



# PHILIPPINE DOLLAR BOND INDEX FUND

August 31, 2009

BPI ASSET MANAGEMENT is backed by years of leadership in trust and investment management, with over PHP460 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	14.33%	17.58%
2008	-2.70%	-5.43%
2007	7.20%	7.59%
Since Inception	19.26%	19.65%

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 10.48 Million
NAV Per Unit (NAVpu)	USD 119.26
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	6.74	6.78
Volatility, Past 360 Days	14.71%	15.79%

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

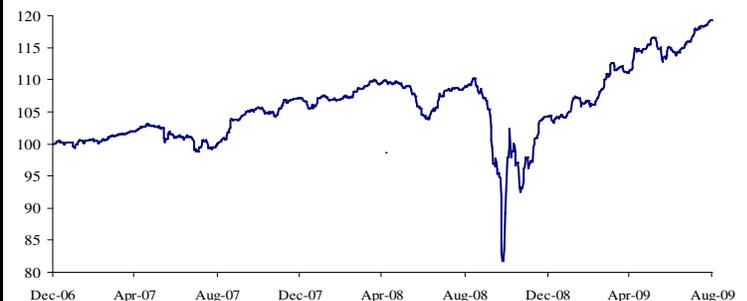
An index tracker bond fund is suitable for investors who take medium- to long term views and want exposure to Philippine bonds. As a marked-to-market UITF, the Fund's yield, net asset value, and total return may fall as well as rise as a result of interest rate movements and the changes in credit quality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

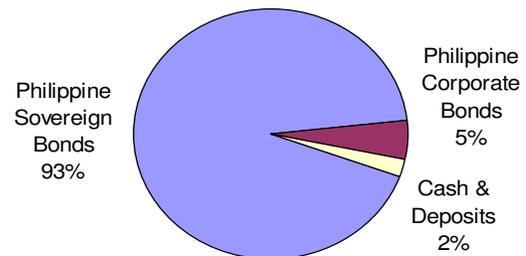
US dollar-denominated ROPs continued to rally in the month of August as bond prices went up by an average of 1.4% causing yields to drop by 38 bps. This came on the back of the better-than-expected GDP figures coming in at 1.5% for the second quarter. The Monetary Board's decision to pause in the lowering of the overnight policy rates at 4% also strengthened signals that the worst of the economic crisis could be over. Despite the weakness and volatility in global equities and the profit-taking activities in the market, ROPs were well supported by bargain-hunting from local investors.

The JP Morgan Asia Credit Index spreads tightened, although by only 6 bps which indicates a continuous appetite for Asian US dollar-denominated bonds. Five year ROP CDS spreads however, widened by 17 bps to 191 bps. Given this backdrop, the Fund continues to track the returns of the index. Investors of the Fund are advised to pursue a long-term investment horizon.

## Net Asset Value Per Unit



## Portfolio Composition



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

## Top 10 Holdings

Security	Yield	Maturity	% of Fund
Republic of the Philippines Bonds	8.375%	01/14/2031	10.8
Republic of the Philippines Bonds	8.375%	02/02/2030	10.4
Republic of the Philippines Bonds	10.625%	03/16/2025	10.1
Republic of the Philippines Bonds	8.375%	06/17/2019	8.0
Republic of the Philippines Bonds	8.250%	01/15/2014	7.7
Republic of the Philippines Bonds	8.375%	02/15/2011	6.8
Republic of the Philippines Bonds	8.000%	01/15/2016	6.7
Republic of the Philippines Bonds	6.375%	01/15/2032	6.5
Power Sector Assets & Liabilities Mgmt	05/27/2019		6.5
Republic of the Philippines Bonds	9.875%	01/15/2019	5.3

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.