

Philippine Dollar Bond Index Fund

A Unit Investment Trust Fund of the Bank of the Philippine Islands



Investment Objective

The Fund aims to achieve investment returns that closely track the total return of a U.S. dollar-denominated index, the JP Morgan Asia Credit Philippines Total Return Index, before fees and taxes, by investing in a diversified portfolio of Philippine sovereign and corporate fixed income instruments.

Figures as of 12/28/2012

Cumulative Performance (%)¹

	1 mo	1YR	3YRS	5 YRS	S.I. ³
Fund	-0.51	15.09	43.44	68.04	80.09
JACI Phil ²	-0.15	15.79	45.51	71.13	84.09

Annualized Performance (%)¹

	1YR	2YRS	3YRS	4YRS	5YRS	S.I. ³
Fund	15.09	12.48	12.78	14.64	10.94	10.31
JACI Phil ²	15.79	13.08	13.32	16.38	11.34	10.71

Calendar Year Performance (%)¹

	2012	2011	2010	2009	2008	2007
Fund	15.09	9.91	13.40	20.71	-2.95	7.23
JACI Phil ²	15.79	10.44	13.78	26.07	-6.71	7.57

¹Returns are net of fees. Past performance is not an indication of future returns.

²The fund tracks the JP Morgan Asia Credit Philippines Total Return Index.

³Since Inception.

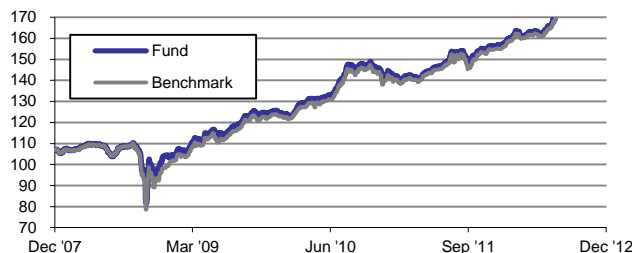
Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	USD	180.09
Total Fund NAV (Min)	USD	30.67
Portfolio Weighted Yield to Maturity	%, net	3.09
Current Number of Holdings		37
Tracking Error (1-Yr) ⁴		1.89%
Statistics (Past 5 Years)	Fund	Benchmark
Annualized Return (net)	10.94	11.34
Annualized Volatility (%)	7.40	7.78
Duration (years)	8.09	8.26

General Information

Launch Date	December 31, 2006
Fund Structure	Unit Investment Trust Fund
Fund Classification	Index Tracker Bond Fund
Fund Currency	US Dollar
Minimum Initial Investment	USD 500.00
Minimum Transaction	USD 200.00
Minimum Holding Period	None
Trust Fee	0.25% per annum / 0.06% per quarter ⁵
Custodianship Fees ⁵	0.001%
External Audit Fees ⁶	0.017%
Special Expense ⁷	PHP 2,000.00 per annum
Valuation Methodology	Marked-to-Market
Trustee	Bank of the Philippine Islands
External Auditor	Isla Lipana & Co.
Available Through	BPI Branches and www.bpiexpressonline.com
Third-Party Custodian	HSBC, Ltd. (Philippines)
Dealing Cut-Off	12:00 PM

NAVPU Graph



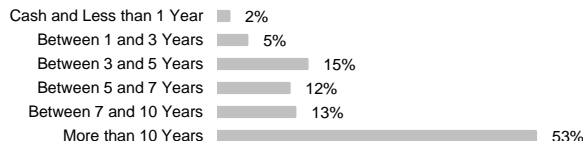
Allocation

Portfolio Composition Government 74.4%, Corporates 23.9%, Cash and Receivables 1.7%

Top Holdings

Name	Yield (%)	Maturity	% of Fund
Republic of the Philippines Bonds 6.375%	3.69	10/23/2034	9.35%
Republic of the Philippines Bonds 7.750%	3.71	1/14/2031	8.56%
Republic of the Philippines Bonds 9.500%	3.70	2/2/2030	7.98%
Republic of the Philippines Bonds 10.625%	3.25	3/16/2025	6.46%
Republic of the Philippines Bonds 4.000%	2.29	1/15/2021	5.59%
Republic of the Philippines Bonds 6.375%	3.68	1/15/2032	4.65%
Republic of the Philippines Bonds 5.500%	3.06	3/30/2026	4.55%
Republic of the Philippines Bonds 5.000%	3.70	1/13/2037	4.36%
Power Sector Assets and Liabilities Mgt 7.39%	2.06	6/17/2019	4.09%
Republic of the Philippines Bonds 8.375%	3.34	12/2/2024	3.96%

Maturity Profile



Any prospective investment shall be limited to the type of investments described in the Declaration of Trust for the Fund.

Average Credit Rating: Ba1 (Moody's) / BB (S&P)

Risk Disclosure

The fund is suitable for investors with an aggressive risk profile. An index tracker bond fund is suitable for investors who take medium to long-term views and want exposure to Philippine bonds. Prior to investment in the Fund, the investor shall undergo a client suitability assessment procedure to determine whether the Fund is appropriate for him considering his investment objective, risk tolerance, preferences and experience. 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.

⁴Tracking error is the measure of deviation between the Fund's returns and the benchmark returns. A lower number means the Fund's return is closely aligned with the benchmark.

⁵Trust fees/management fees/custodianship fees as a percentage of average daily NAV for the quarter.

⁶External Audit fees as a percentage of end-year NAV.

⁷For publication expense.

*Plan rules are available upon request.

Manager's Report

Market Review. For the month of December, Philippine dollar denominated bond prices decreased by an average of 1.06%. ROP prices traded lower on risk-off sentiment as onshore and offshore dealers lightened up on positions ahead of the year end. ROPs tracked the movements in US treasuries as the Republicans and Democrats struggled to come up with the resolution to avoid the Fiscal Cliff. Fear of a US recession was the theme in December.

The stable political environment and the passing of the sin tax which garnered favorable assessments from rating agencies were not enough to offset the pessimism in global markets. S&P upgraded the Philippine sovereign's credit outlook from stable to positive. All three rating agencies, Moody's, Fitch, and S&P, have the country rating one notch below investment grade. The Philippines continued to exhibit prudent fiscal management as the 11-month budget balance accumulated to a deficit of Php127.3 billion, well below the full year government target deficit of Php279 billion. The government posted a Php11.6 billion deficit in November.

The month saw mixed movements brought about by the US Fiscal Cliff and positive economic data. US treasury yields increased by an average of 4.5 basis points following better than expected PMI and confidence figures from the US, China and Europe. Euro benchmark bonds yields, on the other hand, decreased by an average of 8 basis points as investors flocked to safe-haven assets on concerns that US lawmakers would be unable to reach an agreement on budget negotiations involving more than US\$600 billion.

Fund Performance. The Fund's return for the month was -0.51%, bringing its year-to-date return to 15.09%.

Strategy. The Fund will continue to track the JPMorgan Asia Credit Total Return Index.

