

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 03/31/2012

Cumulative Performance (%)¹

	1 mo	1YR	3YRS	5 YRS	S.I. ³
Fund	-0.63	13.80	45.88	59.11	61.07
Benchmark ²	-0.62	14.33	48.36	61.96	64.17

Annualized Performance (%)¹

	1YR	2YRS	3YRS	4YRS	5YRS	S.I. ³
Fund	13.80	11.59	13.41	10.36	9.73	9.50
Benchmark ²	14.33	12.30	14.05	10.85	10.12	9.90

Calendar Year Performance (%)¹

	YTD	2011	2010	2009	2008	2007
Fund	2.89	9.97	13.34	20.41	-2.70	7.20
Benchmark ²	3.22	10.47	13.76	24.38	-5.43	7.59

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

²The Benchmark of the fund is the JP Morgan Asia Credit Philippines Total Return Index.

³Since inception.

Key Figures and Statistics

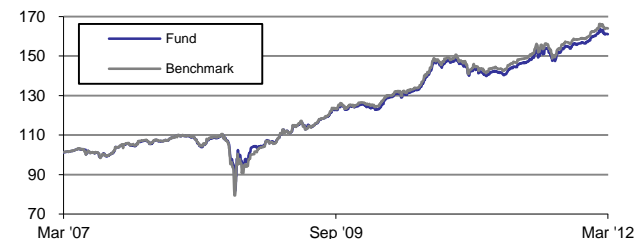
Net Asset Value per Unit (NAVPU)	USD	161.07
Total Fund NAV (Min)	USD	16.64
Par Value	USD	100.00
Portfolio Weighted Yield to Maturity	% net	4.05
Current Number of Holdings		31
Tracking Error (1-Yr) ⁴		2.18%

Statistics (Past 5 Years)	Fund	Benchmark
Annualized Return (net)	9.73	10.12
Annualized Volatility (%)	7.46	7.93
Duration (years)	8.16	8.16

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 ⁵	USD	500.00
Minimum Transaction ⁵	USD	200.00
Minimum Holding Period	90 calendar days	
Early Redemption Fee	0.25%	
Trust Fee	0.25% per annum / 0.06% per quarter ⁶	
Custodianship Fees ⁶	0.001%	
External Audit Fees ⁷	0.017%	
Special Expense ⁸	PHP 2,000.00 per annum	
Valuation Methodology	Marked-to-Market	
Trustee and Fund Manager	Bank of the Philippine Islands	
External Auditor	Isla Lipana & Co.	
Receiving Banks	BPI Branches	
Third-Party Custodian	HSBC, Ltd. (Philippines)	
Dealing Cut-Off	12:00 PM	

NAVPU Graph



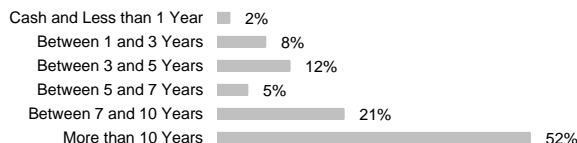
Allocation

Portfolio Composition: Government 81.3%, Corporates 17.1%, Deposits and Other Receivables 1.6%

Top Ten Holdings

Name	Yield (%)	Maturity	% of Fund
Republic of the Philippines Bonds 6.375%	4.71	10/23/2034	8.87%
Republic of the Philippines Bonds 7.750%	4.70	1/14/2031	8.28%
Republic of the Philippines Bonds 4.000%	3.47	1/15/2021	5.62%
Republic of the Philippines Bonds 9.500%	4.69	2/2/2030	7.82%
Republic of the Philippines Bonds 5.000%	4.72	1/13/2037	4.38%
Republic of the Philippines Bonds 10.625%	4.38	3/16/2025	6.54%
Republic of the Philippines Bonds 5.500%	4.18	3/30/2026	4.45%
Republic of the Philippines Bonds 6.500%	3.43	1/20/2020	4.72%
Republic of the Philippines Bonds 6.375%	4.71	1/15/2032	4.56%
Republic of the Philippines Bonds 8.250%	2.27	1/15/2014	3.98%

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: Ba2 (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. 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.

⁴ Tracking 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.

⁵ Contribution rounded down/ redemption rounded off to the nearest whole unit.

⁶ Trust fees/management fees/custodianship fees as a percentage of average daily NAV for the quarter.

⁷ External Audit fees as a percentage of end-year NAV.

⁸ For publication expense.

Manager's Report

Monthly Commentary. Profit-taking activities prevailed ahead of the close of the first quarter of 2012, as Philippine dollar-denominated bond prices declined by 1.14% on average in March. Prices of longer-dated bonds dropped the most, with the 25-year ROP 2037 losing as much as 2.2% month-on-month.

The sell-off in ROPs could be attributed partly to the decline in US Treasury prices. The yield on the benchmark 10-year US Treasury note rose by 24 basis points from 1.98% in February to 2.22%, while the yield of the 30-year US Treasury bond rose by 25 basis points to 3.34%, by the end of March. A relatively more upbeat assessment of the US economy by the Federal Reserve during the last FOMC meeting held on March 13 prompted the sell-off of US Treasuries.

Prospectively, we expect ROP prices to resume their ascent again this month as the Philippine government has reported a budget surplus of PHP10.66Bn for February. Though most investors expect government spending to drive the economy this year, the surplus is a welcome respite from the previous month's shortfall of PHP15.9Bn. In fact, this is the government's first budget surplus in the past 6 months. The improved fiscal condition of the government is seen to substantially contribute to the country's chances of getting a credit rating upgrade.

Fund Performance. Against this backdrop, the Fund returned -0.63% for the month. The Fund continues to track the JPMorgan Asia Credit Total Return index.

