



PHILIPPINE DOLLAR BOND INDEX FUND

January 31, 2009

Investment Objective

To achieve investment returns that track the total return of the JPMorgan Asia Credit Index Philippines through investments in a diversified portfolio of US dollar denominated fixed income instruments issued by the Philippine government, corporations and financial institutions.

Fund Performance

Absolute Returns	Fund	JACI Phils Total Return
Year-to-date	0.63%	2.50%
Past 360 Days	-2.29%	-3.11%
Full Year 2008	-2.70%	-5.43%
Full Year 2007	7.20%	7.59%
Since Inception	4.97%	4.30%

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

Fund Facts

Launch Date	December 31, 2006
Structure	Unit Investment Trust Fund
Fund Type	Index Tracker Bond Fund
Benchmark	JPMorgan Asia Credit Philippines Total Return
Base Currency	US Dollar
Net Asset Value	USD 5.31 Million
NAV Per Unit (NAVpu)	USD 104.97
Par Value	USD 100.00
Minimum Investment	USD 1,000.00
Minimum Additional	USD 200.00
Minimum Holding Period	90 days
Early Redemption Fee	0.25%
Management Fee	0.25% p.a.
Valuation Methodology	Mark-to-Market
Trustee and Fund Manager	Bank of the Philippine Islands
Available Thru	Bank of the Philippine Islands Branches
Custodians	HSBC Bank of New York
Dealing	Daily up to 12 noon

Risk Characteristics

Risk Measures

	Fund	JACI Phils Total Return
Duration	6.12	6.51
Volatility, Past 360 Days	15.83%	17.45%

Duration measures the sensitivity of NAVpu to interest rate movements. As interest rates rise, bond prices fall. The higher the duration, the more NAVpu will fluctuate in relation to changes in interest rates. Volatility measures the fluctuations in NAVpu. The higher the number, the higher the potential gain or loss.

Risk Disclosure

An index tracker bond fund is suitable for investors who take medium- to long term views and want exposure to Philippine bonds. As a marked-to-market UITF, the Fund's yield, net asset value, and total return may fall as well as rise as a result of interest rate movements and the changes in 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.

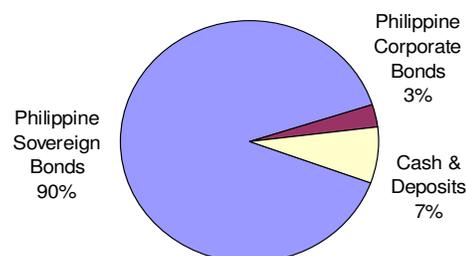
Fund Manager's Report

Philippine dollar-denominated sovereign bonds fared well in January as we saw some return of risk appetite as investors have started reacting positively to the massive policy rate cuts and government interventions to counter a recession. The highlight for the month was the issuance of the new 10-year ROP bond which fetched a yield of 8.50%, at 600bps spread over benchmark US Treasury. The additional supply was well received by the market with the issue oversubscribed at \$6 billion compared to issue size of \$1.5billion. ROP price movements for the month were mixed but generally higher particularly on the short to medium tenors which increased an average of 1.2%. Long tenor ROP prices however dropped 2.6% for the same period as the market adjusted to the higher yield of the new ROP19. ROP spreads to US Treasuries narrowed as ROP yields declined 19bps while US Treasury yields increased 35bps. Against this backdrop, the Fund continued to closely track the returns and duration of the index in January. Moving forward, we expect volatility to persist given global economic slowdown and supply risks. Investors of the Fund are advised to pursue a long-term investment horizon.

Net Asset Value Per Unit



Portfolio Composition



Average Credit Rating: B1 (Moody's) / BB- (S&P)

Top 10 Holdings

Security	Yield	Maturity	% of Fund
Republic of the Philippines Bonds	9.500%	02/02/2030	11.2%
Republic of the Philippines Bonds	7.750%	01/14/2031	10.4%
Republic of the Philippines Bonds	10.625%	03/16/2025	9.0%
Republic of the Philippines Bonds	8.250%	01/15/2014	8.5%
Republic of the Philippines Bonds	8.375%	02/15/2011	7.9%
Republic of the Philippines Bonds	8.000%	01/15/2016	6.7%
Republic of the Philippines Bonds	6.375%	01/15/2032	6.1%
Republic of the Philippines Bonds	8.75%	10/07/2016	5.8%
Republic of the Philippines Bonds	9.875%	01/15/2019	5.4%
Republic of the Philippines Bonds	9.000%	02/15/2013	5.1%

Any prospective investment shall be limited to the type of investments described in the Declaration of Trust for the Fund.

Philippine Dollar Bond Index 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 parties' willful default, gross negligence, or evident 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, (632) 845-5087 or (632) 816-9053, email bpi_trust@bpi.com.ph or visit www.bpiexpressonline.com