

Investment Objective

The Fund aims to achieve capital appreciation and income by investing in a diversified portfolio of foreign currency-denominated fixed income instruments issued by the Philippine government and by Philippine corporations and financial institutions. The Fund aims to provide excess return over the composite benchmark, 50% return of the 3-month U.S. Treasury Bill and 50% JACI Philippines.

Figures as of 01/31/2012

Cumulative Performance (%)¹

	1 mo	1YR	3YRS	5YRS
Fund	0.75	3.50	19.21	28.64
Benchmark ²	0.51	3.92	4.21	10.61

Annualized Performance (%)¹

	1YR	2YRS	3YRS	4YRS	5YRS
Fund	3.50	4.85	6.03	5.04	5.17
Benchmark ²	3.92	2.01	1.38	1.38	2.04

Calendar Year Performance (%)¹

	YTD	2011	2010	2009	2008	2007
Fund	0.75	2.22	6.53	9.76	2.17	4.93
Benchmark ²	0.51	3.39	0.14	0.15	1.80	4.67

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

²The Benchmark of the Fund is a composite of 50% 3-month U.S. Treasury Bill and 50% JP Morgan Asia Credit Philippines Total Return Index. The Fund adopted the Benchmark on July 1, 2011. The previous Benchmark of the Fund is the 3-month U.S. Treasury Bill.

Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	USD	252.23
Total Fund NAV (Mln)	USD	87.71
Par Value	USD	100.00
Portfolio Weighted Yield to Maturity	% , net	4.14

Past 12 Months

Risk Characteristics	31 Jan '12	Low	High	Average
Duration (years) ³	4.36	3.19	4.36	3.70
Volatility ⁴	1.52%	1.41%	1.64%	1.51%
Sharpe Ratio ⁵	2.12			

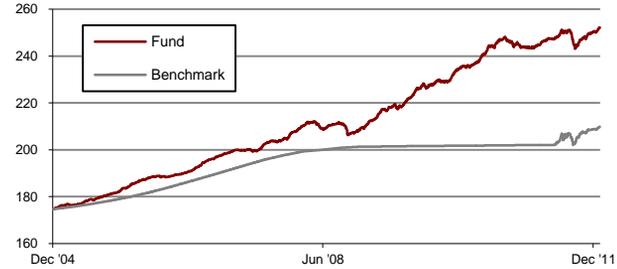
General Information

Launch Date	August 30, 1994	
Fund Structure	Unit Investment Trust Fund	
Fund Classification	Medium Term Bond Fund	
Fund Currency	US Dollar	
Minimum Initial Investment ⁶	USD	500.00
Minimum Transaction ⁶	USD	200.00
Minimum Holding Period	30 calendar days	
Early Redemption Fee	0.25%	
Trust Fee	1.00% per annum / 0.25% per quarter ⁷	
Custodianship Fees ⁸	0.003%	
External Audit Fees ⁹	0.002% per quarter	
Special Expense ¹⁰	PHP 2,000.00 per annum	
Valuation Methodology	Marked-to-Market	
Trustee and Fund Manager	Bank of the Philippine Islands	
Available Through	BPI Branches	
Third-Party Custodian	HSBC, Ltd. (Philippines)	
Dealing	Daily up to 12 noon	

³Duration measures the sensitivity of NAVPS to interest rate movements. As interest rates rise, bond prices fall. The higher the duration, the more NAVPS will fluctuate in relation to changes in interest rates.

⁴Volatility measures the fluctuations in NAVPS. The higher the number, the higher the potential gain or loss.

NAVPU Graph



Allocation

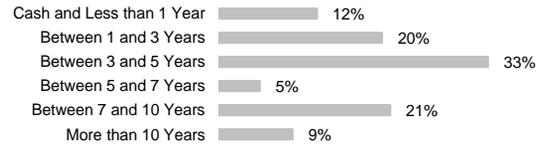
Portfolio Composition: Government 49.9%, Corporates 43.2%, Deposits and Other Receivables 6.9%

Top Ten Holdings

Name	Maturity	% of Fund
Republic of the Philippines Bonds	8.250%	1/15/2014 7.50%
Republic of the Philippines Bonds	8.875%	3/17/2015 6.67%
RCBC Perpetual Bonds	9.875%	10/27/2016 5.99%
BPI Certificate of Deposit		2/29/2012 5.89%
Republic of the Philippines Global Peso Bonds	4.950%	1/15/2021 5.67%
JG Summit Corporate Bonds	8.00%	1/18/2013 4.79%
SM Investments Corp. Bonds	6.000%	9/22/2014 4.67%
SM Investments Corp. Bonds	5.500%	10/13/2017 4.48%
Multicurrency Retail Treasury Bond	2.8750%	4/29/2013 4.38%
Republic of the Philippines Bonds	8.000%	1/15/2016 4.16%

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

Maturity Profile



Average Credit Rating: Ba3 (Moody's) / BB- (S&P)

Risk Disclosure

The Fund is suitable for investors with at least a moderately conservative profile. The Fund is suitable for investors who take medium to long-term views. The Fund's net asset value, and total return may fall as well as rise as a result of stock price movements. On redemption of units, an investor may receive an amount less than the original amount of 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.

⁵Sharpe ratio evaluates reward-to-risk efficiency. The higher the number, the higher the reward per unit of risk.

⁶Contribution rounded down toward redemption rounded off to the nearest whole unit.

⁷Trust fees paid for the quarter as a percentage of average daily NAV for the quarter.

⁸Custodianship fees billed for the quarter as a percentage of average daily NAV for the quarter.

⁹External Audit fees as a percentage of end-year 2009 NAV.

¹⁰For publication expense.

Manager's Report

Monthly Commentary. Philippine dollar-denominated bonds sustained their ascent, with prices increasing by 0.12% on average in January, still benefiting from the positive overhang following Standard and Poor's (S&P) move to raise its outlook on the country from stable to positive. Stronger flows into emerging markets continued to lift ROPs, a trend that has persisted since the beginning of the year, after rival agency Moody's Investor Service elevated Indonesia's credit rating to investment grade on January 18.

The country's stable economic fundamentals were further validated by the latest GDP figures. Philippine GDP growth registered at 3.7% in 4Q2011, slightly lower than the 3.8% figure expected by consensus but still better than the upwardly revised 3.6% growth rate recorded in the previous quarter. Meanwhile, the full-year figure for 2011 came out at 3.7%, slower than the 7.6% growth posted in 2010.

US Treasuries likewise remained supported, with yields declining by 3 basis points on average in January. Investors' demand for safe-haven debt was fueled after S&P downgraded its ratings on nine European countries including France, Italy and Spain. In contrast, Germany was able to retain its AAA rating, with a stable outlook. Consequently, Euro benchmark yields increased on the short and long ends of the curve while the 5- to 10-year tenor buckets declined 7 basis points on average.

Fund Performance. The Fund's performance was 0.75% for the month, outperforming its benchmark by 24 basis points for the month of January.

Strategy. The duration of the Fund as of month-end was at 4.36 versus the previous month's 4.15. Moving forward, we look to increase the Fund's duration by raising the portfolio's exposure to long-dated Philippine ROPs for the yield pickup.

