

INVESTMENT OBJECTIVE

The Fund aims for capital preservation and income generation over the medium term by investing in higher yielding medium to long term bond investments and other similar fixed income securities.

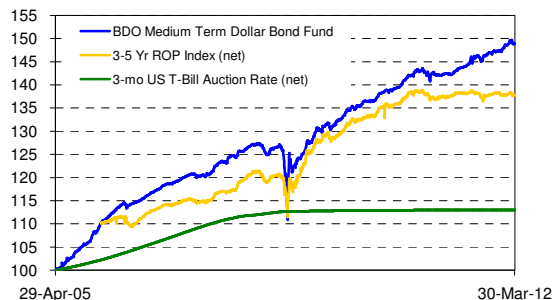
CLIENT SUITABILITY

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 relatively longer-term nature of the Fund's investments. 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 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, 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	EPCIBUS<Index>
Fund Type	Medium Term Bond Fund
Inception Date	May 3, 2005
Net Asset Value (NAV)	US\$18.828 Million
NAV per unit (NAVPU) ¹⁰	US\$ 1.6193
Par Value	US\$ 1.00
Minimum Investment	US\$ 2,000.00
Minimum Additional	US\$ 2,000.00
Minimum Holding Period	45 calendar days
Early Redemption Fee	1.00% p.a. of Original Participation Amount
Trust Fee (TF)	1.00% p.a.
TF as Expense Ratio	0.2507%
Custodian	Deutsche Bank AG, Manila Branch
Dealing Period	Up to 12:00 nn. of any banking day
Settlement Period	Three (3) banking days after notice of redemption is received

¹⁰ The NAVPU of the Fund shall be computed every trading day at 7:00 p.m.

FUND PERFORMANCE (Absolute Return on Investment)

Period	EPCIBUS ¹	Benchmark ²	Risk-Free Rate ³
One Month Ago	-0.45%	-0.28%	0.01%
Three Months Ago	1.49%	0.32%	0.01%
Year to Date	1.49%	0.32%	0.01%
One Year Ago	6.82%	2.05%	0.03%
Three Years Ago	23.55%	12.32%	0.25%
Five Years Ago	32.63%	24.44%	4.64%
Since Inception	61.93%	43.47%	13.01%

¹ Past performance is not indicative of future performance.

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

³ 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

The cautious stance at the end of 4th quarter 2011 proved beneficial as ROP bonds succumbed to profit-taking during the start of the quarter after the Philippines and Indonesia issued \$1.5 and \$1.75 billion worth of bonds, respectively. This was followed by credit rating downgrades of Eurozone economies and banks by rating agencies. However, the dip in ROP prices provided the Fund Manager the opportunity to re-accumulate fresh positions for the portfolio. This proved timely once more as the dollar bond market got consecutive boosts after Greece was awarded its second soft-loan package by the European Union and the International Monetary Fund. Greece also successfully undertook a debt swap that restructured its liabilities, a move that seeks to ease the stricken nation's debt-to-GDP ratio from 160% to 120% by 2020. Contagion fears in the Eurozone likewise dissipated after the European Central Bank (ECB) successfully offered its second Long-term Refinancing Operation (LTRO) amounting to Eur529.5 billion worth of 3-year soft loans to banks. Then, as quarter was ending, a premature statement by US Federal Reserve chair Bernanke that the US economy was on the mend led to a sell down in the safe-haven US Treasuries as funds shifted to riskier, higher-yielding assets and caused US Treasury yields to shoot up by more than 40 basis points. This likewise pushed up ROP yields, dragging down prices. Again, the Fund Manager took advantage of this dip and the ROP allocation is now at 48.46% from 34.05% but spread among the very liquid issues. Moving forward, ROP prices will be strongly dictated by US Treasury yield movements.

PORTFOLIO STATISTICS

	Dec 29, 2011	Mar 30, 2012
Weighted Ave. Duration	3.19	4.94
Volatility, Past One Year ⁴	2.99%	3.11%
Sharpe Ratio ⁵	1.27	2.19
Information Ratio ⁶	0.73	1.65
Weighted Ave. Yield (net ⁷)	1.78%	1.76%

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

⁵ 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.

⁶ 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.

⁷ Net of taxes and trust fees

BEST PERFORMANCE (Past five years)

Inclusive Dates	Biggest Gain	No. of days to achieve
10/27/2008	3/5/2012	50.38%
		1,225

MAXIMUM DRAWDOWN AND RECOVERY IN NAVpus⁸ (Past five years)

Maximum Drawdown Period	Biggest Loss	Recovery Period (days)
5/21/2008	10/27/2008	-16.64%
		150

⁸ 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.

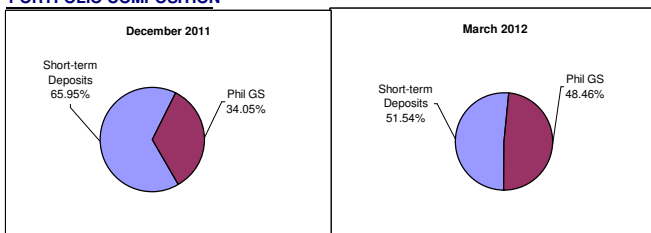
Recovery Period is the length of time taken by a fund to surmount its maximum drawdown.

SPECIAL REIMBURSABLE EXPENSES

Nature of Expense	Name of Third Party	Expense Ratio ⁹
Custodianship	Standard Chartered Bank	0.0076%
Financial Info Service	Bloomberg/Reuters	0.0014%
Audit Fees	Punongbayan & Araullo	0.0012%

⁹ Ratio of expense to the quarter's average daily NAV of the Fund valued at US\$ 17.711 Million.

PORTFOLIO COMPOSITION



TOP TEN HOLDINGS¹¹

Issuer / S&P Rating	Gross Yield	Maturity	% of Portfolio
Phil / BB-	5.500%	03/30/26	20.85%
Phil / BB-	5.000%	01/13/37	14.09%
Phil / BB-	4.000%	01/15/21	13.53%
TD-Other Bank	1.900%	06/04/12	10.62%
TD-Other Bank	2.125%	04/13/12	7.96%
TD-Other Bank	1.480%	04/10/12	6.37%
TD-Other Bank	1.375%	04/04/12	5.31%
TD-Other Bank	2.125%	04/18/12	5.31%
TD-Other Bank	1.900%	04/19/12	5.31%
TD-Other Bank	2.000%	05/18/12	5.31%

¹¹ The complete list of portfolio holdings is available upon request.

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