



# Philippine Dollar Bond Index Fund

November 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
<b>Year-to-date</b>	<b>15.96%</b>	<b>15.78%</b>
2009	20.41%	24.38%
2008	-2.70%	-5.43%
2007	7.20%	7.59%
<b>Since Inception</b>	<b>45.65%</b>	<b>46.54%</b>

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

## Fund Manager's Report

Philippine USD-denominated ROP bond prices declined by 1.5% in November, causing yields to increase by an average of 21 bps. Geopolitical tensions in the Korean peninsula and the announcement of the bailout package for Ireland triggered a sell-off in emerging market bonds, including ROPs. These two events overshadowed the positive news brought about by Standard & Poor's upgrade of the Philippines' foreign currency credit rating by one notch to "BB" and the relatively benign inflationary environment.

The five-year CDS Philippine sovereign spreads remained unchanged however at the 131 level. Given the relatively benign inflation and with the bellwether 91-day peso Treasury Bill reaching all-time lows, we expect ROP bond prices to recover in the future.

Against this backdrop, the Fund continued to track the JPMorgan Asia Credit Total Return Index.

## Net Asset Value Per Unit

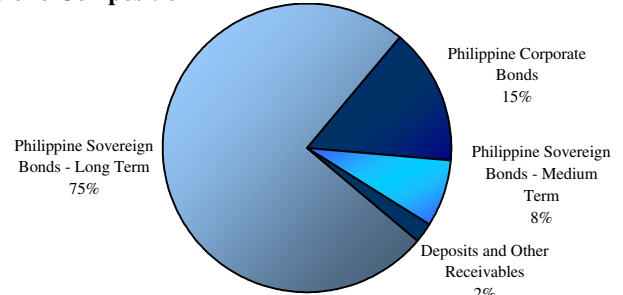


**Net Asset Value, end-of-period** USD 14.72 Million  
**NAV Per Unit (NAVpu)** USD 145.65  
**Par Value** USD 100.00

## 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	Weight	% of Fund
Republic of the Philippines Bonds 7.750% 01/14/2031	7.750%	8.7
Republic of the Philippines Bonds 6.375% 10/23/2034	6.375%	8.7
Republic of the Philippines Bonds 9.500% 02/02/2030	9.500%	8.7
Republic of the Philippines Bonds 10.625% 03/16/2025	10.625%	7.8
Republic of the Philippines Bonds 9.375% 01/18/2017	9.375%	5.9
Republic of the Philippines Bonds 6.500% 01/20/2020	6.500%	5.6
Republic of the Philippines Bonds 6.375% 01/15/2032	6.375%	5.0
Republic of the Philippines Bonds 8.375% 06/17/2019	8.375%	4.5
Republic of the Philippines Bonds 8.750% 10/07/2016	8.750%	4.5
PSALM Corporate Bonds 7.390% 12/02/2024	7.390%	4.1

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	7.83	8.04
Volatility, Past 360 Days	8.21%	4.09%
Tracking Error, 36-month Rolling	3.66%	

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 500.00
Minimum Transaction	USD 200.00
Minimum Holding Period	90 calendar days
Early Redemption Fee	0.25%
Trust Fees	0.25% per annum 0.06% per quarter <sup>1</sup>
Custodianship Fees <sup>2</sup>	0.002%
External Audit Fees <sup>3</sup>	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

<sup>1</sup>Trust fees paid for the quarter as a percentage of average daily NAV for the quarter.

<sup>2</sup>Custodianship fees billed for the quarter as a percentage of average daily NAV for the quarter.

<sup>3</sup>External 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 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.