

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 06/30/14

Cumulative Performance (%)¹

	1 mo	1YR	3YRS	5 YRS	S.I. ³
Fund	-0.78	8.52	23.63	57.72	81.21
JACI Phil ²	-0.64	8.28	24.76	62.00	86.05

Annualized Performance (%)¹

	1YR	2YRS	3YRS	4YRS	5YRS	S.I. ³
Fund	8.52	4.29	7.33	8.06	9.54	8.25
JACI Phil ²	8.28	4.66	7.65	8.55	10.13	8.63

Calendar Year Performance (%)¹

	YTD	2013	2012	2011	2010	2009
Fund	6.17	-5.23	15.09	9.91	13.40	20.71
JACI Phil ²	6.50	-5.10	15.79	10.44	13.78	26.07

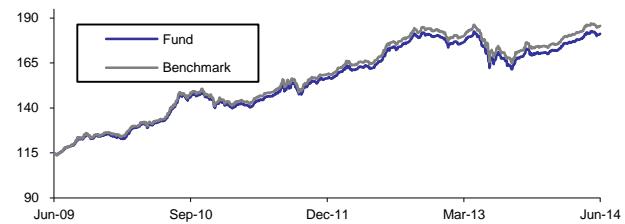
Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	USD	181.21
Total Fund NAV (Mn)	USD	24.05
Average Daily NAV for the Quarter (Mn) ⁴	USD	24.33
Portfolio Weighted Yield to Maturity	%, net	3.84
Current Number of Holdings		43
Statistics (Past 5 Years)		
Annualized Return (% net)	Fund	9.54
	Index	10.13
Annualized Volatility (%)	Fund	5.03
	Index	5.17
Duration (years)	Fund	7.28
	Index	7.60
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



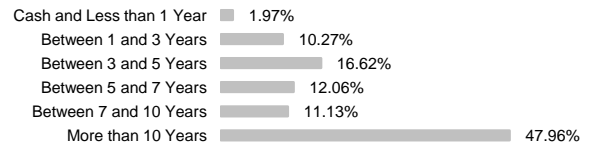
Allocation

Portfolio Allocation: Government 66.44%, Corporates 31.59%, Cash and Receivables 1.97%

Top Holdings

Name	Yield (%) ⁸	Maturity	% of Fund
Republic of the Philippines Bonds	4.44	10/23/2034	8.60%
Republic of the Philippines Bonds	4.49	1/14/2031	7.96%
Republic of the Philippines Bonds	4.47	2/2/2030	7.36%
Republic of the Philippines Bonds	4.02	3/16/2025	6.07%
Republic of the Philippines Bonds	2.97	1/15/2021	5.40%
Republic of the Philippines Bonds	4.43	1/15/2032	4.34%
Republic of the Philippines Bonds	3.87	3/30/2026	4.31%
Republic of the Philippines Bonds	3.50	1/21/2024	4.17%
Republic of the Philippines Bonds	4.27	1/13/2037	3.93%
Republic of the Philippines Bonds	2.52	6/17/2019	3.91%

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. 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. As expected, the US Federal Reserve (the Fed) kept its key interest rates steady, but reduced bond purchases by another \$10 billion during its meeting held last June 19. The Fed's stimulus is now down to \$35 billion per month, which puts them on track to terminate the program before year-end. The Federal Reserve also noted that the country's economy had rebounded in recent months, but lowered this year's growth forecast to 2.1%-2.3% from the 2.8%-3% it had predicted earlier in March.

For the month of June, US interest rates increased amid speculation that the Fed would soon raise rates as the US economy has started to exhibit signs of recovery. US employment bounced back as non-farm payrolls rose by 288,000 in June whereas the expected figure was only at 215,000. The US unemployment figure on the other hand, went down to 6.1%, which is almost a six-year low. As a result, the ten-year US Treasury yield closed the month 5 basis points higher at 2.53%.

Dollar-denominated Philippine bonds, which track the performance of US Treasuries, likewise saw an increase in yields. ROP yields went up by 6.5 basis points on the average. This caused prices of Philippine sovereign bonds to decline by 1.4 points during the month. The J.P. Morgan Chase Asia Total Return Philippine Bond Index likewise declined by 0.64% in June.

Fund Performance. Against this backdrop, the Fund has returned 6.17% year-to-date.

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