

## 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 03/31/14

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

	1 mo	1YR	3YRS	5 YRS	S.I. <sup>3</sup>
Fund	0.63	0.47	25.06	60.32	77.01
JACI Phil <sup>2</sup>	0.83	0.70	26.26	63.84	81.30

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

	1YR	2YRS	3YRS	4YRS	5YRS	S.I. <sup>3</sup>
Fund	0.47	4.84	7.74	8.16	9.90	8.19
JACI Phil <sup>2</sup>	0.70	5.09	8.08	8.63	10.38	8.55

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

	YTD	2013	2012	2011	2010	2009
Fund	3.71	-5.23	15.09	9.91	13.40	20.71
JACI Phil <sup>2</sup>	3.78	-5.10	15.79	10.44	13.78	26.07

### Key Figures and Statistics

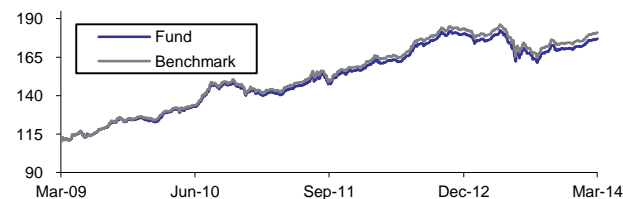
Net Asset Value per Unit (NAVPU)	USD	177.01
Total Fund NAV (Mn)	USD	24.09
Average Daily NAV for the Quarter (Mn) <sup>4</sup>	USD	23.70
Portfolio Weighted Yield to Maturity	%, net	4.01
Current Number of Holdings		45

Statistics (Past 5 Years)	Fund	Index
Annualized Return (% net)	9.90	10.38
Annualized Volatility (%)	5.22	5.46
Duration (years)	7.14	7.60
Tracking Error (3-Yr, %) <sup>5</sup>	1.92	

### 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>6</sup>	0.002%	
External Audit Fee <sup>7</sup>	0.015%	
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



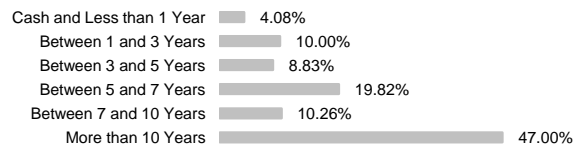
### Allocation

Portfolio Allocation: Government 65.28%, Corporates 32.30%, Cash and Receivables 2.42%

### Top Holdings

Name	Yield (%) <sup>8</sup>	Maturity	% of Fund
Republic of the Philippines Bonds	4.54	10/23/2034	8.33%
Republic of the Philippines Bonds	4.59	1/14/2031	7.88%
Republic of the Philippines Bonds	4.55	2/2/2030	7.32%
Republic of the Philippines Bonds	4.25	3/16/2025	6.00%
Republic of the Philippines Bonds	3.15	1/15/2021	5.35%
Republic of the Philippines Bonds	4.56	1/15/2032	4.28%
Republic of the Philippines Bonds	4.13	3/30/2026	4.05%
Republic of the Philippines Bonds	4.36	1/13/2037	3.87%
Republic of the Philippines Bonds	2.77	6/17/2019	3.74%
Power Sector Assets and Liabilities Mgt.	4.34	12/2/2024	3.65%

### 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. A lower number means the Fund's return is closely aligned with the benchmark.

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

<sup>7</sup>External Audit fee as a percentage of 2013 end-year NAV

<sup>8</sup>Net of Tax

\*Plan rules are available upon request.

### Manager's Report

**Market Review.** Philippine dollar-denominated bond prices rose for the month as yields declined by an average of 2 basis points. The market experienced much volatility as investors digested economic releases from China, as well as comments from the US Federal Reserve (the Fed).

China released its economic growth target of 7.5% for 2014, matching the 2013 goal, the lowest since 1990. March also marked the first meeting of the US Federal Reserve (the Fed) with Janet Yellen at Chairperson, and as expected the target rate was maintained but bond purchases (QE3) were further reduced by US\$10 billion. The Fed likewise revised its forward guidance, disassociating itself from a specific level of unemployment. In another speech during the month, Yellen emphasized that interest rates would remain low for a considerable period of time even after the end of the central bank's asset purchases.

On the local front, Philippine fundamentals continued to support yields as fiscal management remained sound and external positions healthy. The budget deficit for January came in at PHP34.2 billion, 75% higher year-on-year. Gross international reserves increased by US\$800 million to US\$80.3 billion, representing 11.5 months' worth of imports.

**Fund Performance.** Against this backdrop, the Fund has returned 3.71% year-to-date.

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

