

# Investor's Guide to AMTG Fund Performance Report

The Fund Performance Report (FPR) is released monthly to help investors track the progress of their investments. The FPR provides an overview of the financial results of the Fund, a summary of the Fund's investment portfolio and a discussion of the performance of the Fund by the fund manager. By publishing the "Investor's Guide to AMTG Fund Performance Report" we trust to enhance investor's appreciation of the FPR, that they will find the report more interesting as it carries a wealth of information to help them determine the suitability of the Fund to their investment objectives.

## 1. Investment Objective

States the financial objectives and the investment strategy of the Fund. The investment objective helps investors to determine whether the Fund is suitable to meet his or her financial goal.

## 2. Fund Performance

Shows the increases and decreases in the Net Asset Value Per Unit expressed in percentage terms over a period of time. Past 180 days absolute return would mean the NAVpu as of end of reporting month divided by the NAVpu 180 days ago minus one:

$$\left( \frac{\text{NAVpu month-end}}{\text{NAVpu 180-days ago}} \right) - 1$$

Returns are net of taxes, administrative expenses including management fees. Past performance figures are not necessarily indicative of the future or likely performance of the Fund.

## 3. Fund Facts

**Launch Date.** The inception date of the Fund.

**Structure.** Unit Investment Trust Funds (UITF) are open-end trust funds which are operated and administered by a trust entity and made available for participation. BPI UITFs are administered in accordance with the written trust agreements drawn by BPI, referred to as the "Declaration of Trust", and approved by the Board of Directors of the BPI. A copy of the Declaration of Trust is submitted to the Bangko Sentral ng Pilipinas prior to its implementation. Investors are advised to read the Declaration of Trust which may be obtained from the office of the BPI Asset Management, before deciding to invest.

**Type.** Classification of the Fund as per Trust Officers Association of the Philippines (TOAP). UITFs are classified under four major categories: Money Market Fund, Bond Fund, Equity Fund and Balanced Fund.

**Base Currency.** This is the currency in which operating results of the Fund are reported. This is also the currency in which the NAVpu of the fund is denominated.

**Net Asset Value.** The sum of the market value of Fund's assets less the value of its liabilities and expenses.

**Net Asset Value per Unit (NAVpu).** The Net Asset Value of the Fund divided by its outstanding units. It is computed daily and used as basis at which investors may participate or redeem units from the Fund.

**FUND NAME**  
End of Month Reporting

**1 Investment Objective**  
To achieve investment returns from a diversified portfolio of medium to long-term fixed-income instruments.

**2 Fund Performance**

Absolute Return	Fund	91-Day Treasury Bills
Past 30 Days	4.36%	2.16%
Past 90 Days	1.47%	0.73%
Past 180 Days	2.51%	1.34%
Past 360 Days	7.19%	2.92%

**3 Fund Facts**

Launch Date: April 4, 2005  
 Structure: Unit Investment Trust Fund  
 Type: Medium Term Bond Fund  
 Base Currency: Philippine Peso  
 Net Asset Value: PHP 8.87 Billion  
 NAV Per Unit (NAVpu): PHP 1.89  
 Par Value: PHP 100.00  
 Minimum Investment: PHP 20,000.00  
 Minimum Additional: PHP 10,000.00  
 Minimum Holding Period: 90 days  
 Early Redemption Fee: 0.25%  
 Management Fee: 1.00% p.a.  
 Valuation Methodology: Mark-to-Market  
 Trustee and Fund Manager: Bank of the Philippine Islands  
 Available thru: BPI Family Bank Branches  
 Custodian: HSBC  
 Dealing: Daily up to 12 noon  
 Bloomberg Ticker: BPI9011.PM

**4 Risk Characteristics**

Measure	October 31, 2007	Lo	H	Average
Duration	1.24	1.01	2.41	1.69
Volatility, Past 360 Days	0.93	0.93	4.42	2.93
Sharpe Ratio, Past 360 Days	4.59			

**5 Fund Manager's Report**  
The peso bond market saw another steady performance in October as interest rates declined further across the yield curve by an average of 7 basis points for the month. The BSP policy rate cut of 25 basis points, continued benign inflation of 2.70% in October, within target September deficit of P14.5Bn and perceived lack of supply of government securities in the market following the Bureau of Treasury's rejection and cancellation of scheduled auctions undiminished the market sentiment. The drop in yields also reflected the widely expected US Fed rate cut of 25 basis points to avert further growth slowdown. The US Fed's action, coupled with slower money supply growth in September and sustained peso appreciation, point to a probable moderation of the local policy rate outlook as well.

Strong local fundamentals remain supportive of current yields and we have maintained an intermediate portfolio duration. Key focal points will be events in the global credit markets, US economy growth conditions and local fiscal and political developments.

**6 Net Asset Value Per Unit (Past One Year)**

**7 Portfolio Composition**

Instrument	Market Share (%)	Market Value (Million PHP)
BSP Special Deposit Account	6.00%	0.10768
1st Treasury Bonds	10.23%	0.761169
2nd Treasury Bonds	8.75%	0.653113
3rd Treasury Bonds	5.75%	0.221112
4th Treasury Bonds	9.12%	0.694716
5th Treasury Bonds	5.50%	0.217109
6th Treasury Bonds	5.50%	0.393111
7th Treasury Bonds	6.87%	0.501110
BSP Special Deposit Account	5.08%	1.165607
8th Treasury Bonds	2.06%	0.221110
9th Treasury Bonds	2.06%	0.221110

**8 Top 10 Holdings**

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**9 Risk Management**  
The Fund is suitable for investors who take medium- to long-term views. As a marked-to-market UITF, the Fund's yield, net asset value, and total returns may fall or rise as a result of interest rate movements and changes in the credit quality of securities. In redemption of units, an investor may receive an amount less than the original amount of the investment. Liquidity risk also need to be taken into account.

**10 Declaration of Trust**  
In accordance with the provisions in the Declaration of Trust, the Fund implements a risk management policy that applies the principles of Value-at-Risk (VAR). VAR is a measure of the portfolio's maximum potential loss and is computed based on price volatility and market value of the investment portfolio. The Fund's risk management policy prescribes a dynamic volatility band, such that if the volatility of the Fund's investments as reflected in the NAVpu exceeds the volatility band, adjustment are made for the collective interest of the participants. The Fund may also use financial derivatives to hedge the portfolio against market and credit risk.

BPI Premium Bond Fund is a Unit Investment Trust Fund (UITF) and not a bank deposit product. It is not guaranteed by BPI nor by the Philippine Deposit Insurance Corporation (PDIC). Any income or loss shall be for the account of the investor. For the purpose of lodging, clearing, settlement, and delivery of securities in the Fund, the Trustee is authorized to avail of the services of third party institutions such as but not limited to custodians which the Trustee may change or replace without prior notice to or approval from the investors. The Trustee will not be responsible for any loss or damage suffered by the Fund as a result of the third party's willful default, gross negligence, or ordinary bad faith. Investors are advised to read the Declaration of Trust for the Fund, which may be obtained from the office of the Trustee, before deciding to invest. For inquiries, please call: (632) 845-5080 to 5034 and (632) 816-9038 or visit www.bpiexpressonline.com.

**Par Value.** The price per unit at which the Fund was first sold to the public.

**Minimum Investment.** The minimum amount required to participate in the Fund.

**Minimum Additional Investment.** The minimum incremental participation of an existing investor in the Fund.

**Minimum Holding Period.** The minimum length of time that each investment in the Fund must be held.

**Early Redemption Fee.** Fee that is charged if investments in the Fund is redeemed within the minimum holding period. Expressed as a percentage of NAVpu. A 0.25% early redemption fee would mean that an investor redeeming within the minimum holding period will be paid 99.75% of the NAVpu for the day.

**Management Fee.** Administrative fee of the Fund.

**Valuation Methodology.** Method used to value the assets and the liabilities of the Fund. Marked-to-Market method is the international standard which requires revaluing all assets on current market prices.

**Trustee and Fund Manager.** The legal entity that has the exclusive management and control of the Fund.

**Custodian.** The entity contracted to hold the assets of the Fund for safekeeping.

This material, which is strictly for information purposes only, is solely for your own use, does not constitute a recommendation to offer or to sell, or a solicitation to buy a financial product. Any information is subject to change without notice and the Fund Manager is under no obligation to update the information contained herein. For inquiries, please call: (632) 845-5080, (632) 845-5087 or (632) 816-9053, email amtgm\_tmd@bpi.com.ph or visit www.bpiexpressonline.com



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**Dealing.** Market hours at which units of the Fund can be bought and sold.

**Bloomberg Ticker.** The Bloomberg code of the fund. Bloomberg is a provider of real-time and archived financial and market data, pricing, trading news, and communication tools. The Fund's general description and historical NAVPus are available in Bloomberg.

## 4. Risk Characteristics

**Duration.** Measures the sensitivity of the NAVpu to the changes in interest rates. The higher the duration, the more the NAVpu will fluctuate relative to interest rates movements. In general, money market funds have lower duration compared to medium-term bond and long-term bond funds. Duration is an important measure for investors to consider, as funds with higher duration carries more risk and have higher NAVpu volatility than funds with lower duration.

**Volatility.** Measures the fluctuations in NAVpu. The higher the number, the higher the potential gain or loss.

**Sharpe Ratio.** Measures reward-to-risk efficiency. The higher the sharpe ratio the more sufficient are returns for each unit of risk. It is calculated by subtracting the returns of a risk free rate (ie Treasury Bill) from the Fund's return, then dividing by the Fund's volatility.

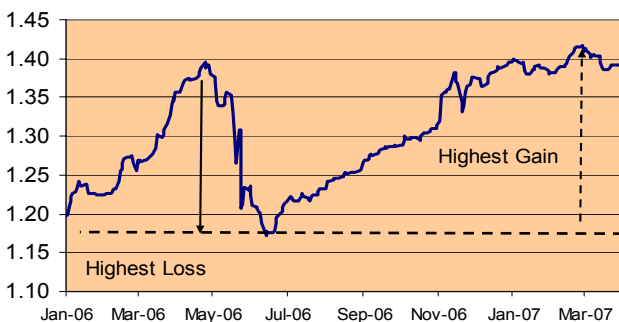
**Tracking Error (for ABF Philippines Bond Index Fund).** Measures the degree by which the performance of the Fund differs from its benchmark. Index funds such as the ABF PBIF aim to track the investment returns of its benchmark. A lower tracking error means the Fund's return is closely tracking its benchmark.

**Information Ratio (for Equity Funds).** Measures reward-to-risk efficiency. Computed by subtracting the benchmark return from the returns of the Fund, then dividing by the volatility of the Fund's excess return.

## 5. Net Asset Value Per Unit

A chart of the NAVpu movements of the Fund over a one-year period ending on the reporting month. The growth of the NAVPu is plotted against the growth of an investment in the benchmark.

**Highest Gain.** The highest percentage gain over a one-year period, measured from the from the lowest NAVPu to the highest NAVpu.



**Highest Loss.** The highest percentage loss over a one-year period, measured from the highest NAVpu to the lowest NAVpu. Large maximum drawdowns indicate higher risk and should be compared to the investor's level of risk tolerance.

## 6. Portfolio Composition

Represents the percentage of Fund investments by asset type and sector. These investments are in accordance with guidelines in the Declaration of Trust for the Fund.

## 7. Top Holdings

This shows the largest investment holdings of the Fund and their percentage to the total Fund. For investment in bonds, shown in the first column is the NAME of the security, followed by the COUPON and the MATURITY DATE. For investments in stocks, the first column indicates the NAME of the security. For investments in deposits, the first column states the NAME of the issuer followed by the RATE and the maturity date. For investments in mutual funds, the first column indicates the NAME of the fund.