

## 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 10/31/2013

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

	1 mo	1YR	3YRS	5 YRS	S.I. <sup>3</sup>
Fund	2.78	-3.74	17.05	83.38	72.40
JACI Phil <sup>2</sup>	2.81	-3.40	18.37	83.76	76.31

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

	1YR	2YRS	3YRS	4YRS	5YRS	S.I. <sup>3</sup>
Fund	-3.74	5.87	5.39	8.84	12.89	8.29
JACI Phil <sup>2</sup>	-3.40	6.27	5.78	9.16	12.94	8.65

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

	YTD	2012	2011	2010	2009	2008
Fund	-4.27	15.09	9.91	13.40	20.71	-2.95
JACI Phil <sup>2</sup>	-4.23	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

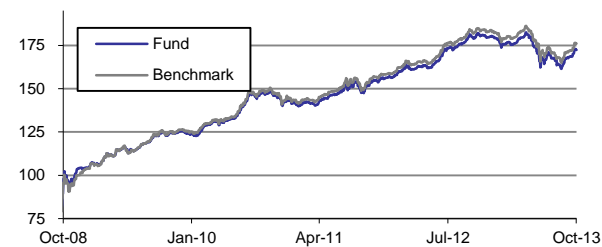
Net Asset Value per Unit (NAVPU)	USD	172.40
Total Fund NAV (Mn)	USD	24.70
Average Daily NAV for the Quarter (Mn) <sup>4</sup>	USD	23.82
Portfolio Weighted Yield to Maturity	% net	4.13
Current Number of Holdings		46
Tracking Error (3-Yr) <sup>5</sup>		1.97%

Statistics (Past 5 Years)	Fund	Benchmark
Annualized Return (net)	12.89	12.94
Annualized Volatility (%)	7.62	7.98
Duration (years)	7.12	7.64

### 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>	0.013%
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



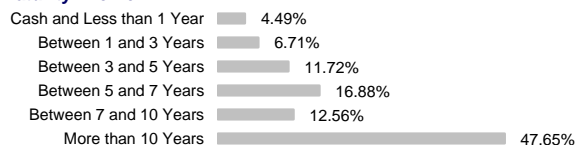
### Allocation

Portfolio Composition Government 63.40%, Corporates 32.98%, Cash and Receivables 3.62%

### Top Holdings

Name	Yield (%)	Maturity	% of Fund
Republic of the Philippines Bonds 6.3750%	4.73	10/23/2034	8.30%
Republic of the Philippines Bonds 7.7500%	4.74	1/14/2031	7.82%
Republic of the Philippines Bonds 9.5000%	4.73	2/2/2030	7.37%
Republic of the Philippines Bonds 10.6250%	4.14	3/16/2025	6.09%
Republic of the Philippines Bonds 4.0000%	2.96	1/15/2021	5.29%
Republic of the Philippines Bonds 8.3750%	4.70	1/15/2032	4.12%
Republic of the Philippines Bonds 5.5000%	3.96	3/30/2026	4.03%
Republic of the Philippines Bonds 5.5000%	4.39	1/13/2037	3.96%
Republic of the Philippines Bonds 8.3750%	2.74	6/17/2019	3.71%
Power Sector Assets and Liabilities Mgt. 7.3900%	4.50	12/2/2024	3.54%

### 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:** Baa3 (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 2012 end-year NAV.

\*Plan rules are available upon request.

### Manager's Report

**Market Review.** In October, investors saw a continuation of the upward momentum that bond prices enjoyed from the previous month. The Federal Reserve met during the last days of October and re-affirmed their decision to keep their key policy rates steady and continue on their Quantitative Easing program. This caused the 10-Year US Treasury Bond to rally, with its yield declining by 7 basis points to settle at the 2.54% level by month-end. As the ROPs have been tracking the movement in US Treasuries as of late, ROP bond yields declined as well. On average, ROP yields dropped by 28 basis points. This translated to an average increase of 1.5% in ROP bond prices.

Adding to the positive news for investors was that the US government finally ended their political impasse after they agreed to temporarily suspend the US debt ceiling. However, they would have to go back to the negotiating table on February 2014 to tackle the debt ceiling issue once more. Thus, between now and February, Emerging Markets such as the Philippines should benefit from the Federal Reserve's purchases of US Treasuries and mortgages in the amount of \$85 billion a month.

**Fund Performance.** Against this backdrop, the Fund has returned -4.27% year-to-date.

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

