bonds. Spanish and Italian 10-year bonds pay even higher, with yields reaching 6.6% and 7.2%, respectively.

**Fund Performance.** Against this backdrop, the Fund returned 8.68% year-to-date. The Fund continues to track the JPMorgan Asia Credit Total Return Index.

