

Philippine Dollar Bond Index Fund

September 30, 2010

BPI ASSET MANAGEMENT is backed by years of leadership in trust and investment management, with over PHP490 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 Index
Year-to-date	17.24%	17.37%
2009	20.41%	24.38%
2008	-2.70%	-5.43%
2007	7.20%	7.59%
Since Inception	47.25%	48.55%

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

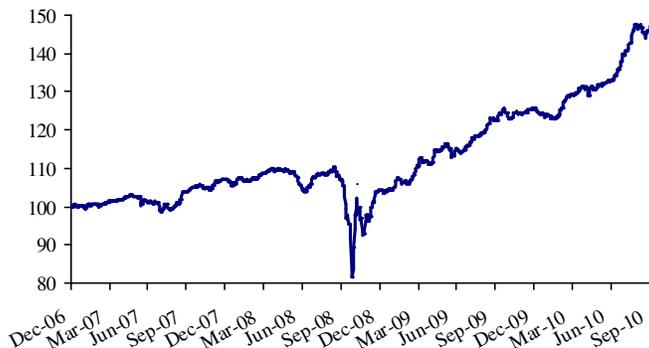
Fund Manager's Report

Philippine USD-denominated ROP bond prices were relatively unchanged in September in light of the government's successful issuance of the first Global Peso bonds, which raised PHP44Bn or the equivalent of USD1Bn. The government, in another milestone, conducted its first dollar debt swap, wherein holders of dollar-denominated ROPs exchanged their shorter-dated bonds for longer tenors. As a result, the government was able to lengthen the maturity profile of and allowed for cheaper payments on its outstanding dollar-denominated obligations.

The government also recorded a PHP1.3Bn budget surplus in August, the first in four months. This bit of positive economic news boosted investors' confidence that the Aquino administration will be able to meet its target budget deficit for the year.

Against this backdrop, the Fund continued to track the JPMorgan Asia Credit Total Return index. Investors of the Fund are advised to pursue a long-term investment horizon.

Net Asset Value Per Unit

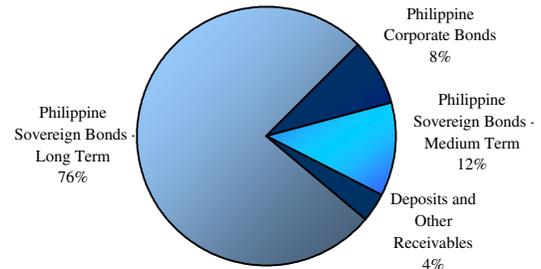


Net Asset Value, end-of-period USD 15.59 Million
NAV Per Unit (NAVpu) USD 147.25
Par Value USD 100.00

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	% of Fund
Republic of the Philippines Bonds 10.625% 03/16/2025	9.9
Republic of the Philippines Bonds 9.500% 02/02/2030	9.1
Republic of the Philippines Bonds 7.750% 01/14/2031	9.0
Republic of the Philippines Bonds 6.375% 10/23/2034	7.6
Republic of the Philippines Bonds 9.875% 01/15/2019	5.5
Republic of the Philippines Bonds 8.375% 06/17/2019	5.4
Republic of the Philippines Bonds 8.250% 01/15/2014	5.4
Republic of the Philippines Bonds 6.375% 01/15/2032	4.9
Republic of the Philippines Bonds 8.000% 01/15/2016	4.8
Republic of the Philippines Bonds 6.500% 01/20/2020	4.6

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 Index
Duration	7.63	7.83
Volatility, Past 360 Days	8.22%	4.21%

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 Index
Client Suitability	The fund is suitable for investors with an aggressive risk profile.
Base Currency	US Dollar
Minimum Initial Investment	USD 1,000.00
Minimum Transaction ¹	USD 200.00
Minimum Holding Period	90 calendar days
Early Redemption Fee	0.25%
Trust Fees	0.25% per annum 0.06% per quarter ²
Custodianship Fees ³	0.002%
External Audit Fees ⁴	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

¹Contribution rounded down/ redemption rounded off to the nearest whole unit.

²Trust fees paid for the quarter as a percentage of average daily NAV for the quarter.

³Custodianship fees billed for the quarter as a percentage of average daily NAV for the quarter.

⁴External Audit fees as a percentage of end-year 2008 NAV.

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 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.