

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% JP Morgan Asia Credit Philippines Total Return Index.

Figures as of 03/27/13

Cumulative Performance (%)¹

	1 mo	1YR	3YRS	5YRS
Fund	0.23	8.07	17.65	31.22
Benchmark ²	-0.11	5.31	10.23	11.52

Annualized Performance (%)¹

	1YR	2YRS	3YRS	4YRS	5YRS
Fund	8.07	6.27	5.57	6.29	5.59
Benchmark ²	5.31	4.91	3.30	2.50	2.20

Calendar Year Performance (%)¹

	YTD	2012	2011	2010	2009	2008
Fund	0.44	9.75	2.15	6.62	10.09	2.00
Benchmark ²	-1.10	0.62	3.39	0.15	0.13	1.77

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	275.86
Total Fund NAV (Mn)	USD	98.22
Portfolio Weighted Yield to Maturity	%, net	3.17
Current Number of Holdings		55
Information Ratio ³		2.34
Sharpe Ratio ³		6.29

Statistics (Past 5 Years)

	Fund
Annualized Return (net)	5.59
Annualized Volatility (%)	1.42
Duration (years)	4.38

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	USD 500.00
Minimum Transaction	USD 200.00
Minimum Holding Period	None
Trust Fee	1.00% per annum / 0.25% per quarter ⁴
Custodianship Fees ⁴	0.004%
External Audit Fees ⁵	0.006%
Special Expense ⁶	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	HSCB, Ltd. (Philippines)
Dealing Cut-Off	12:00 PM

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.

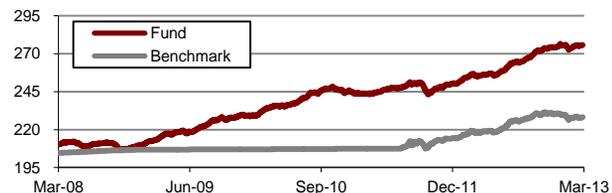
Moving forward, we expect ROPs to recover. With the possibility of a second credit upgrade from another major ratings agency forthcoming, we can expect yields to decline, leading to a further improvement in bond prices.

Fund Performance. The Fund has returned 0.44% for the year, outperforming its benchmark by 154 basis points.

Strategy. The duration of the Fund as of month-end was at 4.38 lower than the previous month's 4.62. Moving forward, we look to maintain the Fund's overweight duration in light of the recent sovereign rating upgrade for the Philippines.



NAVPU Graph



Allocation

Portfolio Composition: Government 40.69%, Corporates 43.74%, Cash and Receivables 15.57%

Top Holdings

Name	Yield (%)	Maturity	% of Fund
Republic of the Philippines Bonds 8.3750%	3.62	3/16/2025	4.75%
Republic of the Phils. Global Peso Note 4.9500%	2.50	1/15/2021	4.24%
SM Invs. Corp. Foreign Currency Bonds 6.0000%	3.51	9/22/2014	4.07%
Multicurrency Retail Treasury Bonds 2.3000%	1.02	4/29/2013	3.95%
Republic of the Philippines Bonds 8.3750%	4.20	2/2/2030	3.85%
Development Bank of the Philippines Notes 5.5000%	3.66	3/25/2021	3.83%
RCBC Perpetual Bond 9.8750%	5.64	10/27/2016	3.82%
Republic of the Philippines Bonds 8.3750%	2.30	6/17/2019	3.69%
Metrobank and Trust Co. Perp. Series 9.0000%	4.98	2/15/2016	3.57%
SM Invs. Corp. Foreign Currency Bonds 5.5000%	3.96	10/13/2017	3.54%

Portfolio Weightings

Philippine Corporate Bonds	51.81%
Philippine Sovereign Bonds	48.19%

Maturity Profile

Cash and Less than 1 Year	19.81%
Between 1 and 3 Years	16.35%
Between 3 and 5 Years	17.47%
Between 5 and 7 Years	10.95%
Between 7 and 10 Years	19.33%
More than 10 Years	16.09%

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 at least a moderately conservative profile. The Fund is suitable for investors who take medium- to long-term views. 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. The Fund's 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 investment. Liquidity risk also needs to be taken into account.

Risk Management

In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. 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. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks.

³The 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.

⁴Trust fees/management fees/custodianship fees as a percentage of average daily NAV for the quarter.

⁵ External Audit fees as a percentage of end-year NAV.

⁶ For publication expense.

*Plan rules are available upon request.