



As of April 30, 2011

**Investment Objective**

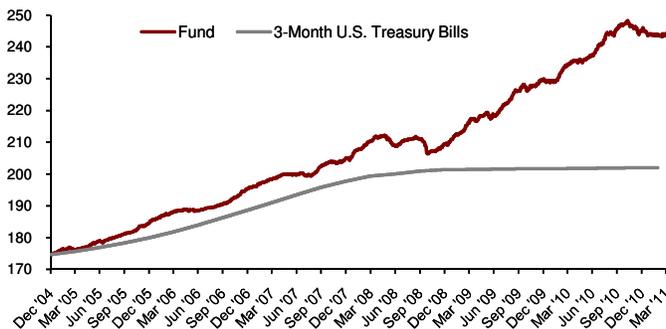
To achieve capital appreciation and income derived from a diversified portfolio of foreign currency-denominated fixed income instruments issued by the Philippine government, corporations and financial institutions.

**Fund Performance**

	Fund	3-Month U.S. Treasury Bills
<b>Absolute Returns</b>		
Year-to-date	0.38%	0.04%
2010	6.53%	0.14%
2009	9.76%	0.15%
2008	2.17%	1.80%
2007	4.93%	4.67%
2006	5.85%	2.64%
<b>5-Yr Annualized ROI</b>	<b>5.45%</b>	<b>2.01%</b>

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

**Net Asset Value Per Unit**



**Net Asset Value** USD 99.95 Million  
**NAV Per Unit (NAVpu)** USD 245.85  
**Par Value** USD 100.00

**Fund Manager's Report**

**Monthly Commentary**

The country's 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.

In international markets, 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 USD 14.3 trillion 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 decreased by 17 bps on average as buying support remained for safe haven debt.

The Fund continued to reduce duration in the month of April to 3.19 from the previous month's 3.49. These adjustments to the Fund reduced the Fund's overall volatility to price fluctuations, enabling the Fund to outperform its benchmark.

**Strategy**

Moving forward, we will be purchasing longer-dated ROPs and gradually lengthen the Fund's duration. We expect to see an improvement in risk sentiment after equities and other risk assets performed well in the previous months, and a continuation of investor flows into equity, bond, currency and commodity markets, including EM, as investors continue to search for yield.

**Risk Disclosure**

The Fund is suitable for investors who take medium to long-term views. 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.

**Risk Management**

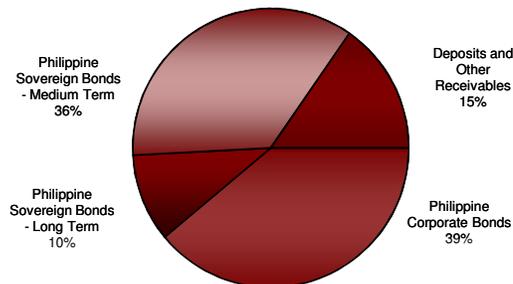
In accordance with the provisions in the Declaration of Trust, the Fund implements a risk management policy that applies the principles of Value-at-Risk (VAR). VAR is a measure of the portfolio's maximum potential loss and is computed based on price volatility and market value of the investment portfolio. The Fund's risk management policy prescribes a dynamic volatility band, such that if the volatility of the Fund's investments as reflected in the NAVpu exceeds the volatility band, adjustments are made for the collective interest of the participants. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks.

**Fund Facts**

Launch Date	August 30, 1994
Structure	Unit Investment Trust Fund
Fund Type	Medium Term Bond Fund
Client Suitability	The Fund is suitable for investors with at least a moderately conservative risk profile.
Base Currency	US Dollar
Minimum Initial Investment <sup>1</sup>	USD 500.00
Minimum Transaction <sup>1</sup>	USD 200.00
Minimum Holding Period	30 calendar days
Early Redemption Fee	0.25%
Trust Fees <sup>2</sup>	1.00% per annum 0.25% per quarter
Custodianship Fees <sup>3</sup>	0.005%
External Audit Fees <sup>4</sup>	0.02% per quarter
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
Dealing	Daily up to 12 noon
Bloomberg Ticker	BPIGLPH 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**

	<b>% of Fund</b>
Republic of the Philippines Bonds 9.000% 02/15/2013	12.6
Republic of the Philippines Bonds 8.250% 01/15/2014	8.1
SM Investments Corp. Bonds 6.000% 09/22/2014	7.8
Republic of the Philippines Bonds 8.875% 03/17/2015	6.7
Republic of the Philippines Global Peso Bonds 4.950% 01/15/2021	5.0
RCBC Perpetual Bond 9.875% 10/27/2016	4.9
BPI Certificate of Deposit 05/18/2011	4.6
Universal Robina Corp. Bonds 8.250% 01/20/2012	4.4
Republic of the Philippines Bonds 8.000% 01/15/2016	4.2
Multicurrency Retail Treasury Bond 2.8750% 04/29/2013	4.0

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

**Risk Characteristics**

Risk Measures	Past 12 Months			
	Apr 30, 2011	Low	High	Average
Duration	3.19	2.93	3.72	3.40
Volatility, Past 360 Days	1.51%	1.44%	1.54%	1.51%
Sharpe Ratio, Past 360 Days	2.77			

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. Sharpe ratio evaluates reward-to-risk efficiency. The higher the number, the higher the reward per unit of risk.