



PHILIPPINE DOLLAR BOND INDEX FUND

September 30, 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	17.82%	21.67%
2008	-2.70%	-5.43%
2007	7.20%	7.59%
Since Inception	22.90%	23.81%

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 10.93 Million
NAV Per Unit (NAVpu)	USD 122.90
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	6.72	6.86
Volatility, Past 360 Days	14.69%	15.74%

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

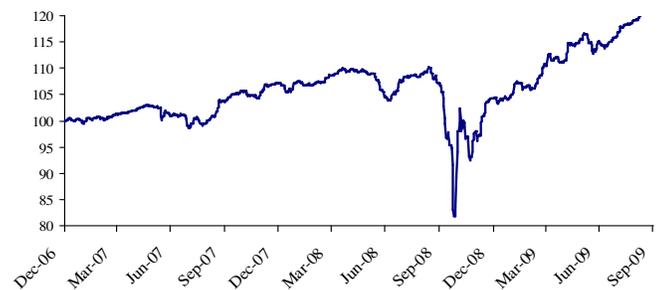
An index tracker bond fund is suitable for investors who take medium to long-term views and want exposure to Philippine bonds. As a marked-to-market UITF, the Fund's yield, net asset value, and total return may fall as well as rise as a result of interest rate movements and the changes in credit quality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

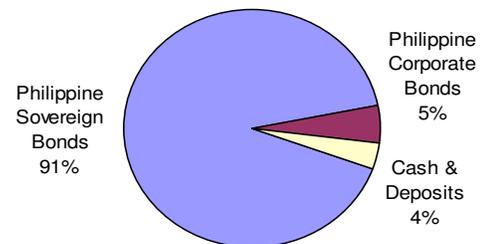
The rally in US dollar-denominated ROPs continued in the month of September as bond prices went up by an average of 2.4% causing yields to drop by 43 bps. This came on the back of the Philippine government's successful issuance of PHP 114 billion in Retail Treasury Bonds (RTBs). Shortly thereafter, the Bureau of Treasury announced their auction schedule for the final quarter of the year indicating that they would be issuing less peso-denominated debt than expected. Both events eased pressure both on local bond and ROP interest rates. The government has also floated the idea of issuing Samurai bonds or ROP bonds denominated in Japanese Yen. If this pushes through, this lowers the likelihood of the government borrowing in US dollars, lessening pressure on ROP yields. ROP prices continue to be supported by local bargain-hunters amidst the volatility experienced in global equities. Sentiment in emerging market bonds was also buoyed by Moody's upgrade of Indonesia and Brazil sovereign credit rating.

Against this backdrop, the Fund continued to closely track the returns and duration of the index in September. Moving forward, we expect volatility to persist given lingering market uncertainties as well as 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: Ba3 (Moody's) / BB- (S&P)

Top 10 Holdings

Security	Yield	Maturity	% of Fund
Republic of the Philippines Bonds	7.750%	01/14/2031	10.7
Republic of the Philippines Bonds	9.500%	02/02/2030	10.3
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	7.4
Republic of the Philippines Bonds	8.000%	01/15/2016	6.5
Republic of the Philippines Bonds	8.375%	02/15/2011	6.5
Republic of the Philippines Bonds	6.375%	01/15/2032	6.4
Republic of the Philippines Bonds	9.875%	01/15/2019	5.3
Republic of the Philippines Bonds	8.875%	03/17/2015	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). 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.