



PHILIPPINE DOLLAR BOND INDEX FUND

June 30, 2009

BPI ASSET MANAGEMENT is backed by years of leadership in trust and investment management, with over PHP390 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 | 10.14% | 12.86% |
| 2008 | -2.70% | -5.43% |
| 2007 | 7.20% | 7.59% |
| Since Inception | 14.89% | 14.85% |

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 10.60 Million |
| NAV Per Unit (NAVpu) | USD 114.89 |
| 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 | 6.62 |
| Volatility, Past 360 Days | 14.96% | 16.02% |

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.

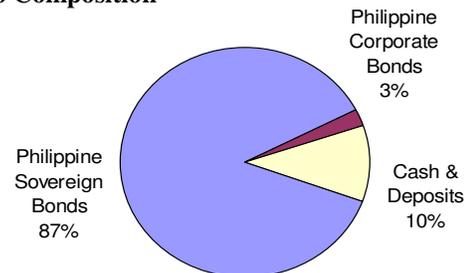
Fund Manager's Report

Philippine dollar-denominated bond prices closed lower for the month of June, as the government revised their estimated budget deficit once again. The budget deficit is expected to widen to PHP 250 Bn from a previously projected shortfall of PHP 199 Bn. To fund the revenue shortfall, the Philippine government announced the possibility of borrowing \$1Bn in new debt and is contemplating on issuing debt denominated in Japanese yen. Given these developments, Moody's Investors Services said that the Philippines may lose its positive outlook on its current B1 debt rating. ROP spreads over US Treasuries widened by an average of 25 bps. However, five-year ROP credit default swaps narrowed by 10 bps for the month of June to 216 bps as overall market sentiment towards risk assets remained positive. Against this backdrop, the Fund closely tracked the returns and duration of the index in June. Moving forward, we expect market volatility to remain given the supply risks. Investors of the Fund are advised to pursue long-term 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 | 10.625% | 03/16/2025 | 10.4 |
| Republic of the Philippines Bonds | 8.375% | 02/02/2030 | 10.3 |
| Republic of the Philippines Bonds | 8.375% | 01/14/2031 | 10.2 |
| Republic of the Philippines Bonds | 8.250% | 01/15/2014 | 7.1 |
| Republic of the Philippines Bonds | 8.375% | 06/17/2019 | 6.6 |
| Republic of the Philippines Bonds | 8.375% | 02/15/2011 | 6.5 |
| Certificate of Deposit with BPI | 07/29/2009 | | 5.9 |
| Republic of the Philippines Bonds | 8.000% | 01/15/2016 | 5.8 |
| Republic of the Philippines Bonds | 6.375% | 01/15/2032 | 5.3 |
| Republic of the Philippines Bonds | 9.875% | 01/15/2019 | 5.2 |

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). As such, units of participation of the investor in the UITF, when redeemed, may be worth more or worth less than his/her initial investment/contributions. Due to the nature of the investments, yield and potential yields cannot be guaranteed. Any income or loss arising from market fluctuations and price volatility of the securities held by the UITF, even if invested in government securities, is for the account of the investor. Historical performance, when presented, is purely for reference purposes and is not a guarantee of future results. The Trustee is not liable for losses, unless upon willful default, bad faith or gross negligence. 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.