

**INVESTMENT OBJECTIVE**

The Fund aims to preserve capital and generate high level of income for tax - exempt entities by investing such funds in a combination of short-term to long-term fixed income securities.

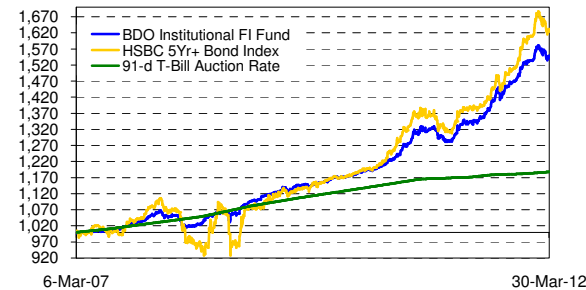
**CLIENT SUITABILITY**

The Fund is suitable for retirement plans and other entities with moderate risk profiles. These have tax-exemptions supported by Bureau of Internal Revenue tax-exemption certificates, are looking for higher yields and are willing to take the attendant risks that come with portfolios that may have investments with longer tenors.

**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 bank 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, marketable fixed income securities that are traded in an organized exchange, loans traded in an organized market, other collective investment plans of the trustee/other trustees and such other tradable investment outlets/categories allowed for UITFs by BSP and approved 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**



**FUND PERFORMANCE (Absolute Return, net of fees)**

Period	BDOIFX1	Benchmark <sup>2</sup>	Risk-Free Rate <sup>3</sup>
One Month Ago	-1.35%	-2.10%	0.18%
Three Months Ago	1.21%	2.16%	0.47%
Year to Date	1.21%	2.16%	0.47%
One Year Ago	18.54%	21.26%	1.56%
Three Years Ago	38.73%	48.52%	8.85%
Since Inception	55.06%	63.42%	18.94%

<sup>1</sup> Past performance is not indicative of future performance.  
<sup>2</sup> The Fund's benchmark is the HSBC 5Yr+ Bond Index.  
<sup>3</sup> The estimated return on the alternative investment refers to the compounded daily return of the latest auctioned 91-day T-Bill.

**PORTFOLIO STATISTICS**

	Dec 29, 2011	Mar 30, 2012
Weighted Ave. Duration	5.65	6.41
Volatility, Past One Year <sup>4</sup>	4.84%	4.93%
Sharpe Ratio <sup>5</sup>	2.94	3.44
Information Ratio <sup>6</sup>	-0.55	-1.04
Weighted Ave. Yield (net <sup>7</sup> )	4.43%	4.58%

<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 level of 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

**BEST PERFORMANCE (Past five years)**

Inclusive Dates	Biggest Gain	No. of days to achieve	
4/4/2007	2/17/2012	58.51%	1,780 days

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

Maximum Drawdown Period	Biggest Loss	Recovery Period (days)	
1/29/2008	5/6/2008	-5.08%	128 days

<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.

**SPECIAL REIMBURSABLE EXPENSES**

Nature of Expense	Name of Third Party	Expense Ratio <sup>9</sup>
Custodianship	Standard Chartered Bank	0.0035%
Financial Info Service	Bloomberg/Reuters	0.0014%
Audit Fees	Punongbayan & Araullo	0.0012%

<sup>9</sup> Ratio of expense to the quarter's average daily NAV of the Fund valued at Php 489.992 Million.

**OTHER FUND FACTS**

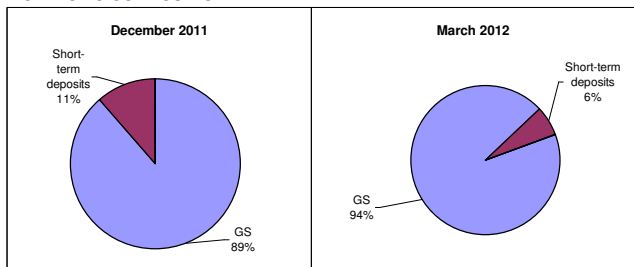
Bloomberg Ticker	BDOIFX1 <Index>
Fund Type	Tax-exempt Bond Fund
Inception Date	March 6, 2007
Net Asset Value (NAV)	Php 493.153 Million
NAV per unit (NAVPU) <sup>10</sup>	Php 1,549.0120
Par Value	Php 1,000.00
Minimum Investment	Php 1,000.00
Minimum Additional	Php 1,000.00
Minimum Holding Period	None
Early Redemption Fee	None
Trust Fee (TF)	0.50% p.a.
TF as Expense Ratio	0.1264%
Availability	For tax-exempt trust accounts with full management discretion
Custodian	Standard Chartered Bank
Dealing Period	Up to 12:00 nn. of any banking day
Settlement Period	One (1) banking day after notice of redemption is received

<sup>10</sup> The NAVPU of the Fund shall be computed every trading day at 4 p.m.

**FUND MANAGER'S STRATEGY**

The first quarter of 2012 started out on a positive note after the BSP cut interest rates by a total of 50 basis points in two consecutive meetings. The BSP joined other central banks in loosening monetary policy to support local economies from a deteriorating global outlook. The US Federal Reserve's decision to keep borrowing costs low probably until the latter part of 2014 also boded well for local yields. Despite these developments, the momentum reversed after oil prices increased due to tensions in Iran, causing an air of bearish sentiment that saw yields correct 50-70 basis points at the long end of the curve. The Fund Manager increased holdings of 10- and 20- year tenors during the quarter in order to increase duration during the market's correction.

**PORTFOLIO COMPOSITION**



**TOP TEN HOLDINGS<sup>11</sup>**

Issue	Coupon Rate	Maturity	% of Portfolio
FXTN <sup>11</sup>	8.1250%	12/16/35	19.75%
RTB <sup>11</sup>	6.6250%	08/19/17	12.83%
FXTN <sup>11</sup>	6.1250%	09/16/20	11.02%
RTB <sup>11</sup>	7.2500%	08/19/20	9.45%
PSALM <sup>11</sup>	7.7500%	04/22/17	7.64%
RTB <sup>11</sup>	5.8750%	08/19/15	5.45%
RTB <sup>11</sup>	6.2500%	09/24/14	5.03%
FXTN <sup>11</sup>	5.8750%	02/02/32	4.09%
FXTN <sup>11</sup>	6.2500%	01/27/14	3.24%
TD - OWN BANK	4.7500%	04/13/12	3.07%

<sup>11</sup> The complete list of portfolio holdings is available upon request

<sup>12</sup> Tax-exempt securities.