

## 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 11/28/14

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

	1 mo	1YR	3YRS	5 YRS	S.I. <sup>3</sup>
<b>Fund</b>	1.19	10.40	21.71	51.46	88.28
JACI Phil <sup>2</sup>	0.97	10.85	22.95	55.33	93.34

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

	1YR	2YRS	3YRS	4YRS	5YRS	S.I. <sup>3</sup>
<b>Fund</b>	10.40	1.99	6.77	6.63	8.66	8.32
JACI Phil <sup>2</sup>	10.85	2.40	7.13	7.17	9.21	8.69

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

	YTD	2013	2012	2011	2010	2009
<b>Fund</b>	10.31	-5.23	15.09	9.91	13.40	20.71
JACI Phil <sup>2</sup>	10.67	-5.10	15.79	10.44	13.78	26.07

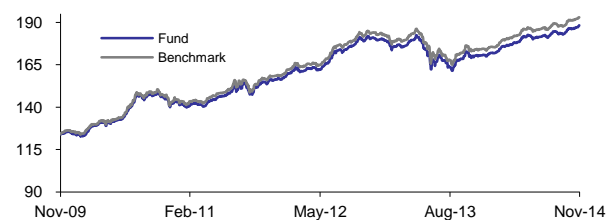
### Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	USD	188.28
Total Fund NAV (Mn)	USD	26.62
Average Daily NAV for the Quarter (Mn) <sup>4</sup>	USD	25.37
Portfolio Weighted Yield to Maturity	%, net	3.57
Current Number of Holdings		47
<b>Statistics (Past 5 Years)</b>		
Annualized Return (% net)		8.66
Annualized Volatility (%)		4.93
Duration (years)		6.89
Tracking Error (3-Yr, %) <sup>5</sup>		1.03

### 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 Fee <sup>7</sup>	0.1447%	
External Audit Fee <sup>7</sup>	0.0342%	
Valuation Methodology	Marked-to-Market	
External Auditor	Isla Lipana & Co.	
Available Through	BPI Branches and <a href="http://www.bpiexpressonline.com">www.bpiexpressonline.com</a>	
Trustee	Bank of the Philippine Islands	
Third Party Custodian	HSBC, Ltd. (Philippines)	
Dealing Cut-Off	12:00 PM	

### NAVPU Graph



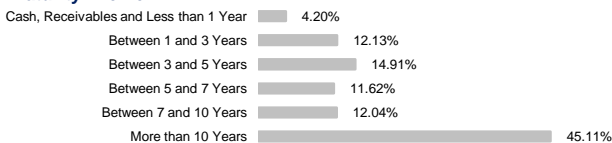
### Allocation

Portfolio Allocation: Government 63.52%, Corporates 32.28%, Cash and Receivables 4.20%

### Top Holdings

Name	Yield (%) <sup>8</sup>	Maturity	% of Fund
Republic of the Philippines Bonds	4.02	2/2/2030	9.21%
Republic of the Philippines Bonds	3.95	10/23/2034	8.73%
Republic of the Philippines Bonds	4.02	1/14/2031	6.98%
Republic of the Philippines Bonds	3.56	3/16/2025	5.30%
Republic of the Philippines Bonds	2.50	1/15/2021	4.99%
Republic of the Philippines Bonds	3.94	1/15/2032	4.23%
Republic of the Philippines Bonds	2.17	6/17/2019	3.76%
Republic of the Philippines Bonds	3.88	1/13/2037	3.65%
Republic of the Philippines Bonds	3.50	3/30/2026	3.56%
Republic of the Philippines Bonds	3.09	1/21/2024	3.47%

### 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>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

<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. It is computed as the annualized standard deviation of monthly returns as against the benchmark over three years. A lower number means the Fund's return is closely aligned with the benchmark.

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

<sup>7</sup> Calculated based on the total billings received in 2013 divided by the average daily NAV in 2013

<sup>8</sup> Net of Tax

<sup>\*</sup> Declaration of Trust and List of Prospective Investment Outlets are available upon request through branch of account.

### Manager's Report

**Market Review.** The JP Morgan Chase Asia Total Return Philippine Bond Index gained 0.97% in November. Prices of US\$-denominated bonds were higher by an average 0.86 for the month, largely tracking advances in US Treasuries. The ten-year US Treasury yield eased by 17 basis points to close the month at 2.16% on lingering global growth concerns.

The US economy grew by 3.9% QoQ in the third quarter, up from 3.5% in the previous quarter, largely driven by a 2.2% growth in consumer spending. The unemployment rate fell to 5.8% in October, affirming improvements in the labor market that the US Federal Reserve cited at the end of its bond purchase program in the same month.

Over in Asia, the People's Bank of China unexpectedly cut its policy rate by 40 basis points to 5.6%, the first interest rate cut in two years. This came after the Chinese economy grew by 7.3% in the third quarter, slower than the 7.5% posted in the previous quarter.

The Philippine economy grew by 5.3% in the third quarter, slower compared to last year's 7% and lower than the 6.4% print for the second quarter. Agriculture fell by 2.7% while services and industrials slowed to 5.4% and 7.6%, respectively. On the expenditure side, government spending dropped by 2.6% while household spending slowed to 5.2%. Inflation, meanwhile, seemed to be kept in check as the CPI figure came out at 4.3% in October, a deceleration from the 4.4% in September due to slower increases in food and oil prices. This brought the year-to-date average inflation rate to 4.3%.

**Fund Performance.** Against this backdrop, the Fund has returned 10.31% year-to-date.

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

