

**INVESTMENT OBJECTIVE**

The Fund aims for capital preservation and income generation by investing in higher yielding short to medium-term bond investments and other similar fixed income securities with a portfolio weighted average life of more than one (1) year.

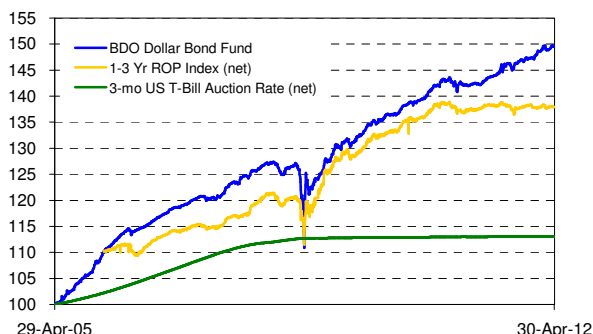
**CLIENT SUITABILITY**

The Fund is suitable for individual and corporate investors with moderate risk appetite and who are looking for higher yields and are willing to take the attendant risks due to the medium-term assets the Fund may have. In order to minimize risks and maximize earning potential, participants/trustors are recommended to stay invested in the Fund for at least three (3) years.

**ALLOWABLE / PROSPECTIVE INVESTMENTS**

The following are the investment outlets where the Trustee may invest the Fund in, depending on their availability or other market circumstances: Deposits in the trustee's own or in other banks, securities issued or guaranteed by the Philippine Government or the BSP, tradable securities issued by any supranational entity, exchange-listed fixed income securities, collective investment plans of the trustee/other trustees and such other tradable investment outlets/categories allowed for UITFs by BSP and determined by the Trustee's Trust Committee as suitable for the Fund. The Fund may also avail itself of financial derivative instruments solely for the purpose of hedging risk exposures, subject to the guidelines set by the BSP for such activities and likewise duly approved by the Trustee's Trust Committee.

**NAVPU vs. Benchmark & Alternative Investment**



**OTHER FUND FACTS**

Bloomberg Ticker	BDODBF <Index>
Fund Type	Intermediate Term Bond Fund
Inception Date	April 29, 2005
Net Asset Value (NAV)	US\$32.242 Million
NAV per unit (NAVPU) <sup>9</sup>	US\$ 149.4530
Par Value	US\$ 100.00
Minimum Investment	US\$ 2,000.00
Minimum Additional	US\$ 2,000.00
Minimum Holding Period	45 calendar days
Early Redemption Fee	0.50% of Original Participation Amount
Trust Fee (TF)	0.75% p.a.
Custodian	Standard Chartered Bank, Citibank
Dealing Period	Up to 12:00 nn. of any banking day
Settlement Period	Three (3) banking days after notice of redemption is received

<sup>9</sup> The NAVPU of the Fund shall be computed every trading day at 7:00 p.m.

**FUND PERFORMANCE (Absolute Return on Investment)**

Period	BDODBF <sup>1</sup>	Benchmark <sup>2</sup>	Risk-Free Rate <sup>3</sup>
One Month Ago	0.40%	0.08%	0.01%
Three Months Ago	1.02%	0.19%	0.02%
Year to Date	1.45%	-0.27%	0.02%
One Year Ago	4.64%	0.06%	0.03%
Three Years Ago	14.69%	7.72%	0.24%
Five Years Ago	24.01%	19.73%	4.25%
Since Inception	49.45%	37.94%	13.03%

<sup>1</sup> Past performance is not indicative of future performance.

<sup>2</sup> The Fund's benchmark is the 1-3 Yr ROP Index based on Bloomberg's FMPH prices commencing Jan. 5, 2006.

<sup>3</sup> The estimated return on the risk-free rate refers to the compounded daily return of the latest auctioned 3-mo US T-Bill, adjusted for tax.

**FUND MANAGER'S STRATEGY**

As mentioned in the report last month, the movement of ROP prices will be dictated by the trend in the US Treasury yields. After rising to as high as 2.4% last month from 1.88% at the end of 2011, the yield on the benchmark 10-year US Treasury paper dropped back to 2% on signs that the recovery of the US economy is still not that strong. Despite this, the Fund Manager expects ROP prices to start rising in the near term. The ROP showed resilience even after Indonesia tapped the market with the new Indon 2022 with an issue size of \$2 billion and a re-tapped of Indon 2042 for \$500mm. It also showed strength in the face of small profit-taking with the long end outperforming the middle part of the curve. With these developments, the Fund Manager continued to maintain an ROP allocation at around 28%.

**PORTFOLIO STATISTICS**

	Mar 30, 2012	Apr 30, 2012
Weighted Ave. Duration	2.98	2.95
Volatility, Past One Year <sup>4</sup>	1.74%	1.75%
Sharpe Ratio <sup>5</sup>	2.63	2.64
Information Ratio <sup>6</sup>	2.22	2.36
Weighted Ave. Yield (net <sup>7</sup> )	1.54%	1.46%

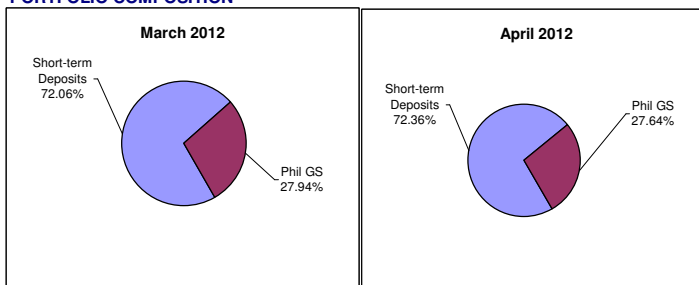
<sup>4</sup> Volatility measures the degree to which the Fund fluctuates vis-à-vis its average return over a period of time.

<sup>5</sup> Sharpe Ratio is used to characterize how well the return of a Fund compensates the investor for the risk taken. The higher the number, the better.

<sup>6</sup> Information Ratio measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

<sup>7</sup> Net of taxes and trust fees

**PORTFOLIO COMPOSITION**



**TOP TEN HOLDINGS<sup>10</sup>**

Issuer / S&P Rating	Gross Yield	Maturity	% of Portfolio
Phil / BB-	5.000%	01/13/37	11.22%
Phil / BB-	5.500%	03/30/26	9.06%
Phil / BB-	4.000%	01/15/21	7.35%
TD-Other Bank	1.900%	05/16/12	6.20%
TD-Other Bank	1.750%	05/31/12	6.20%
TD-Other Bank	2.125%	05/02/12	4.65%
TD-Other Bank	1.375%	05/10/12	4.65%
TD-Other Bank	1.500%	05/11/12	4.65%
TD-Other Bank	2.000%	07/18/12	4.65%
TD-Other Bank	2.000%	05/14/12	3.10%

<sup>10</sup> The complete list of portfolio holdings is available upon request.

**BEST PERFORMANCE (Past five years)**

Inclusive Dates	Biggest Gain	No. of days to achieve	
10/27/2008	4/18/2012	35.05%	1,269

**MAXIMUM DRAWDOWN AND RECOVERY IN NAVpus<sup>8</sup> (Past five years)**

Maximum Drawdown Period	Biggest Loss	Recovery Period (days)	
5/21/2008	10/27/2008	-12.98%	106

<sup>8</sup> Maximum Drawdown is the maximum percentage loss that a fund incurs over a time period.

Maximum Drawdown Period is the length of time the maximum drawdown occurs.

Recovery Period is the length of time taken by a fund to surmount its maximum drawdown.

**DISCLAIMER:** The views expressed in this Update by BDO-Trust are strictly for information purposes only. The UITFs are not deposit accounts but trust products. Participations in UITFs do not guarantee a rate of return and are not covered by the Philippine Deposit Insurance Corporation (PDIC). BDO UITFs are likewise not guaranteed by BDO. Investments or participations in the UITFs are subject to risks and possible losses of principal. The value of the investments can go up or down and, upon redemption, may be worth more or worth less than the original amounts invested. BDO-Trust is not liable for such losses, which are for the sole account of the participants/trustors. Thus, it is important that the investors always consider if these Funds are aligned with their financial goals, investment horizon and risk appetite. The UITFs are charged for custodianship fees, financial service providers' fees and third-party audit fees whose sum total does not exceed 0.10% of each of the Funds' volumes. For more information, kindly call (02) 878-4255.