

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 04/30/14

Cumulative Performance (%)¹

	1 mo	1YR	3YRS	5 YRS	S.I. ³
Fund	0.86	-1.11	25.09	60.63	78.54
JACI Phil ²	0.96	-1.15	25.79	64.01	83.04

Annualized Performance (%)¹

	1YR	2YRS	3YRS	4YRS	5YRS	S.I. ³
Fund	-1.11	4.79	7.75	8.04	9.94	8.22
JACI Phil ²	-1.15	5.12	7.95	8.44	10.40	8.59

Calendar Year Performance (%)¹

	YTD	2013	2012	2011	2010	2009
Fund	4.61	-5.23	15.09	9.91	13.40	20.71
JACI Phil ²	4.78	-5.10	15.79	10.44	13.78	26.07

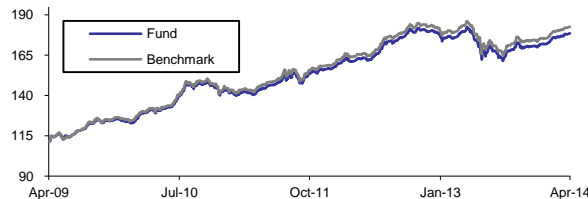
Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	USD	178.54
Total Fund NAV (Mn)	USD	24.34
Average Daily NAV for the Quarter (Mn) ⁴	USD	23.86
Portfolio Weighted Yield to Maturity	%, net	3.97
Current Number of Holdings		43
Statistics (Past 5 Years)		
	Fund	Index
Annualized Return (% net)	9.94	10.40
Annualized Volatility (%)	5.17	5.36
Duration (years)	7.34	7.58
Tracking Error (3-Yr, %) ⁵	1.15	

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 ⁶	0.25% per annum / 0.06% per quarter	
Custodianship Fee ⁶	0.002%	
External Audit Fee ⁷	0.015%	
Valuation Methodology	Marked-to-Market	
External Auditor	Isla Lipana & Co.	
Available Through	BPI Branches and www.bpiexpressonline.com	
Trustee	Bank of the Philippine Islands	
Third Party Custodian	HSBC, Ltd. (Philippines)	
Dealing Cut-Off	12:00 PM	

NAVPU Graph



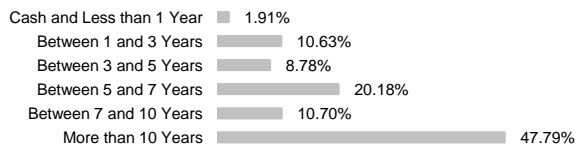
Allocation

Portfolio Allocation: Government 66.41%, Corporates 31.68%, Cash and Receivables 1.91%

Top Holdings

Name	Yield (%) ⁸	Maturity	% of Fund
Republic of the Philippines Bonds	4.48	10/23/2034	8.82%
Republic of the Philippines Bonds	4.50	1/14/2031	7.87%
Republic of the Philippines Bonds	4.47	2/2/2030	7.29%
Republic of the Philippines Bonds	4.13	3/16/2025	5.98%
Republic of the Philippines Bonds	3.12	1/15/2021	5.30%
Republic of the Philippines Bonds	4.06	3/30/2026	4.43%
Republic of the Philippines Bonds	4.46	1/15/2032	4.28%
Republic of the Philippines Bonds	2.64	6/17/2019	4.24%
Republic of the Philippines Bonds	3.74	1/21/2024	4.05%
Republic of the Philippines Bonds	4.29	1/13/2037	3.87%

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.

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

⁴Average Daily NAV for the past 3 months

⁵Tracking 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.

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

⁷External Audit fee as a percentage of 2013 end-year NAV

⁸Net of Tax

*Plan rules are available upon request.

Manager's Report

Market Review. Investors were bullish in April as the JP Morgan Chase Asia Total Return Philippine Bond Index rose by 0.96% for the month. Sovereign bond prices climbed by an average of 0.39, tracking movements of US Treasuries. The ten-year benchmark US Treasury yield eased by seven basis points, ending the month at 2.65%. Flight to safe haven assets also contributed to the recent rise in emerging market bond prices on worsening sentiment, caused by geopolitical tensions in the Russian and Ukrainian region.

The last FOMC Meeting held last May 1st offered no surprises as the US Federal Reserve decided to taper asset purchases by another \$10 billion, bringing it down to \$45 billion per month beginning in May. However, it reiterated that the pace of reductions is not predetermined, and the accommodative regime may continue even after its labor and inflation targets are achieved.

On the local front, strong fundamentals should continue to support ROP prices. The country's gross international reserves remained at a healthy \$79.802 billion as of March, which is enough to cover up to 11 months' worth of imports of goods and services. Reform efforts by the current administration were likewise rewarded when Standard & Poor's upgraded the Philippines' credit rating from BBB- to BBB last May 8.

Fund Performance. Against this backdrop, the Fund has returned 4.61% year-to-date.

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