

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 03/31/2012

Cumulative Performance (%)¹

	1 mo	1YR	3YRS	5YRS
Fund	-0.13	4.51	18.13	28.69
Benchmark ²	-0.31	5.02	5.34	10.91

Annualized Performance (%)¹

	1YR	2YRS	3YRS	4YRS	5YRS
Fund	4.51	4.34	5.71	4.98	5.17
Benchmark ²	5.02	2.56	1.75	1.57	2.09

Calendar Year Performance (%)¹

	YTD	2011	2010	2009	2008	2007
Fund	1.97	2.22	6.53	9.76	2.17	4.93
Benchmark ²	1.61	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.

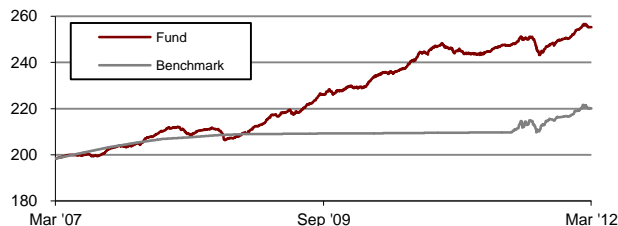
Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	USD	255.29
Total Fund NAV (Mln)	USD	88.62
Par Value	USD	100.00
Portfolio Weighted Yield to Maturity	%, net	3.98
Current Number of Holdings		49
Information Ratio ³		-0.32
Sharpe Ratio ³		3.00
Statistics (Past 5 Years)	Fund	
Annualized Return (net)		5.17
Annualized Volatility (%)		1.37
Duration (years)		4.40

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 ⁴	USD 500.00
Minimum Transaction ⁴	USD 200.00
Minimum Holding Period	30 calendar days
Early Redemption Fee	0.25%
Trust Fee	1.00% per annum / 0.25% per quarter ⁵
Custodianship Fees ⁵	0.006%
External Audit Fees ⁶	0.020%
Special Expense ⁷	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



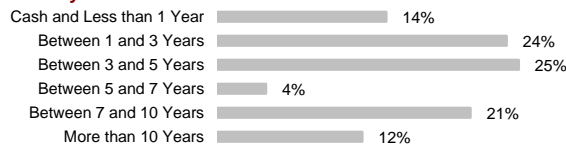
Allocation

Portfolio Composition: Government 45.9%, Corporates 44.3%, Deposits and Other Receivables 9.8%

Top Ten Holdings

Name	Yield (%)	Maturity	% of Fund
Republic of the Philippines Bonds 8.875%	2.14	3/17/2015	6.51%
Republic of the Philippines Bonds 8.250%	2.27	1/15/2014	6.49%
RCBC Perpetual Bonds 9.875%	7.73	10/27/2016	5.99%
Rep of the Philippines Global Peso Bonds 4.950%	4.60	1/15/2021	5.56%
SM Investments Corp. Bonds 6.000%	4.35	9/22/2014	4.60%
JG Summit Corporate Bonds 8.000%	3.58	1/18/2013	4.59%
SM Investments Corp. Bonds 5.500%	5.22	10/13/2017	4.38%
Multicurrency Retail Treasury Bond 2.8750%	1.64	4/29/2013	4.30%
Development Bank of the Phils Notes 5.500%	4.66	3/25/2021	4.09%
Republic of the Philippines Bonds 8.000%	2.43	1/15/2016	4.06%

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 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.

³ The Information Ratio evaluates reward-to-risk efficiency relative to the benchmark, while the Sharpe Ratio evaluates reward-to-risk efficiency relative to the risk free rate. The higher the number, the higher the reward per unit of risk. Sharpe and Information Ratios between funds of different classifications are non-comparable.

⁴ Contribution rounded down/ redemption rounded off to the nearest whole unit.

⁵ Trust fees/management fees/custodianship fees as a percentage of average daily NAV for the quarter.

⁶ External Audit fees as a percentage of end-year NAV.

⁷ 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.

US Treasury prices likewise suffered as yields on the benchmark 10-year US Treasury note rose by 24 basis points from 1.98% in February to 2.22% by the end of March. The yield of the 30-year US Treasury bond likewise rose by 25 basis points to 3.34%. 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. The Fund's year-to-date return is 1.97%, outperforming its benchmark by 36 basis points.

Strategy. The duration of the Fund as of month-end was at 4.40, slightly lower than the previous month's figure of 4.46. Moving forward, we look to maintain the Fund's overweight position in terms of duration by purchasing longer-dated ROP bonds.

