

INVESTMENT OBJECTIVE

The Fund aims to preserve capital and generate income for tax exempt entities from fixed-income securities with a portfolio weighted average life of at least one (1) year.

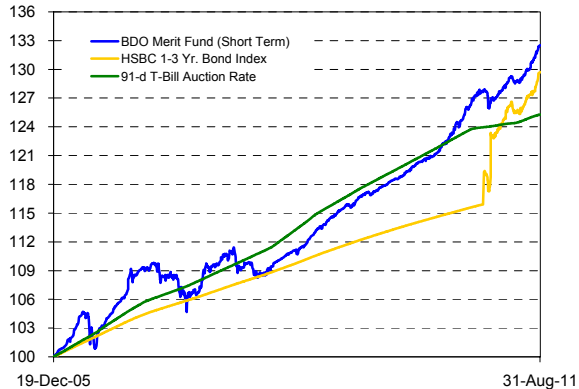
CLIENT SUITABILITY

The Fund is suitable for risk-tolerant retirement plans looking for investments that have moderate risk. Only tax-exempt Retirement Plans which are deemed reasonable private benefit plans by the Bureau of Internal Revenue (BIR) may participate. In order to minimize risks and maximize earning potential, participants 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, marketable fixed income securities such as but not limited to commercial papers, bonds and preferred shares, that are traded in an organized exchange, loans traded in an organized market, financial derivatives instruments solely for the purpose of hedging risk exposures of the existing investments of the Fund, 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.

NAVPU vs. Benchmark & Alternative Investment



OTHER FUND FACTS

Bloomberg Ticker	EPCIBME <Index>
Fund Type	Tax-Exempt Intermediate Term Bond Fund
Inception Date	December 19, 2005
Net Asset Value (NAV)	Php 612.979 Million
NAV per unit (NAVPU) ⁹	Php 132.5148
Par Value	Php 100.00
Minimum Investment	Php 1,000.00
Minimum Additional	Php 1,000.00
Minimum Holding Period	None
Early Redemption Fee	None
Trust Fee	0.825% p.a.
Availability	For tax-exempt trust accounts with full management discretion
Custodian	Deutsche Bank AG, Manila Branch / 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

⁹ The NAVPU of the Fund shall be computed every trading day at 7 p.m.

FUND PERFORMANCE (Absolute Return, net of fees)

Period	EPCIBME ¹	Benchmark ²	Risk-Free ³
One Month Ago	1.33%	1.54%	0.15%
Three Months Ago	2.92%	3.12%	0.59%
Year to Date	3.83%	4.19%	1.01%
One Year Ago	7.13%	7.74%	1.95%
Three Years Ago	20.04%	15.89%	11.46%
Five Years Ago	26.25%	24.81%	20.71%
Since Inception	32.51%	29.50%	25.24%

¹ Past performance is not indicative of future performance.

² The Fund's benchmark is the HSBC 1-3 Yr. Bond Index

³ The estimated return on the risk-free rate refers to the compounded daily return of the latest auctioned 91-day T-Bill.

PORTFOLIO STATISTICS

	Jul 29, 2011	Aug 31, 2011
Weighted Ave. Duration	2.66	2.41
Volatility, Past One Year ⁴	1.69%	1.71%
Sharpe Ratio ⁵	2.76	3.03
Information Ratio ⁶	0.02	-0.29
Weighted Ave. Yield (net ⁷)	3.94%	3.28%

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 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	
7/11/2007	8/31/2011	26.59%	1,512 days

MAXIMUM DRAWDOWN AND RECOVERY IN NAVPU⁸ (Past five years)

Maximum Drawdown Period	Biggest Loss	Recovery Period (days)	
2/20/2007	7/11/2007	-4.68%	140 days

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

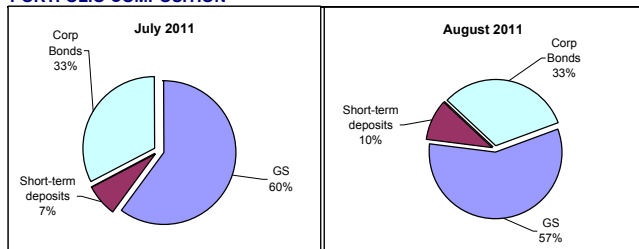
Maximum Drawdown Period is the length of time the maximum drawdown occurs.

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

FUND MANAGER'S REPORT

Domestic government securities extended gains during the month as liquidity helped bond prices rally towards new all-time highs. Moreover, inflation concerns have been put in the backburner as worries shifted to global deflation instead. The major developed economies continued to remain entangled in their debt crises, threatening to dampen global demand. This strengthened speculation that the BSP would keep its policy rate on hold to support GDP growth, which was already reeling from the slump in exports and controlled government capital spending. The latter benefited the fiscal sector though as the budget deficit stood at only P17.3 billion for the first semester against the P152 billion programmed level for the period. For the month, the Fund Manager increased exposures in belly tenors.

PORTFOLIO COMPOSITION



TOP TEN HOLDINGS¹⁰

Issue	Coupon Rate	Maturity	% of Portfolio
RTB ¹¹	7.1250%	08/01/12	17.34%
FXTN ¹¹	6.2500%	01/27/14	14.25%
RTB ¹¹	9.0000%	07/31/13	7.39%
FXTN ¹¹	8.0000%	01/19/22	7.03%
EDC Bond 2015 ¹¹	8.6418%	06/04/15	6.14%
SMB Bond 2014 ¹¹	8.8750%	04/04/14	5.78%
FXTN ¹¹	8.7500%	03/03/13	5.43%
TD - OWN BANK	4.7500%	10/06/11	4.95%
SMB Bond 2010 ¹¹	10.5000%	04/03/19	4.37%
FLI Bond 2014 ¹¹	8.4615%	11/20/14	4.30%

¹⁰ The complete list of portfolio holdings is available upon request

¹¹ Tax-exempt securities