

## Philippine Dollar Bond Index Fund

December 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
2009	20.41%	24.38%
2008	-2.70%	-5.43%
2007	7.20%	7.59%
Since Inception	25.60%	26.57%

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

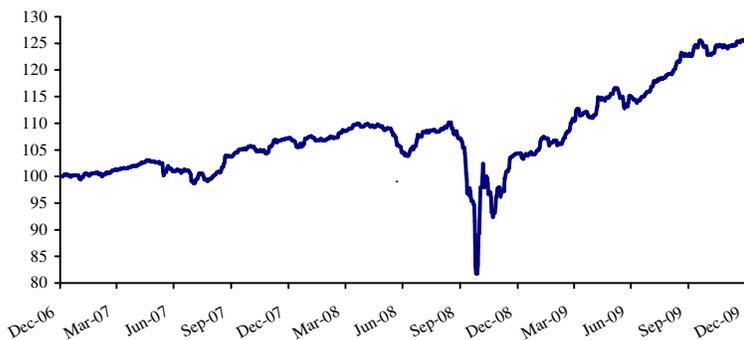
### Fund Manager's Report

US dollar-denominated ROP bond prices rose by 0.6% in December as investors seemed ready to take on more risk such as emerging market debt. The five year ROP CDS spreads narrowed by 27 points from the end of November, settling at the 168 level. The market shrugged off news about Dubai World's continuing debt woes and even Moody's one-notch downgrade of the sovereign debt rating of Greece.

Remittances from overseas Filipinos continue to rise ahead of the holiday season, which would boost the country's international reserves to a new record high of \$45 billion US dollars by the end of the year. These dollar flows also tend to support the price of USD-denominated ROPs.

Against this backdrop, the Fund continued to closely track the returns and duration of the index in December. Investors of the Fund are advised to pursue a long-term investment horizon.

### Net Asset Value Per Unit

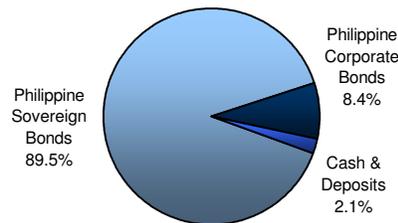


Net Asset Value, end-of-period **USD 11.80 Million**  
 NAV Per Unit (NAVpu) **USD 125.60**  
 Par Value **USD 100.00**

### 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%	10.4
Republic of the Philippines Bonds 9.500% 02/02/2030	9.500%	9.8
Republic of the Philippines Bonds 10.625% 03/16/2025	10.625%	9.7
Republic of the Philippines Bonds 8.250% 01/15/2014	8.250%	6.8
Republic of the Philippines Bonds 8.375% 06/17/2019	8.375%	6.5
Republic of the Philippines Bonds 6.375% 01/15/2032	6.375%	6.1
Republic of the Philippines Bonds 8.375% 02/15/2011	8.375%	5.7
Republic of the Philippines Bonds 8.000% 01/15/2016	8.000%	5.3
Republic of the Philippines Bonds 9.875% 01/15/2019	9.875%	5.0
Republic of the Philippines Bonds 8.875% 03/17/2015	8.875%	4.2

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
Duration	6.88	6.95
Volatility, Past 360 Days	4.20%	5.77%

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
Client Suitability	The fund is suitable for investors with an aggressive risk profile
Base Currency	US Dollar
Minimum Investment	USD 1,000.00
Minimum Additional	USD 200.00
Minimum Holding Period	90 calendar days
Early Redemption Fee	0.25%
Trust Fees	0.25% per annum 0.18% 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.