

**INVESTMENT OBJECTIVE**

The Fund aims to provide a high level of income with preservation of capital and maintenance of liquidity by investing in a combination of short to long-term fixed-income securities.

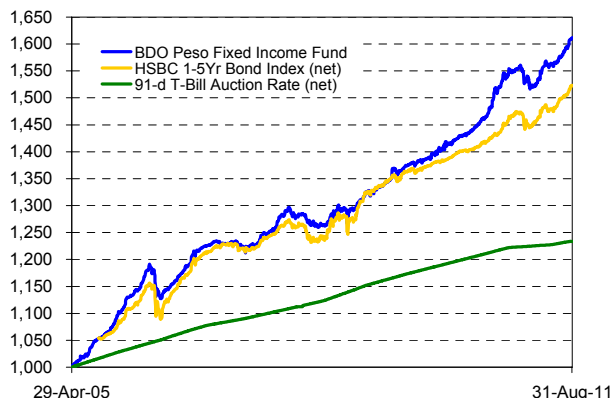
**CLIENT SUITABILITY**

The Fund is suitable for risk-tolerant individual and corporate investors who are looking for higher yields and are willing to take the attendant risks that come with portfolios that may have investments with longer tenors. 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 approved by the Trustee's Trust Committee as suitable for the Fund.

**NAVPU vs. Benchmark & Alternative Investment**



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

Period	BDOFIF <sup>1</sup>	Benchmark <sup>2</sup>	Risk-Free Rate <sup>3</sup>
One Month Ago	1.52%	1.07%	0.12%
Three Months Ago	3.14%	2.73%	0.47%
Year to Date	3.49%	3.36%	0.81%
One Year Ago	7.72%	6.33%	1.56%
Three Years Ago	25.53%	19.44%	9.07%
Five Years Ago	38.21%	31.92%	16.25%
Since Inception	61.33%	52.12%	23.47%

<sup>1</sup> Past performance is not indicative of future performance.  
<sup>2</sup> The Fund's benchmark is the HSBC 1-5 Yr Bond Index, commencing Aug. 31, 2005.  
<sup>3</sup> The estimated return on the risk-free rate refers to the compounded daily return of the latest auctioned 91-day T-Bill, adjusted for tax.

**PORTFOLIO STATISTICS**

	Jul 29, 2011	Aug 31, 2011
Weighted Ave. Duration	4.27	4.48
Volatility, Past One Year <sup>4</sup>	3.01%	2.96%
Sharpe Ratio <sup>5</sup>	2.2	2.08
Information Ratio <sup>6</sup>	0.95	0.57
Weighted Ave. Yield (net <sup>7</sup> )	3.60%	3.38%

<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

**BEST PERFORMANCE (Past five years)**

Inclusive Dates	Biggest Gain	No. of days to achieve	
8/31/2006	8/31/2011	38.21%	1,826 days

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

Maximum Drawdown Period	Biggest Loss	Recovery Period (days)	
1/28/2008	6/10/2008	-2.85%	92 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.

**OTHER FUND FACTS**

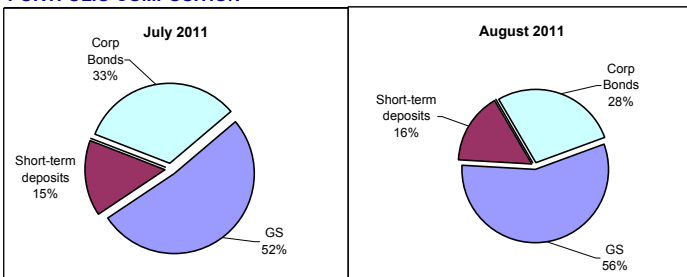
Bloomberg Ticker	BDOFIF <Index>
Fund Type	Medium-Term Bond Fund
Inception Date	April 29, 2005
Net Asset Value (NAV)	Php 2.166 Billion
NAV per unit (NAVPU) <sup>9</sup>	Php1,611.6792
Par Value	Php 1,000.00
Minimum Investment	Php10,000.00
Minimum Additional	Php10,000.00
Minimum Holding Period	30 calendar days
Early Redemption Fee	0.50% of Original Participation Amount
Trust Fee	1.00% p.a.
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

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

**FUND MANAGER'S REPORT**

Improvements in the country's fiscal position further fueled a market rally that saw bond prices climb towards the highs of 2010. The government's budget gap for the first half of the year was recorded at P17.3 billion, merely 10% of last year's levels, due to heightened tax administration and controlled government spending. As had been expected, other economic data provided the same picture. Inflation slightly eased from a 26-month high of 5.2% in June to 5.1% (2006 base year) in July. However, GDP was disappointing, growing by only 3.4% in real terms in the second quarter of the year. Nonetheless, this augurs well for bond prices as it precludes the BSP from raising its policy rates even more. During the month, the Fund Manager sold 2- and 4- year tenors and shifted proceeds to 10- and 20- year tenors in anticipation of a sustained price rally.

**PORTFOLIO COMPOSITION**



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

Issue	Coupon Rate	Maturity	% of Portfolio
FXTN	8.0000%	07/19/31	11.02%
TD - OWN BANK	4.7500%	10/11/11	10.44%
FXTN	7.0000%	03/31/17	6.36%
EDC Bond 2015	8.6418%	06/04/15	5.72%
FXTN	11.8750%	08/25/15	5.40%
FXTN	5.0000%	08/18/18	4.64%
PNB Tier 2 2021	6.7500%	06/15/21	4.64%
JG Summit Bond 2014	8.2500%	11/20/14	4.03%
EDC Bond 2016	9.3327%	12/04/16	4.03%
RTB	6.6250%	08/19/17	3.77%

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