

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 03/27/2013

Cumulative Performance (%)¹

	1 mo	1YR	3YRS	5 YRS	S.I. ³
Fund	-0.32	9.40	36.20	62.26	76.18
JACI Phil ²	-0.23	9.66	38.30	65.58	80.03

Annualized Performance (%)¹

	1YR	2YRS	3YRS	4YRS	5YRS	S.I. ³
Fund	9.40	11.57	10.85	12.39	10.16	9.50
JACI Phil ²	9.66	11.97	11.42	12.94	10.61	9.88

Calendar Year Performance (%)¹

	YTD	2012	2011	2010	2009	2008
Fund	-2.17	15.09	9.91	13.40	20.71	-2.95
JACI Phil ²	-2.21	15.79	10.44	13.78	26.07	-6.71

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.

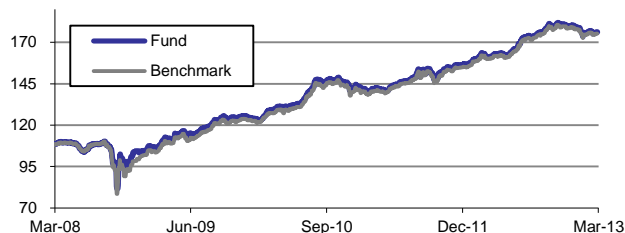
Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	USD	176.18
Total Fund NAV (Mn)	USD	31.65
Portfolio Weighted Yield to Maturity	%, net	3.51
Current Number of Holdings		39
Tracking Error (1-Yr) ⁴		1.89%
Statistics (Past 5 Years)	Fund	Benchmark
Annualized Return (net)	10.16	10.61
Annualized Volatility (%)	7.37	7.76
Duration (years)	7.97	8.10

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



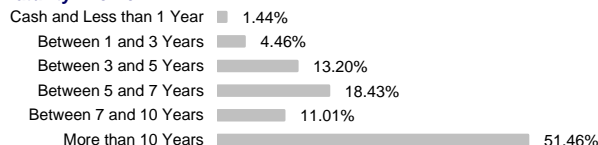
Allocation

Portfolio Composition Government 70.69%, Corporates 27.87%, Cash and Receivables 1.44%

Top Holdings

Name	Yield (%)	Maturity	% of Fund
Republic of the Philippines Bonds 6.3750%	4.19	10/23/2034	9.10%
Republic of the Philippines Bonds 7.7500%	4.19	1/14/2031	8.57%
Republic of the Philippines Bonds 4.0000%	2.50	1/15/2021	5.50%
Republic of the Philippines Bonds 9.5000%	4.20	2/2/2030	7.67%
Republic of the Philippines Bonds 10.6250%	3.62	3/16/2025	6.35%
Republic of the Philippines Bonds 5.5000%	3.40	3/30/2026	4.49%
Republic of the Philippines Bonds 5.0000%	4.04	1/13/2037	4.09%
Republic of the Philippines Bonds 6.3750%	4.18	1/15/2032	4.44%
Republic of the Philippines Bonds 8.3750%	2.30	6/17/2019	4.09%
Republic of the Philippines Bonds 6.5000%	2.46	1/20/2020	3.64%

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 fluctuate as a result of interest rate and currency movements and the changes in the 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. Philippine dollar-denominated bond prices continued to trend lower in March as the market focused more on Cyprus and the uncertainties it faced over a possible bailout from the European Union. Though Cyprus appears to be rather small in economic terms—it is the third smallest country in the Euro-zone in terms of GDP—the implications of its bail-out were much larger than expected. One of the implications was the unprecedented move to place a levy of as much as 60% on depositors with the Bank of Cyprus. For the first time, Cypriots with more than 100,000 euros could lose up to 60% of their hard-earned savings. In the end, a €10 billion bailout was agreed upon with the European Union and the International Monetary Fund.

On the local front, investment grade at last! The Philippines has finally achieved Investment Grade status after Fitch Ratings Agency upgraded the country's long-term foreign currency issuer default rating from BB+ to BBB- with a stable outlook. Though the credit upgrade was a most welcome development, the announcement came in at around 3 p.m. on March 27, with just about an hour left on the last banking day before the markets closed for the Holy Week. As such, there was little time left for ROP bonds to reflect the positive effects of the upgrade.

Moving forward, we expect ROPs to recover. With the possibility of a second credit upgrade from another major ratings agency forthcoming, we can expect yields to decline, leading to a further improvement in bond prices.

Fund Performance. Against this backdrop, the Fund returned -2.17% for the month.

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

