

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 10/31/14

Cumulative Performance (%)¹

	1 mo	1YR	3YRS	5 YRS	S.I. ³
Fund	1.76	7.93	20.98	51.49	86.07
JACI Phil ²	1.95	8.61	22.66	54.19	91.49

Annualized Performance (%)¹

	1YR	2YRS	3YRS	4YRS	5YRS	S.I. ³
Fund	7.93	1.93	6.55	6.02	8.66	8.24
JACI Phil ²	8.61	2.43	7.05	6.48	9.05	8.64

Calendar Year Performance (%)¹

	YTD	2013	2012	2011	2010	2009
Fund	9.02	-5.23	15.09	9.91	13.40	20.71
JACI Phil ²	9.61	-5.10	15.79	10.44	13.78	26.07

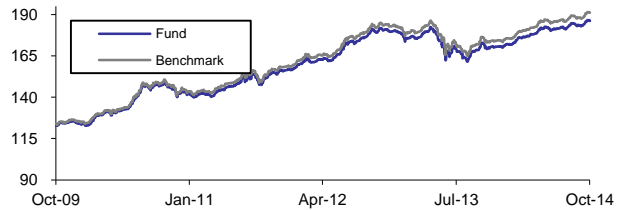
Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	USD	186.07
Total Fund NAV (Mn)	USD	25.84
Average Daily NAV for the Quarter (Mn) ⁴	USD	24.39
Portfolio Weighted Yield to Maturity	%, net	3.70
Current Number of Holdings		47
Statistics (Past 5 Years)		
	Fund	Index
Annualized Return (% net)	8.66	9.05
Annualized Volatility (%)	4.94	5.06
Duration (years)	7.04	7.36
Tracking Error (3-Yr, %) ⁵		1.02

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 ⁷	0.1447%	
External Audit Fee ⁷	0.0342%	
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



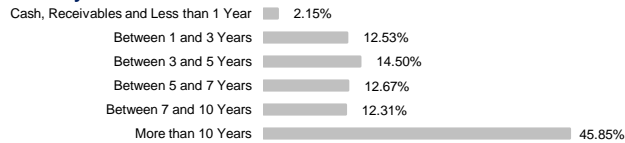
Allocation

Portfolio Allocation: Government 64.68%, Corporates 33.17%, Cash and Receivables 2.15%

Top Holdings

Name	Yield (%) ⁸	Maturity	% of Fund
Republic of the Philippines Bonds	4.16	2/2/2030	9.36
Republic of the Philippines Bonds	4.08	10/23/2034	8.86
Republic of the Philippines Bonds	4.17	1/14/2031	7.08
Republic of the Philippines Bonds	3.73	3/16/2025	5.41
Republic of the Philippines Bonds	2.73	1/15/2021	5.08
Republic of the Philippines Bonds	4.10	1/15/2032	4.28
Republic of the Philippines Bonds	2.40	6/17/2019	3.85
Republic of the Philippines Bonds	3.98	1/13/2037	3.71
Republic of the Philippines Bonds	3.67	3/30/2026	3.62
Republic of the Philippines Bonds	3.23	1/21/2024	3.54

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.

¹ Returns are net of fees. Past performance is not an indication of future returns.

² The fund tracks the JP Morgan Asia Credit Philippines Total Return Index.

³ Since Inception

⁴ Average Daily NAV for the past 3 months

⁵ 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.

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

⁷ Calculated based on the total billings received in 2013 divided by the average daily NAV in 2013

⁸ Net of Tax

⁹ Declaration of Trust and List of Prospective Investment Outlets are available upon request through branch of account.

Manager's Report

Market Review. The J.P. Morgan Chase Asia Total Return Philippine Bond Index (JACI) gained 1.95% in October. Philippine sovereign bonds reversed the previous month's losses, rising by an average of 1.83 points during the month. On a year-to-date basis, the JACI has returned 9.64%. ROP prices tracked US Treasuries as demand for safe-haven assets grew stronger amid negative growth sentiments in other advanced economies. During the month, the ten-year US Treasury yield eased by 15 basis points to close at 2.34%.

The US Federal Reserve concluded its bond purchase program at the end of October. Though it maintained its position in keeping policy rates near zero for a considerable time, a more hawkish tone was adopted when it upgraded its assessment of labor market conditions and the broader US economy. Policymakers likewise noted that the underutilization of labor resources was gradually diminishing.

The US economy expanded by 3.5% in the third quarter, largely driven by a 7.8% growth in exports. Though the GDP figure was higher than market consensus of 3%, it was lower still than the 4.6% GDP print for the previous quarter. Budget deficit at the end of its fiscal year in September fell by 29% to \$483.35 billion, equivalent to 2.8% of US GDP.

Meanwhile, the Bank of Japan increased its asset purchase program and vowed to continue its policies to bring inflation up to 2%. It will raise its purchases of government bonds to ¥80 trillion from ¥50 trillion, and triple its buying of exchange-traded-funds to ¥3 trillion.

The Bangko Sentral ng Pilipinas kept the monetary policy unchanged for the first time since February. During its meeting in October, the overnight borrowing rate was kept at 4%, while the reserve requirement ratio and special deposit account rates were maintained at 20% and 2.5% for all tenors, respectively.

Fund Performance. Against this backdrop, the Fund has returned 9.02% year-to-date.

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

