



As of June 30, 2011

Investment Objective

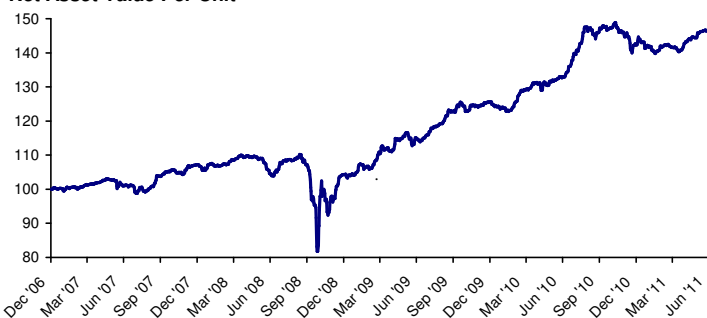
To achieve investment returns that closely track the total return of a US dollar-denominated index, the JPMorgan Asia Credit Index – Philippines, before fees and taxes, by investing in Philippine sovereign and corporate credits.

Fund Performance

	Fund	JACI Phils Total Return Index
Absolute Returns		
Year-to-date	2.97%	3.57%
2010	13.34%	13.76%
2009	20.41%	24.38%
2008	-2.70%	-5.43%
2007	7.20%	7.59%
Since Inception	46.58%	49.12%
4Yr Annualized ROI	9.76%	10.14%

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

Net Asset Value Per Unit



Net Asset Value USD 13.52 Million
NAV Per Unit (NAVpu) USD 146.58
Par Value USD 100.00

Fund Manager's Report

Monthly Commentary

The Philippines finally received long-awaited sovereign credit upgrades from not one, but two ratings agencies in June. On June 15, Moody's Investors Service raised its rating on ROP bonds by 1 notch from Ba3 to Ba2, two levels below investment grade. A week later, Fitch Ratings elevated ROP bonds to BB+, one level shy of investment grade. Philippine dollar-denominated bond prices continued their rally, increasing 0.80% on average with most of the gains coming from the long end of the ROP yield curve, causing yields to drop by an average of 11 bps.

The 5-year Philippine credit default swap (CDS) spreads widened by 7 points from 133 to the 140 level however, amid investors' increasing concerns on the looming possibility of a Greek default. In particular, Standard & Poor's downgraded Greek debt to CCC while maintaining a negative outlook. Debt obligations with this rating are considered to be vulnerable to non-payment or default. Another cause for the widening of Philippine CDS spreads was China's latest moves to control inflation. China's central bank raised the reserved requirements for its biggest banks by 50 bps to 21.50%, fueling concerns of a possible slowdown in economic growth among Asian countries. The 5-year CDS spreads of peers including Indonesia, Malaysia and Thailand likewise widened month-on-month.

Over in the US, the Federal Reserve kept their benchmark rates steady at 0-0.25% at their June 22 meeting but lowered their estimates for GDP growth. The end of June also marked the end of quantitative easing (QE2), which pulled out some bid support for US financial assets. US Treasury yields increased 6 bps on average with more pronounced increases at the long end of the yield curve.

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.

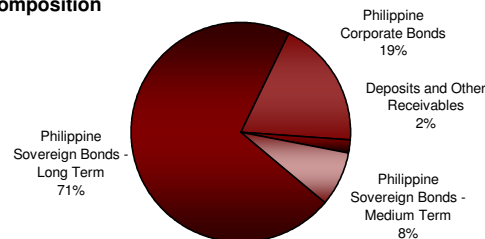
Philippine Dollar Bond Index Fund is a Unit Investment Trust Fund (UITF) and not a bank deposit product. It is not guaranteed by BPI nor by the Philippine Deposit Insurance Corporation (PDIC). As such, units of participation of the investor in the UITF, when redeemed, may be worth more or worth less 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 or to 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 ¹	USD 500
Minimum Transaction ¹	USD 200
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	0.004%
External Audit Fees ⁴	0.002%
Special Expense ⁵	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

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 2009 NAV.
⁵For publication expense.

Portfolio Composition



Average Credit Rating: Ba2 (Moody's) / BB (S&P)

Top 10 Holdings

	% of Fund
Republic of the Philippines Bonds 6.375% 10/23/2034	8.1
Republic of the Philippines Bonds 7.750% 01/14/2031	7.9
Republic of the Philippines Bonds 9.500% 02/02/2030	7.5
Republic of the Philippines Bonds 10.625% 03/16/2025	6.8
Republic of the Philippines Bonds 9.375% 01/18/2017	6.2
Republic of the Philippines Bonds 6.500% 01/20/2020	5.6
Republic of the Philippines Bonds 4.000% 01/15/2021	5.4
Republic of the Philippines Bonds 8.375% 06/17/2019	4.8
Republic of the Philippines Bonds 6.375% 01/15/2032	4.4
PSALM Corporate Bonds 4.800% 12/02/2024	4.4

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	7.82	7.73
Volatility, Past 360 Days	8.29%	4.39%
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.