

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 01/30/14

Cumulative Performance (%)¹

	1 mo	1YR	3YRS	5 YRS	S.I. ³
Fund	0.73	-2.53	21.48	64.01	71.92
JACI Phil ²	0.59	-2.39	22.39	68.48	75.72

Annualized Performance (%)¹

	1YR	2YRS	3YRS	4YRS	5YRS	S.I. ³
Fund	-2.53	4.34	6.70	8.51	10.40	7.94
JACI Phil ²	-2.39	4.57	6.97	8.79	11.00	8.28

Calendar Year Performance (%)¹

	YTD	2013	2012	2011	2010	2009
Fund	0.73	-5.23	15.09	9.91	13.40	20.71
JACI Phil ²	0.59	-5.10	15.79	10.44	13.78	26.07

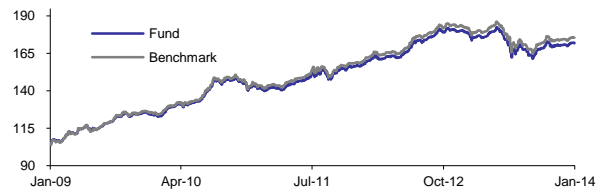
Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	USD	171.92
Total Fund NAV (Mn)	USD	23.24
Average Daily NAV for the Quarter (Mn) ⁴	USD	23.99
Portfolio Weighted Yield to Maturity	%, net	4.30
Current Number of Holdings		42
Statistics (Past 5 Years)		
Annualized Return (% net)	Fund	10.40
	Index	11.00
Annualized Volatility (%)	Fund	4.35
	Index	4.56
Duration (years)	Fund	7.12
	Index	7.42
Tracking Error (3-Yr, %) ⁵		1.93

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	0.013%	
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



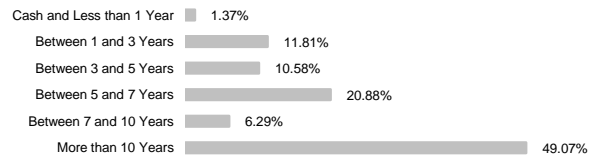
Allocation

Portfolio Allocation: Government 66.20%, Corporates 32.43%, Cash and Receivables 1.37%

Top Holdings

Name	Yield (%) ⁸	Maturity	% of Fund
Republic of the Philippines Bonds 6.3750%	4.87	10/23/2034	8.81%
Republic of the Philippines Bonds 7.7500%	4.90	1/14/2031	7.92%
Republic of the Philippines Bonds 9.5000%	4.90	2/2/2030	7.35%
Republic of the Philippines Bonds 10.6250%	4.40	3/16/2025	6.17%
Republic of the Philippines Bonds 4.0000%	3.39	1/15/2021	5.46%
Republic of the Philippines Bonds 6.3750%	4.83	1/15/2032	4.30%
Republic of the Philippines Bonds 5.5000%	4.37	3/30/2026	4.11%
Republic of the Philippines Bonds 8.3750%	2.92	6/17/2019	3.88%
Republic of the Philippines Bonds 5.0000%	4.68	1/13/2037	3.84%
PSALM 7.3900%	4.58	12/2/2024	3.73%

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

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

⁷ External Audit fee as a percentage of 2012 end-year NAV

⁸ Net of Tax

*Plan rules are available upon request.

Manager's Report

Market Review. Philippine dollar-denominated bonds inched up in January as strong economic figures reinforced the country's positive fundamentals. For the month, ROP bond yields declined by an average of 7 basis points, with the price of the 20-year ROP moving up by 0.26%. This increase occurred in spite of concerns regarding emerging market countries' capabilities to ride the effects of the Federal Reserve's commencement of its Quantitative Easing tapering activities, and continued strengthening of the US Dollar. During the month's Federal Open Market Committee meeting, the US Federal Reserve further reduced the amount of bonds they will be buying for Quantitative Easing to US\$65 billion from US\$75 billion.

On the local front, the Philippine fourth quarter 2013 GDP figure came in at 6.5%, which was higher than the market expectation of a 6.0% growth rate. This brought the full-year 2013 GDP figure to 7.2%, the highest in four years since it reached 7.6% in 2010.

During the month, the Bureau of Treasury issued a new 10-year ROP, which fetched a coupon rate of 4.20% and saw healthy investor demand from the market. The sale was nine times oversubscribed as total bids amounted to US\$13.5 billion compared to the offered amount of US\$1.5 billion. The new Philippine dollar bond fared better as it was issued at a spread of 123 basis points over US Treasuries of the same tenor. In contrast, the new Indonesian 10-year dollar bond was issued at 300 basis points over US Treasuries of the same tenor with a coupon of 5.875%. For the same 10-year tenor, Indonesia paid 1.77% more than the Philippines upon issuance of their respective 10-year dollar bonds.

Fund Performance. Against this backdrop, the Fund returned 0.73% year-to-date.

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