

Philippine Dollar Bond Index Fund

January 31, 2010

BPI ASSET MANAGEMENT is backed by years of leadership in trust and investment management, with over PHP465 billion in total assets under management.

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	-1.23%	-0.88%
2009	20.41%	24.38%
2008	-2.70%	-5.43%
2007	7.20%	7.59%
Since Inception	24.06%	25.46%

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

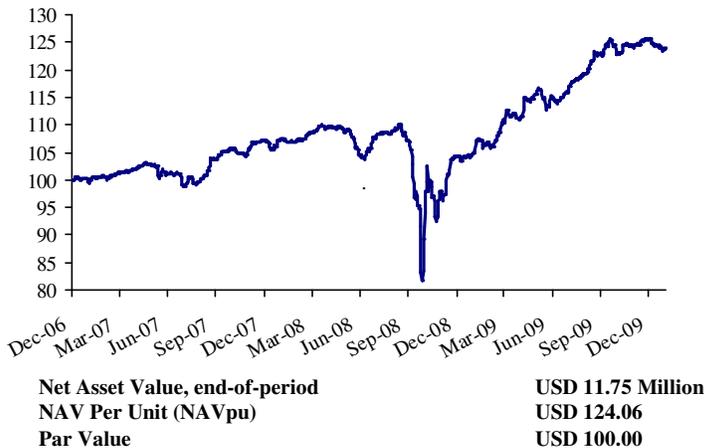
Fund Manager's Report

Philippine USD-denominated ROP prices declined by 1.5% in January, succumbing to pressure brought about by new supply when the country re-issued a total of USD1.5Bn of the ROP 2020 and ROP 2034. Added pressure came when Indonesia and Vietnam issued USD2Bn and USD1Bn of 10-year dollar-denominated bonds, respectively. It is worthy to note that the Philippines issued debt ahead of these two Asian neighbors, enabling the country to source funds at relatively lower yields for the ROP2020 (5.67%) compared to similar issues from Indonesia (6.00%) and Vietnam (6.95%).

High-yield bond prices, including for Philippine issues, fell when financial markets reacted negatively to reports that the US government would consider regulations to curb the risk-taking activities of US banks thus, limiting their appetite for emerging market debt. Closer to home, China's move to raise banks' reserve requirements and efforts to reduce loan growth raised fears these would slow down economic recovery in the Asian region.

Against this backdrop, the Fund continued to closely track the returns and duration of the index in January. Investors of the Fund are advised to pursue a long-term investment horizon.

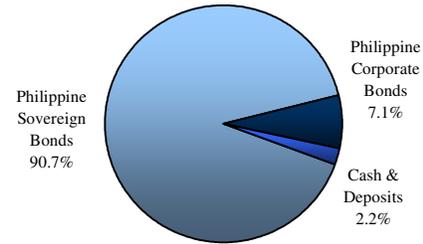
Net Asset Value Per Unit



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.

Portfolio Composition



Average Credit Rating: Ba3 (Moody's) / BB- (S&P)

Top 10 Holdings

Security	Yield	Maturity	% of Fund
Republic of the Philippines Bonds	7.750%	01/14/2031	10.2
Republic of the Philippines Bonds	9.500%	02/02/2030	9.6
Republic of the Philippines Bonds	10.625%	03/16/2025	9.5
Republic of the Philippines Bonds	8.250%	01/15/2014	6.8
Republic of the Philippines Bonds	8.375%	06/17/2019	6.5
Republic of the Philippines Bonds	6.375%	01/15/2032	6.0
Republic of the Philippines Bonds	8.375%	02/15/2011	5.7
Republic of the Philippines Bonds	8.000%	01/15/2016	5.2
Republic of the Philippines Bonds	9.875%	01/15/2019	5.0
Republic of the Philippines Bonds	8.875%	03/17/2015	4.2

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

Risk Characteristics

Risk Measures	Fund	JACI Phils Total Return
Duration	6.87	7.42
Volatility, Past 360 Days	4.20%	5.68%

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.

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
Client Suitability	The fund is suitable for investors with an aggressive risk profile
Base Currency	US Dollar
Minimum Investment	USD 1,000.00
Minimum Additional	USD 200.00
Minimum Holding Period	90 calendar days
Early Redemption Fee	0.25%
Trust Fees	0.25% per annum 0.06% per quarter ¹
Custodianship Fees ²	0.002%
External Audit Fees ³	0.01%
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
External Auditor	Isla Lipana & Co.
Dealing	Daily up to 12 noon
Bloomberg Ticker	BPIDBIX PM

¹Trust fees paid for the quarter as a percentage of average daily NAV for the quarter.

²Custodianship fees billed for the quarter as a percentage of average daily NAV for the quarter.

³External Audit fees as a percentage of end-year 2008 NAV.