

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 02/29/12

Cumulative Performance (%)¹

	1 mo	1YR	3YRS	5 YRS	S.I.
Fund	2.64	14.20	51.97	60.87	62.09
Benchmark ²	2.80	14.82	55.11	64.52	65.19

Annualized Performance (%)¹

	1YR	2YRS	3YRS	4YRS	5YRS	S.I.
Fund	14.20	14.23	14.97	10.96	9.97	9.80
Benchmark ²	14.82	14.30	15.76	11.43	10.47	10.20

Calendar Year Performance (%)¹

	YTD	2011	2010	2009	2008	2007
Fund	3.55	9.97	13.34	20.41	-2.70	7.20
Benchmark ²	3.86	10.47	13.76	24.38	-5.43	7.59

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

²The Benchmark of the fund is the JP Morgan Asia Credit Philippines Total Return Index.

Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	USD	157.92
Total Fund NAV (Mln)	USD	16.42
Par Value	USD	100.00
Portfolio Weighted Yield to Maturity	%, net	3.89
Current Number of Holdings		30
Tracking Error ³		

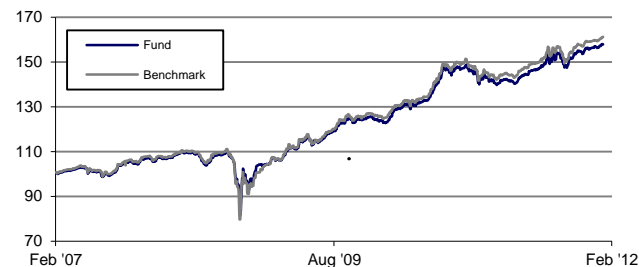
Statistics (Past 5 Years)

	Fund	Benchmark
Annualized Return (net)	9.97	10.47
Annualized Volatility (%)	7.44	7.92
Duration (years)	8.20	8.27

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 ⁴	USD 500.00
Minimum Transaction ⁴	USD 200.00
Minimum Holding Period	90 calendar days
Early Redemption Fee	0.25%
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 and Fund Manager	Bank of the Philippine Islands
Foreign Fund Managers	PIMCO, DBS
External Auditor	Isla Lipana & Co.
Receiving Banks	BPI Branches
Third-Party Custodian	HSBC, Ltd. (Philippines)
Dealing Cut-Off	12:00 PM

NAVPU Graph



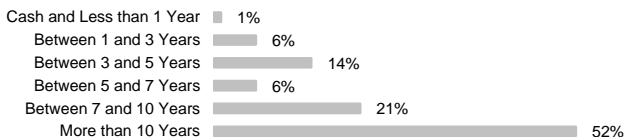
Allocation

Portfolio Composition Government 81.6%, Corporates 16.9%, Deposits and Other Receivables 1.5%

Top Ten Holdings

Name	Yield (%)	Maturity	% of Fund
Republic of the Philippines Bonds 6.375%	4.62	10/23/2034	8.72%
Republic of the Philippines Bonds 7.750%	4.59	1/14/2031	8.29%
Republic of the Philippines Bonds 9.500%	4.60	2/2/2030	7.77%
Republic of the Philippines Bonds 10.625%	4.28	3/16/2025	6.45%
Republic of the Philippines Bonds 4.000%	3.32	1/15/2021	5.44%
Republic of the Philippines Bonds 6.500%	3.29	1/20/2020	5.21%
Republic of the Philippines Bonds 5.000%	4.56	1/13/2037	5.19%
Republic of the Philippines Bonds 9.375%	2.67	1/18/2017	4.37%
Republic of the Philippines Bonds 5.500%	4.15	3/30/2026	4.35%
Republic of the Philippines Bonds 6.375%	4.57	1/15/2032	4.32%

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 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. 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. Liquidity risk also needs to be taken into account.

³Tracking 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.

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

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.

Manager's Report

Monthly Commentary. Philippine dollar-denominated bonds rallied yet again in February, with prices increasing by 1.9% on by month-end. Longer-dated bonds continued to outperform as prices rose by as much as 3.75% month-on-month.

The strong performance of Philippine dollar-denominated bonds gained support as the robustness of the country's macroeconomic fundamentals were at the forefront once again. The government reported a full-year deficit figure of PHP197.8 billion for 2011, representing only 2.0% of GDP. This was much smaller than both the government's original deficit target of PHP300.0 billion (3.2% of GDP) and 2010's fiscal shortfall of PHP314.5 billion (3.7% of GDP). In addition, the Bangko Sentral ng Pilipinas reported dollar inflows from overseas Filipino workers reached USD20.1 billion in 2011, equivalent to a 7.2% full-year growth from the USD18.7 billion recorded in 2010. While this growth rate was slower than the 8.2% growth seen the previous year, the data released highlighted the resilience of OFW remittances, which accounts for roughly 10% of the economy.

Over in Europe, the likelihood of Greece receiving a much-needed second bailout package ground higher following reports that private holders of Greek debt have agreed to accept a 53.5% haircut on their existing Greek sovereign bonds and exchange these for newly issued bonds with longer tenors and lower coupons. The reportedly high participation rate of 80% from private creditors is more than sufficient to pave the way for the largest sovereign debt restructuring in history.

Fund Performance. Against this backdrop, the Fund returned 3.55% for the month. The Fund continues to track the JPMorgan Asia Credit Philippines Total Return Index.

