

As of April 30, 2011

**Investment Objective**

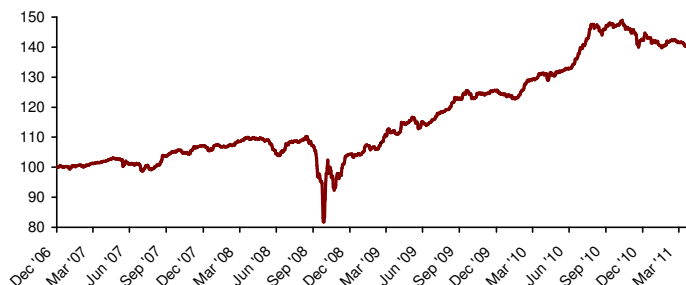
To achieve investment returns that closely track the total return of a US dollar-denominated index, the JPMorgan Asia Credit Index – Philippines, before fees and taxes, by investing in Philippine sovereign and corporate credits.

**Fund Performance**

	Fund	JACI Phils Total Return Index
<b>Absolute Returns</b>		
Year-to-date	0.29%	1.06%
2010	13.34%	13.76%
2009	20.41%	24.38%
2008	-2.70%	-5.43%
2007	7.20%	7.59%
Since Inception	42.76%	45.51%
<b>4Yr Annualized ROI</b>	<b>8.77%</b>	<b>9.26%</b>

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

**Net Asset Value Per Unit**



**Net Asset Value** USD 13.60 Million  
**NAV Per Unit (NAVpu)** USD 142.76  
**Par Value** USD 100.00

**Fund Manager's Report**

**Monthly Commentary**

Standard and Poor's revised its ratings outlook on US sovereign debt for the first time from stable to negative. This endangers the US in losing its triple AAA credit rating. The federal government is set to reach its maximum borrowing limit of USD14.3Tn soon and talks are ongoing in Congress to increase the debt ceiling. This comes after the 1st Quarter 2011 GDP figure was reported to be at a modest 1.8%, slower than the 3.1% figure from the previous quarter. However, US Treasury bond yields still managed to decrease by 17 bps on average as buying support remained for safe haven debt.

In Europe, speculation that Greece may need to undergo debt restructuring continue to abound despite vehement denials from Greek government officials. Meanwhile, Portugal has already agreed with the European Union and the International Monetary Fund on a EUR78Bn bailout package.

On the domestic front, the Philippines budget deficit for the first quarter was reported to be at PHP26.2Bn, which was well below the PHP112Bn ceiling set by the government. Another bit of positive news was that the country's foreign exchange reserves surged to USD66.2Bn in March, a new record high. The Philippines may also receive a credit ratings upgrade from Moody's Investors Service sooner than expected. These developments were looked upon favorably by investors as the 5-year Philippine credit default swap spreads narrowed by 7 points from the 135 level to the 128 level. Philippine dollar-denominated bond prices were marginally higher, increasing by 0.36% on the average, with the 8 to 10 year tenors outperforming, as prices in this tenor bucket rose by 1% and yields declined by 15 bps.

**Strategy**

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.

**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.

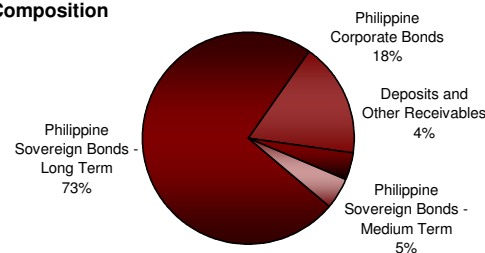
Philippine Dollar Bond Index Fund is a Unit Investment Trust Fund (UITF) and not a bank deposit product. It is not guaranteed by BPI nor by the Philippine Deposit Insurance Corporation (PDIC). As such, units of participation of the investor in the UITF, when redeemed, may be worth more or worth less 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.bpiassetmanagement.com.

**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 <sup>1</sup>	USD 500
Minimum Transaction <sup>1</sup>	USD 200
Minimum Holding Period	90 calendar days
Early Redemption Fee	0.25%
Trust Fees	0.25% per annum 0.06% per quarter <sup>2</sup>
Custodianship Fees <sup>3</sup>	0.006%
External Audit Fees <sup>4</sup>	0.01%
Special Expense <sup>5</sup>	PHP 2,000.00 per annum
Valuation Methodology	Mark-to-Market
Trustee and Fund Manager	Bank of the Philippine Islands
Available Thru	Bank of the Philippine Islands Branches
Custodians	HSBC
External Auditor	Isla Lipana & Co.
Dealing	Daily up to 12 noon
Bloomberg Ticker	BPIDBIX PM

<sup>1</sup>Contribution rounded down/ redemption rounded off to the nearest whole unit.  
<sup>2</sup>Trust fees paid for the quarter as a percentage of average daily NAV for the quarter.  
<sup>3</sup>Custodianship fees billed for the quarter as a percentage of average daily NAV for the quarter.  
<sup>4</sup>External Audit fees as a percentage of end-year 2008 NAV.  
<sup>5</sup>For publication expense.

**Portfolio Composition**



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

**Top 10 Holdings**

	% of Fund
Republic of the Philippines Bonds 6.375% 10/23/2034	9.0
Republic of the Philippines Bonds 7.750% 01/14/2031	8.9
Republic of the Philippines Bonds 9.500% 02/02/2030	8.2
Republic of the Philippines Bonds 10.625% 03/16/2025	7.6
Republic of the Philippines Bonds 4.000% 01/15/2021	6.3
Republic of the Philippines Bonds 6.500% 01/20/2020	5.9
Republic of the Philippines Bonds 9.375% 01/18/2017	5.7
Republic of the Philippines Bonds 8.375% 06/17/2019	5.1
Republic of the Philippines Bonds 6.375% 01/15/2032	4.3
Power Sector Asset & Liab Mgmt Corporate Bonds 7.390% 1;	4.2

Any prospective investment shall be limited to the type of investments described in the Prospectus of the Fund.

**Risk Characteristics**

Risk Measures	Fund	JACI Phils Total Return Index
Duration	7.84	7.76
Volatility, Past 360 Days	8.42%	4.62%
Tracking Error, 36-mo Rolling	3.67%	

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.