

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 05/30/14

Cumulative Performance (%)¹

	1 mo	1YR	3YRS	5 YRS	S.I. ³
Fund	2.29	4.62	26.22	58.22	82.63
JACI Phil ²	2.29	4.95	27.12	61.55	87.24

Annualized Performance (%)¹

	1YR	2YRS	3YRS	4YRS	5YRS	S.I. ³
Fund	4.62	6.07	8.07	8.51	9.61	8.46
JACI Phil ²	4.95	6.38	8.33	8.96	10.07	8.82

Calendar Year Performance (%)¹

	YTD	2013	2012	2011	2010	2009
Fund	7.00	-5.23	15.09	9.91	13.40	20.71
JACI Phil ²	7.18	-5.10	15.79	10.44	13.78	26.07

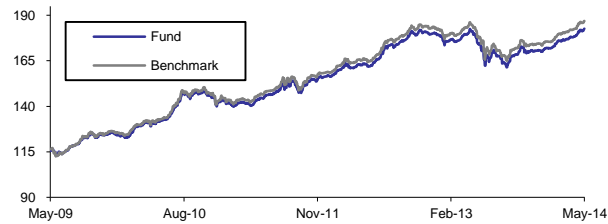
Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	USD	182.63
Total Fund NAV (Mn)	USD	24.63
Average Daily NAV for the Quarter (Mn) ⁴	USD	24.20
Portfolio Weighted Yield to Maturity	%, net	3.73
Current Number of Holdings		43
Statistics (Past 5 Years)		
Annualized Return (% net)	Fund	Index
	9.61	10.07
Annualized Volatility (%)	5.11	5.29
Duration (years)	7.30	7.63
Tracking Error (3-Yr, %) ⁵	1.06	

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 66.67%, Corporates 31.61%, Cash and Receivables 1.72%

Top Holdings

Name	Yield (%) ⁸	Maturity	% of Fund
Republic of the Philippines Bonds	4.19	10/23/2034	9.03%
Republic of the Philippines Bonds	4.26	1/14/2031	7.97%
Republic of the Philippines Bonds	4.23	2/2/2030	7.37%
Republic of the Philippines Bonds	3.84	3/16/2025	6.02%
Republic of the Philippines Bonds	2.78	1/15/2021	5.34%
Republic of the Philippines Bonds	3.74	3/30/2026	4.50%
Republic of the Philippines Bonds	4.21	1/15/2032	4.34%
Republic of the Philippines Bonds	3.31	1/21/2024	4.14%
Republic of the Philippines Bonds	4.07	1/13/2037	3.95%
Republic of the Philippines Bonds	2.50	6/17/2019	3.84%

Maturity Profile

Cash and Less than 1 Year	1.72%
Between 1 and 3 Years	10.39%
Between 3 and 5 Years	11.68%
Between 5 and 7 Years	16.85%
Between 7 and 10 Years	10.87%
More than 10 Years	48.48%

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. 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.

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. For the month of May, the JP Morgan Chase Asia Credit Total Return Philippines Bond Index rose by 2.29%. Average prices of USD-denominated sovereign bonds were higher by as much as 2.1 points, advancing after a surprise credit rating upgrade from a major ratings agency and lower US bond yields. Liquid RoPs 24N and 34 gained by 3.6 and 4.5 points, respectively. The ten-year US Treasury ended the month 17 basis points lower at 2.48%.

Last month, major credit ratings agency Standard & Poor's (S&P) upgraded the Philippines' credit rating to BBB from BBB- with a stable outlook, the country's highest rating to date. S&P cited that reforms to address shortcomings in structural, administrative, institutional, and governance areas are seen to endure beyond the current administration.

The country's international reserves fell by \$40 million to \$79.608 billion as of April, equivalent to 11 months' worth of imports of goods and payments of services. Exports were up by 6.5% as of the first quarter. Meanwhile, the Export Development Council forecasts 10% growth this year, from a combined 6% growth in merchandise exports and a 16% uptick in service exports.

On the global front, continued tensions in Russia and Ukraine caused investors to hold on to safe-haven assets. Coupled with the recent dovish tone from the US Federal Reserve, this has kept US bond yields trading within a lower range.

Fund Performance. Against this backdrop, the Fund has returned 7.00% year-to-date.

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