
FINAL PROSPECTUS

ATR KIMENG TOTAL RETURN BOND FUND, INC.

(Formerly DWS Deutsche Philippine Fixed-Income Fund, Inc.)

17/F Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City, 1200 Philippines
Telephone Nos.: +632-848-1381 through -84 | Facsimile No.: +632-841-0315

100,000,000 Shares Common Stock

ATR KimEng Total Return Bond Fund, Inc. (the “Fund”) is an Open-End Investment Company (also known as a “mutual fund”) established in accordance with Republic Act No. 2629, otherwise known as the Investment Company Act, and duly registered with, and regulated by, the Securities and Exchange Commission (the “SEC”).

This offering consists of One Hundred Million (100,000,000) shares of common stock, with par value of One Centavo (P 0.01) per share (the “Shares”). The Shares shall be offered continuously to the general public at the current Net Asset Value per share (“NAVps”) plus any applicable Sales Fees. The Net Asset Value is hereby and henceforth re-denominated into U.S. Dollars (USD), and commencing on the Redenomination Date (as defined herein) is offered at the current NAVps of One U.S. Dollar (USD 1.00) as of the date of this Prospectus. Additional information about the Fund has been filed with the SEC and is available upon request.

Investment Manager and Principal Distributor:



(Formerly The Mutual Fund Management Company of the Philippines, Inc.)

17/F Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City, 1200 Philippines
Telephone Nos.: +632-848-1381 through -84 | Facsimile No.: +632-841-0315

The Date of this Prospectus is 08 March 2010

SHARES OF THE FUND ARE NOT DEPOSITS OR OBLIGATIONS OF, OR GUARANTEED OR ENDORSED BY, ANY FINANCIAL INSTITUTION, AND ARE NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION. INVESTMENT IN SHARES OF THE FUND INVOLVES RISK.

This Prospectus should be read carefully and retained for future reference.

No dealer, salesperson or other individual has been authorized to give any information or make representation other than those contained in this Prospectus and, if given or made, such other information or representation must not be relied upon as having been authorized by the Fund or by the Investment Manager.

The proceeds from the sale of the securities shall be invested and reinvested mainly in a diversified portfolio of high-quality long-term and short-term debt instruments and securities available in the Philippines and other countries, and in high-quality offshore-domiciled funds invested in high-quality long-term and short-term debt instruments and securities available in other countries.

ATR KimEng Total Return Bond Fund, Inc. (the "Fund") is a stock corporation duly registered with the Securities and Exchange Commission on March 31, 2008, under SEC Registration No. CS200804091. The Fund is an open-end investment company, i.e., a mutual fund. The Fund's primary investment objective is to invest and reinvest mainly in a diversified portfolio of high-quality long-term and short-term debt instruments and securities available in the Philippines and other countries, and in high-quality offshore-domiciled funds invested in high-quality long-term and short-term debt instruments and securities available in other countries. The Fund is designed for those who desire moderate to high growth with moderate to high risk.

The Fund shall not invest more than ten percent (10%) of its Net Asset Value in instruments and securities from any single issuer or enterprise. For purposes of liquidity at least ten percent (10%) of the Fund's assets shall be invested in liquid/semi-liquid assets. Subject to these foregoing limitations, the Fund shall retain the flexibility to invest any portion of its portfolio, from time to time, in: individual debt instruments and securities issued by any type of issuer, e.g., sovereign, corporate, municipal, or other issuers, and domiciled in any country, continent, or region; and in any offshore-domiciled funds primarily invested in any type of debt instruments and securities, without regard to type of issuer or domicile. The Fund shall retain the flexibility to increase or decrease its overall investment exposure to any region or country from time to time, subject to the legal requirement that ten percent (10%) of the portfolio shall be in the form of cash or high-quality liquid assets. The Fund shall invest primarily, although not exclusively, in U.S. Dollar-denominated instruments.

The Fund has an authorized capital stock of One Million Pesos (PHP 1,000,000.00) divided into One Hundred Million (100,000,000) unclassified common shares with a par value of One Centavo (PHP 0.01) per share, of which Twenty-One Thousand Seven Hundred Fifty-Three and 29/100 (21,753.29) shares are subscribed and fully paid up as of the Redenomination Date, which is the same date as the date of this Prospectus. In addition, Twenty-One Thousand Seven Hundred Forty-Eight U.S. Dollars and Fifty-Seven U.S. Cents (USD 21,748.57) have been paid in as additional capital as of the Redenomination Date.

The shares will be offered over-the-counter on a continuous basis at the current Net Asset Value per share ("NAVps"), which is One U.S. Dollar (USD 1.00) as of the Redenomination Date. Upon redemption of any of these shares, the shares redeemed will again be offered over-the-counter. Assuming all of the authorized shares will be sold at the current NAVps of One U.S. Dollar (USD 1.00), the total net proceeds would equal Ninety-Nine Million Nine Hundred Eleven Thousand and Five Hundred Fifty-Seven U.S. Dollars and Fifteen U.S. Cents (USD 99,911,557.15). Total expenses from the issuance of shares of the Fund consist of registration statement fees, filing fees, legal fees and lawyers' out-of-pocket expenses, newspaper advertisements, and other consultancy fees.

For investors purchasing shares of the Fund, the minimum investment shall be an amount of not less than Two Thousand U.S. Dollars (USD 2,000.00) as determined from time to time by the Fund. The subsequent investment shall be at least Five Hundred U.S. Dollars (USD 500.00) and shall be in multiples of Five Hundred U.S. Dollars (USD 500.00). The Sales Fee to be charged to the investor will not exceed five percent (5%) of the Peso value of the shares being purchased.

The minimum redemption amount is Five Hundred U.S. Dollars (USD 500.00), unless the investor's outstanding investment in the Fund is less than Five Hundred U.S. Dollars (USD 500.00), in which case, the minimum redemption amount shall be the total amount of the outstanding investment. If the investment being redeemed was purchased within the preceding two years, there will be a Redemption Fee not to exceed five percent (5%) of the amount of the Peso value of the shares being redeemed. No Redemption Fee will be charged for investments held for more than two years.

The Fund will be valued using the Mark-to-Market basis in accordance with PAS 39. Thus, the Net Asset Value of the Fund will fluctuate with changes in the market value of the Fund's investments. Such changes in the market value may occur as a result of various factors including material changes in the Fund, general economic conditions or interest rate policy changes.

The Custodian shall hold all proceeds from the sale of shares and/or securities, including the additional paid-in amount, at the time of incorporation constituting the original paid-in capital of the Fund.

Each shareholder has a right to any dividends declared by the Fund's Board of Directors. The basis of the declaration would be the unrestricted retained earnings of the Fund.

The Fund will pay the Investment Manager an Annual Management Fee equivalent to a maximum of five percent per annum (5% p.a.) of the assets managed. Further, the Fund will pay the distributors of the Fund as identified above an Annual Distribution Fee equivalent to a maximum of three percent per annum (3% p.a.) based on the total Net Asset Value of holdings held by the distributors for various clients.

The Net Asset Value of the Fund will fluctuate with changes in the market value of the Fund's investments. Such changes in market value may occur as a result of various factors, including material changes in the Fund, general economic conditions or interest rate and foreign exchange policy changes. The key risk factors identified for investors in this Fund are (in order of importance): credit or default risk; capital markets risk; rating agency risk; interest rate risk; reinvestment risk; call risk; currency risk; country or geographic risk; sector risk; management risk; liquidity risk; operational risk; and the risk of dilution. For a more detailed description of these risk factors associated with the purchase of the Fund's shares, see the "Risk Factors" section of this Prospectus and other information.

The Fund's office is located at 17/F Tower One and Exchange Plaza, Ayala Triangle, 1200 Makati City, Philippines, with telephone number +632-848-1381 through -84 and facsimile number +632-841-0315.

ALL THE REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN IS TRUE AND CURRENT.

ATR KIMENG TOTAL RETURN BOND FUND, INC.

By: **EULOGIO A. MENDOZA**
Chairman and President

SUBSCRIBED AND SWORN to before me this 20th day of April 2010 in Makati City, Philippines, affiant exhibiting to me his Passport No. XX4099450 issued by the Department of Foreign Affairs, Manila on 6 July 2009.

Doc. No. 154;
Page No. 32;
Book No. V;
Series of 2010.

MARVILEN L. ALVIAR
Appointment No. M-365
Notary Public for Makati City
Until December 31, 2010
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PTR 2094553 / Makati City / 01-07-2010
IBP LRN 08375 / Makati City / 05-27-2009

RISK DISCLOSURE STATEMENT

General Warning

- The prices of debt instruments and securities and the prices of portfolios of debt instruments and securities fluctuate, and any individual security or portfolio may experience upward or downward movement, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling instruments and securities.
- Past performance is not a guarantee for similar future performance.
- There is an extra risk of losing money when instruments and securities are bought from smaller debt issuers with limited resources. There may be a big difference between the buying price and the selling price of these instruments and securities.
- An investor deals in a range of investments, each of which may carry a different level of risk.
- The Net Asset Value of the Fund will fluctuate with changes in the market value of the Fund's investments. Such changes in market value may occur as a result of various factors, including material changes in the Fund, general economic conditions or interest rate and foreign exchange policy changes. The key risk factors identified for investors in this Fund are (in order of importance): credit or default risk; capital markets risk; rating agency risk; interest rate risk; reinvestment risk; call risk; currency risk; country or geographic risk; sector risk; management risk; liquidity risk; operational risk; and the risk of dilution. For a more detailed description of these risk factors associated with the purchase of the Fund's shares, see the "Risk Factors" section of this Prospectus.

Prudence Required

This risk disclosure does not purport to disclose all the risks and other significant aspects of investing in these instruments and securities. An investor should undertake his or her own research and study on the trading of instruments and securities before commencing any trading activity. He or she may request information on the instruments and securities and Issuers thereof from the SEC and other foreign regulators which are available to the public.

Professional Advice

An investor should seek professional advice if he or she is uncertain of, or has not understood, any aspect of the instruments and securities to invest in or the nature of risks involved in trading of instruments and securities, especially those of high-risk instruments and securities.

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GLOSSARY

Annual Distribution Fee	Compensation payable by the Fund to the Principal Distributor or other authorized and licensed distributors for distribution of the Fund's shares; computed daily, based on assets under management, and paid every month
Annual Management Fee	Compensation payable by the Fund to the Investment Manager for management of the Fund's portfolio; computed daily, based on assets under management, and paid every month
Business Day	A day in which all of the markets where the Fund's assets are traded and open for clearing of funds and trading in securities, and each business day will end at the hour and minute when such last exchange closes for trading of securities for the day.
BSP	Bangko Sentral ng Pilipinas
Dealers	Eligible securities dealers that have entered into an agreement to sell shares with the Fund's Investment Manager
eVAT	Expanded Value-Added Tax
Fund	ATR KimEng Total Return Bond Fund, Inc. (the "Fund" or "Issuer" or "Registrant")
Fund Accountant	Deutsche Bank AG – Manila Branch
Custodian	Deutsche Bank AG – Manila Branch
Investment Manager	ATR KimEng Asset Management, Inc. ("AAMI")
NAV	Net Asset Value, or the Fund's Total Shareholders' Equity
NAVps	Net Asset Value per share
PAS 39	Philippine Accounting Standards – Financial Instruments Recognition and Measurement
Principal Distributor	ATR KimEng Asset Management, Inc. ("AAMI")
PSE	Philippine Stock Exchange
R.A. 2629	Investment Company Act
R.A. 8799	Securities Regulation Code
Redemption Fee or Exit Load	A fee charged to the investor should the investment be redeemed within two years from date of share purchase
Redenomination Date	The date on which the Fund shall begin quoting its NAVps in U.S. Dollars, which shall be the date of the Order of the SEC rendering effective the Registration Statement relating to the Shares. Also the same date as the date of this Prospectus.
Registered Representative	The Fund's registered representative legally qualified to sell the Fund's shares
Sales Fee or Front-end Load or Entry Load	The sales commission charged to the investor upon buying the shares
SEC	Securities and Exchange Commission
Transfer Agent	Deutsche Bank AG – Manila Branch

SUMMARY OF FINANCIAL INFORMATION

ATR KimEng Total Return Bond Fund, Inc.

In Philippine Pesos (PHP)	Nine Months Ended December 31, 2008 (Audited) *	Nine Months Ended September 30, 2009 (Unaudited)
Total Assets	26,109,976	1,080,835
Total Liabilities	286,625	98,755
Capital Stock - at PHP 0.01 par value	250,000	9,911
Additional Paid-In Capital	24,750,000	990,094
Net Asset Value	25,823,351	982,079
Net Asset Value per share or NAVps	1.0329	0.9909
Investment Income (Losses)	1,531,097	744,625
Expenses	530,892	1,325,902
Net Income (Net Loss)	823,351	(581,277)
Subscriptions by Shareholders	25,000,000	1,000,005
Redemptions by Shareholders	0	25,225,000

* The Fund was incorporated on March 31, 2008. The Fund began reporting its daily NAVps on September 22, 2008 at PHP 1.0003 per share.

Note: The Fund intends to file an application with the Securities and Exchange Commission for the change its functional currency from Philippine Pesos to United States Dollars.

THE ATR KIMENG TOTAL RETURN BOND FUND, INC.

Description of Business – The Fund

The ATR KimEng Total Return Bond Fund, Inc. (the “Fund”) is a stock corporation duly registered with the SEC on March 31, 2008, under SEC Registration No. CS200804091. The Fund is an open-end investment company (also known as a “mutual fund”) regulated by the SEC’s Corporate Finance Department. A mutual fund’s principal business is to sell its shares of stock to the investing public; investors subscribe to a mutual fund’s shares in order to realize favorable returns on their investment; in turn, the Fund pools investors’ monies into a portfolio which seeks to satisfy investors’ expectations.

At a Special Shareholders’ Meeting of November 12, 2009, resolutions were ratified to:

1. Amend the Fund’s Articles of Incorporation and By-Laws to reflect changes in the Fund’s: (a) registered name from DWS Deutsche Philippine Fixed-Income Fund, Inc. to ATR KimEng Total Return Bond Fund, Inc.; and (b) principal office from 23/F Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City, 1200 Philippines to 17/F Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City, 1200 Philippines, respectively. The foregoing amendments were approved by the SEC on December 22, 2009;
2. Change the Fund’s Investment Objective and Investment Policy, and reflect these changes in this present Prospectus and an amended Registration Statement; the significant changes being:
 - a. Investment in debt instruments and securities available in the Philippines and other countries, and in offshore-domiciled funds exposed to debt instruments and securities available in other countries; and
 - b. The Fund’s Net Asset Value per share will be denominated in U.S. Dollars instead of Philippine Pesos;
3. Change the Fund’s Investment Manager from Deutsche Bank AG – Manila Branch – Trust Department to ATR KimEng Asset Management, Inc. (“AAMI”, formerly named The Mutual Fund Management Company of the Philippines, Inc.);
4. Appoint AAMI as the Fund’s Principal Distributor; and

5. Change the Fund's Custodian from Citibank N.A. to Deutsche Bank AG – Manila Branch, subject to resolution (3) above.

The Fund's revised investment objective is to invest and reinvest mainly in a diversified portfolio of high-quality long-term and short-term debt instruments and securities available in the Philippines and other countries, and in high-quality offshore-domiciled funds invested in high-quality long-term and short-term debt instruments and securities available in other countries. The Fund's principal products are its shares (securities). The Fund is designed to provide returns to investors consisting of dividend income and capital growth through such investments. In view of its investment objective, this Fund is classified as moderate- to high-risk.

In view of the changes in the Fund's investment objective and the re-denomination of the Fund's NAVPs from Philippine Pesos to United States Dollars, it is anticipated that major transactions of the Fund will be denominated in United States Dollars. In this respect, the Fund intends to file an application with the Securities and Exchange Commission to change the functional currency of its financial statements to United States Dollars.

The new Investment Manager and Principal Distributor will be AAMI. The Fund Accountant, Custodian and Transfer Agent will be the Deutsche Bank AG – Manila Branch. Shares of the Fund's common stock are to be distributed by AAMI, in its capacity as the Fund's newly-appointed Principal Distributor, and by other registered representatives and eligible securities dealers that have entered into an agreement to sell shares with the Fund.

The Fund has an authorized capital stock of One Million Pesos (PHP 1,000,000.00) divided into One Hundred Million (100,000,000) unclassified common shares with a par value of One Centavo (PHP 0.01) per share, of which Twenty-One Thousand Seven Hundred Fifty-Three and 29/100 (21,753.29) shares are subscribed and fully paid up as of the Redenomination Date, which is the same date as the date of this Prospectus. In addition, Twenty-One Thousand Seven Hundred Forty-Eight U.S. Dollars and Fifty-Seven U.S. Cents (USD 21,748.57) have been paid in as additional capital as of the Redenomination Date.

Total expenses from the issuance of shares of the Fund consist of registration statement fees, filing fees, legal fees and lawyers' out-of-pocket expenses, newspaper advertisements, and other consultancy fees.

The shares will be offered over-the-counter on a continuous basis. Upon redemption of any of these shares, the shares redeemed will again be offered over-the-counter.

The Fund will be valued using the Mark-to-Market basis in accordance with PAS 39. Thus, the Net Asset Value of the Fund will fluctuate with changes in the market value of the Fund's investments. Such changes in the market value may occur as a result of various factors including material changes in the Fund, general economic conditions or interest rate policy changes.

There are no current or contemplated material pending legal proceedings concerning the Fund's properties, since the Fund does not own or intend to acquire properties in the next 12 months. The Fund has no subsidiaries.

There are no government approvals needed for the Fund to operate as a mutual fund except for registration with the SEC pursuant to the Securities Regulation Code and the Investment Company Act. With regard to certain government regulations which affect the operation of the Fund, the National Internal Revenue Code of 1997, as amended, and the regulations of the SEC govern the tax liabilities and the reportorial requirements of the Fund.

The Fund competes with other mutual funds managed by other fund managers operating in the Philippines. Based on disclosures by the Investment Company Association of the Philippines ("ICAP"), the local mutual fund industry organization, all domestically-domiciled mutual funds had net assets under management ("Net AUM") of PHP 68.7 billion at the end of 2009. The various fund families are ranked below:

Mutual Fund Families in the Philippines (Net AUM in PHP million)	No. of Funds as of Dec. 31, 2009	Net AUM		Attribution of YTD Change in Net AUM		
		As of Dec. 31, 2008	As of Dec. 31, 2009	Net Sub- script- ions	Invest- ment Perfor- mance	Total Change in Net AUM
Bank of the Phil Islands / Ayala Life	5	28,580	31,205	1%	8%	9%
Philam Asset Mgmt., Inc. (AIG)	7	13,506	15,532	-7%	22%	15%
Sun Life Asset Management Corp.	7	12,560	15,086	4%	16%	20%
Philequity Management, Inc.	4	1,824	2,506	-18%	55%	37%
Metrobank (First Metro Asset Mgmt.)	4	848	1,240	4%	42%	46%
Grepalife	2	691	839	10%	12%	21%
ATR KimEng Asset Mgmt., Inc.	3	619	760	-5%	27%	23%
Prudentialife	2	605	693	4%	11%	15%
Cocolife (United Coconut Planters)	2	459	579	6%	20%	26%
Multinational Investment Bancorp	1	142	137	-8%	4%	-4%
MAA Mutualife	2	83	87	-7%	13%	5%
Deutsche Bank AG - Manila Br.	2	100	2	-108%	10%	-98%
First Galleon *	0	14	N/A	N/A	N/A	N/A
Total	41	60,030	68,666	-1%	15%	14%

Source: ICAP.

* First Galleon's one mutual fund was removed by ICAP from the organization's roster in late 2009.

The three leading players in the domestic mutual fund sector are: Bank of the Philippine Islands, Philam Asset Management, Inc. (a unit of American International Group), and Sun Life Asset Management Corporation (a unit of Sun Life of Canada), together possessing a market share of 90% of end-2009 mutual fund industry Net AUM. The industry's Net AUM increased by 14% during 2009, mainly because of the recovery in market valuations following the severe global financial crisis of 2007-08. Investor demand for mutual funds is expected to grow in the coming years on the back of: favorable economic prospects (hence increased household savings); increasing public awareness of mutual funds as viable and well-regulated investment vehicles; and the implementation of the Personal Equity Retirement Act of 2008, which encourages tax-paying individuals to build personal pension accounts.

The principal methods of competition are investment performance, which ultimately drives the direction of the fund price, and customer service, which is marked by regular updates and client information briefings geared at keeping investors abreast of market developments. Marketing strategies in bringing the product to the public hinge on a strong alliance with identified institutional partners having robust distribution platforms.

The Registrant believes it can compete effectively with other companies in this sector because of the expertise, track record and credibility of its Investment Manager (AAMI), whose overall investment policies ensure that risk, if any, is managed in an optimal manner such that excessive risk is not taken in order to not expose investors to potential significant losses. Moreover, AAMI is part of the ATR KimEng Group, the Philippines' leading non-bank-affiliated diversified financial group. The ATR KimEng Group's significant businesses include investment banking and advisory, stock broking, and insurance, among other segments.

The ATR KimEng Group possesses more than two decades' experience in the domestic and international capital markets, earlier as a subsidiary of regional stock broker and investment bank Peregrine International Holdings Ltd. of Hong Kong, and since 1998 as a member of the regional stock broking network of Kim Eng Holdings Ltd. ("Kim Eng"). The ATR KimEng Group's investment banking and stock broking businesses are able to access foreign institutional investors via Kim Eng's presence throughout Asia and in the major financial centers of North America and Europe.

The ATR KimEng Group pursues its asset management business through AAMI and the Trust Department of ATR KimEng Capital Partners, Inc., the Philippines' largest non-bank-affiliated investment bank. This group of entities is known collectively as the ATR KimEng Asset Management Group ("ATRKE AMG").

The Fund does not have employees and does not anticipate having employees within the next 12 months, other than its corporate officers disclosed herein.

Capitalization

The Fund has an authorized capital stock of One Million Pesos (PHP 1,000,000) divided into One Hundred Million (100,000,000) unclassified common shares with a par value of One Centavo (PHP 0.01) per share.

As of the Redenomination Date, the following are the Fund's only shareholders:

Shareholder	Number of Shares	Amounts, inclusive of Additional Paid-in Capital	
		in PHP	USD-equivalent
ATR KimEng Capital Partners, Inc.	21,748.29	PHP 1,002,378.78	USD 21,748.29
Mr. Eulogio A. Mendoza	1.00	46.09	1.00
Ms. Modesta P. Mammoad	1.00	46.09	1.00
Mr. Gerald D. Baldivia	1.00	46.09	1.00
Dr. Herminio B. Coloma, Jr.	1.00	46.09	1.00
Ms. Ethylyn Reyes	1.00	46.09	1.00
TOTAL	21,753.29	PHP 1,002,609.23	USD 21,753.29

On September 25, 2009, shareholder ATR KimEng Capital Partners, Inc. ("ATRKE Capital") subscribed to Nine Hundred Ninety-One Thousand Eighty and 28/100 (991,080.28) shares of the Fund at the then-current Net Asset Value per share ("NAVps") of PHP 1.0090 for an aggregate investment of One Million Pesos (PHP 1,000,000.00). On the same date, the Fund's five board directors (enumerated above) subscribed to one (1) share each at the same NAVps. All other previous investors fully redeemed their share holdings in the Fund on said same date. Hence, as of September 25, 2009, the Fund's total subscribed and fully-paid up capital base amounted to Nine Hundred Ninety-One Thousand Eighty-Five and 28/100 (991,085.28) shares representing a Net Asset Value of One Million and Five Pesos and Five Centavos (PHP 1,000,005.05).

On Redenomination Date, the Fund changed the currency denomination of its quoted NAVps from Philippine Pesos into U.S. Dollars, and repriced its NAVps from the then-current value of PHP 1.0114 to USD 1.0000 (which was equivalent to a NAVps of PHP 46.6154, based on that day's prevailing foreign exchange rate of PHP 46.090 per USD).

Effective on Redenomination Date, all outstanding shares of the Fund were redeemed at the then-current NAVps. Concurrently with such redemption, new shares were issued to all shareholders at the repriced NAVps of USD 1.0000.¹ The redemption proceeds were applied as payment for the new shares issued to such shareholders. No Sales Fees or Redemption Fees were assessed from shareholders for the redemption and issuance of shares pursuant to the repricing actions on Redenomination Date.

The foregoing repricing actions on Redenomination Date resulted in a decrease in the number of shares of ATRKE Capital in the Fund from Nine Hundred Ninety-One Thousand Eighty and 28/100 (991,080.28) shares to Twenty-One Thousand Seven Hundred Forty-Eight and 29/100 (21,748.29) shares.²

As part of the repricing actions on Redenomination Date, the Fund's five (5) directors were required to make an additional subscription payment of Forty-Five Pesos and Eight Centavos (PHP 45.08) each in order to maintain their subscription to one (1) share each at the repriced NAVps of USD 1.0000.

¹ The new number of shares subscribed by the shareholders of the Fund was determined using the following three-step process: (1) the original number of subscribed shares was multiplied by the current Peso-denominated NAVps (which in this case is PHP 1.0114) to arrive at the Peso-denominated Net Asset Value; then, (2) this Peso-denominated Net Asset Value was divided by the current Peso-per-Dollar exchange rate of PHP 46.090 per USD to arrive at the Dollar-denominated Net Asset Value; finally, (3) the Dollar-denominated Net Asset Value was divided by the re-set Dollar-denominated NAVps of USD 1.0000 to produce the new number of subscribed shares.

² The new number of shares subscribed by ATRKE Capital is determined using the following three-step process: (1) the original number of subscribed shares of 991,080.28 is multiplied by the current Peso-denominated NAVps (which in this case is PHP 1.0114) to arrive at the Peso-denominated Net Asset Value of PHP 1,002,383.84; then, (2) this Peso-denominated Net Asset Value is divided by the current Peso-per-Dollar exchange rate of PHP 46.090 per USD to arrive at the Dollar-denominated Net Asset Value of USD 21,748.29; finally, (3) the Dollar-denominated Net Asset Value is divided by the re-set Dollar-denominated NAVps of USD 1.0000 to produce the new number of subscribed shares of 21,748.29. The identical methodology applies to determining the number of shares held by all the other investors in the Fund.

As a result of the foregoing actions, the Fund's total subscribed and fully-paid up capital base as of the Redenomination Date amounted to Twenty-One Thousand Seven Hundred Fifty-Three and 29/100 (21,753.29) shares representing Twenty-One Thousand Seven Hundred Fifty-Three U.S. Dollars and Twenty-Nine U.S. Cents (USD 21,753.29), inclusive of additional paid-in capital.

As of the date of this Prospectus, none of the shareholders has subscribed to any additional Fund shares since the Redenomination Date.

There are no other shareholders invested in the Fund as of the Redenomination Date. None of the above shareholders are bound by a lock-up period, the twelve (12) month lock-up period imposed on the original shareholders of the Fund having expired last September 11, 2009.

The Fund did not declare any dividends (whether cash dividends or stock dividends) or any stock splits during the interim nine-month period ended September 30, 2009 and during year ended December 31, 2008; neither did it declare any dividends or splits prior to 2008 as the Fund was incorporated during 2008.

Notwithstanding the redenomination of the Fund's quoted NAVps into U.S. Dollars, the Fund's par value remains unchanged at One Centavo (PHP 0.01) per share.

Market Price and Dividends on Registrant's Common Equity and Related Shareholder Matters

The shares of the Fund are traded over-the counter. The Fund's common shares are available through the Fund itself and other registered representatives and eligible securities dealers that have entered into an agreement to sell shares with the Fund.

Quarterly NAVps Performance – 2009				
NAVps (PHP)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Highest	1.0528	1.0469	1.0365	1.0103
Lowest	1.0347	1.0346	0.9909	0.9895
Closing	1.0370	1.0353	0.9909	1.0103
Average	1.0440	1.0367	1.0239	0.9944

Quarterly NAVps Performance – 2008 *				
NAVps (PHP)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Highest	N/A	N/A	1.0009	1.0341
Lowest	N/A	N/A	0.9985	0.9674
Closing	N/A	N/A	0.9985	1.0341
Average	N/A	N/A	1.0002	1.0022

* The Fund began reporting its daily NAVps on September 22, 2008 at PHP 1.0003 per share.

Each shareholder has a right to any dividends declared by the Fund's Board of Directors. The basis of this declaration would be the unrestricted retained earnings of the Fund.

Description of Shares

Each share of stock of the Fund has voting rights equal to every other outstanding share of stock. The shares have the following additional features:

(1) Distribution of Dividends

Each shareholder has a right to any dividends declared by the Fund's Board of Directors. There are no current or future restrictions that would limit the ability to pay such dividends on the Fund's common equity.

(2) Denial of Pre-emptive Rights

No shareholder shall, because of his or her ownership of shares, have a pre-emptive or other right to purchase, subscribe for or take any part of any shares or of any other securities convertible into or carrying options or warrants to purchase shares of the Fund.

(3) Right of Redemption

When the holder redeems his or her shares in the Fund, he or she is entitled to receive by way of redemption, approximately his or her proportionate share of the Fund's current net assets or the cash equivalent thereof.

There are no other material rights of common stockholders.

Notes

1. The Fund's shares will not be offered for the account of security holders.
2. The Fund's shares will not be offered other than for cash.
3. The Fund does not own any properties and does not intend to acquire any properties within the next twelve (12) months.
4. The Fund does not have any subsidiaries.
5. There is no public trading market for the Fund.
6. There is no underwriter for the offering and issuance of the Fund's shares.
7. There are no provisions in the Fund's articles of incorporation or by-laws that would delay, defer or prevent a change in control of the Fund.
8. The Fund's shares will not be offered pursuant to a dividend or interest reinvestment plan the terms of which provide for the purchase of some securities on the market.
9. Under the Fund's By-Laws, the Board of Directors has the power and discretion to declare compensation, honoraria or per diems payable to the directors. The Fund pays its Directors a per diem of PHP 5,000 per Board Meeting. The Fund did not make any per diem payments to its Directors in 2008. The Fund paid its Directors aggregate per diem of PHP 30,000.00 in 2009.
10. The Fund is not a party to any material pending legal proceedings.

RISK FACTORS

An investor deals in a range of investments, each of which may carry a different level of risk. Mutual funds have the following general characteristics: returns may vary, the investor may lose money, and the investor cannot be certain that a given Fund will achieve its investment objective.

Although the Fund seeks to preserve the value of its investments, it is possible for an investor to lose money by investing in the Fund. The value of a mutual fund will change from day to day according to the market value of the individual instruments and securities in the portfolio. A fund's component investments fluctuate in value for a number of reasons including: the fiscal health of a debt-issuing government entity; the financial health of a debt-issuing company; conditions in the capital markets; economic conditions, including interest rates, inflation, and foreign exchange rates; political factors; government regulations; and taxation. As a result, the Fund's Net Asset Value per share may at any time be worth more or less than when the investor purchased the shares.

The value of any mutual fund, including this Fund, is not guaranteed or insured by the Philippine Deposit Insurance Corporation or by any other public or private entity.

The Fund is not intended to be a complete investment program, but individual funds, such as this Fund, can be an important part of a balanced and diversified investment program.

The Fund's Investment Manager, ATR KimEng Asset Management, Inc. has a wealth of experience in managing investments. The Investment Manager has adopted risk management/control methods, which include portfolio monitoring, performance analysis, decentralized dealing, best execution trading, investment/policy constraints review and market monitoring. With the help of these methods, the Investment Manager would be able to identify, assess, and manage these risks. The following risks are deemed important to the Investment Manager and therefore to the Fund's investors as well:

■ **Credit or Default Risk**

Credit risk is the possibility that a borrower or debt issuer may not be able to fully service interest payments and/or repay principal (or a portion thereof) on the promised dates. In the case of a national government, it may not possess enough foreign currency reserves to meet foreign currency-denominated obligations, and its credit rating may not be high enough to attract sufficient refinancing of maturing debts. In the case of non-sovereign public and public borrowers, the underlying free operating cash flows may not be sufficient to service interest and principal repayments.

To shield its portfolio against excessive default risk, the Fund will strive to maintain a judicious diversification of individual debt instruments and securities of various credit ratings. The Fund will also undertake its own periodic evaluation of issuers' credit quality (also known as "creditworthiness"), i.e., by analyzing: issuers' profitability and cash flows; competitive or institutional strengths, weaknesses, opportunities and threats; the robustness of borrowers' balance sheets and financial conditions or fiscal positions; and their strategic plans and executional capabilities. The Fund should likewise periodically assess exposure limits per borrower/issuer so as to avoid over-concentration of credits. Where appropriate, the Fund shall also rationalize the duration of its exposures and manage concentration across sectors and the various credit categories (i.e., sovereign, corporate, municipal, etc.).

■ **Capital Markets Risk**

Capital markets risk is the risk that market prices of individual securities (in the Fund's case, traded debt securities and instruments) may fluctuate. Capital markets risk is also reflected in the NAVps of investee funds, to the extent that said funds themselves hold securities subject to fluctuations in market prices. This risk is generally divided into two components: unsystematic risks (i.e., issuer-specific risks) and systematic risks (i.e., market-related risks). Unsystematic risks mainly emanate from an issuer's creditworthiness, as discussed above, while systematic risks encompass all other factors (outside of the specific issuer) and therefore subsume many of the other important risks identified later in this list of risks. Worth mentioning, however, is the specific contribution to systematic risk posed by market sentiment, which refers to the overall mood or psychological state of the majority of buyers and sellers within a given capital market. Investors react to government announcements, surveys, and other news about broad consumer inflation, prices of important commodities (e.g., energy, metals and agricultural products), business and consumer confidence, demand growth or contraction, and employment. An increase in the number of sellers, together with the absence or shortage of buyers, could depress the price of a security.

To manage capital markets risk, the Fund will continuously employ fundamental company analysis, technical analysis (i.e., the use of charts to forecast price trends), analysis of industries and sectors, and analysis of country and global macroeconomic conditions. The Fund will rely on quantitative analysis to measure historical risk and performance of its own portfolio and of the offshore-domiciled funds in which it will invest. Whenever warranted, it will rebalance its portfolio of individual debt instruments and securities and offshore-domiciled funds to adapt to day-to-day changes and/or longer-term trends in the capital markets.

■ **Rating Agency Risk**

Prices of debt instruments and securities typically respond significantly to upgrades or downgrades by credit rating agencies (e.g., Standard & Poor's, Moody's Investors Service, and Fitch Ratings in the global credit markets, and PhilRatings in the Philippines). If a debt investment in the Fund's portfolio receives a downgrade

and experiences the attendant negative publicity, the market value of said investment could be additionally eroded.

The Fund shall keep itself updated on the rating agencies' views of the investments in the Fund's portfolio, and adjust positions as needed.

■ **Interest Rate Risk**

Prices of debt securities generally respond inversely to movements in interest rates, and this includes: (a) changes in prevailing interest rates in the global markets for fixed-income instruments denominated in the leading currencies (i.e., the U.S. Dollar, the Yen, the Euro, the British Pound, and, with rising significance, the Renminbi); as well as (b) changes in prevailing interest rates in the specific countries in which the Fund shall have direct equity exposure. The sensitivity to interest rates will also be indirectly expressed in the NAVps of the offshore-domiciled funds in which the Fund shall invest.

To mitigate the impact of interest rate risk on the Fund's entire portfolio, global economic, capital markets and political trends will need to be continuously monitored. In particular, the Fund shall stay abreast of changes in the term structure of interest rates (also known as the "yield curve"). The Fund will diversify its portfolio accordingly, and may also resort to hedging techniques from time to time.

■ **Reinvestment Risk**

Although declining interest rates are mainly beneficial to market prices of debt securities, an environment of falling interest rates comes with a downside, in the form of reinvestment risk. Reinvestment risk is defined as the difficulty of finding investment vehicles which would provide comparable yields or rates of return for interest or dividends received or proceeds of matured debt instruments or securities.

To mitigate the impact of this risk, the Fund shall mainly resort to the same measures employed in managing interest rate risk.

Another potential tool for alleviating reinvestment risk is the purchase of so-called "insurance" in the form of zero-coupon bonds. These bonds do not have periodic coupon payments which need to be reinvested.

■ **Call Risk**

Call risk or prepayment risk is the possibility that a debt instrument or security would be "called", i.e., prepaid by the issuer before its maturity date. This situation applies only to debt instruments or securities which expressly feature what is known as a "call option". A call option is typically exercised in an environment of falling interest rates, specifically when it becomes preferable for an issuer to preterminate its existing debt and seek cheaper financing instead. When this happens to a debt security or instrument within the Fund's portfolio, the Fund would be deprived of a stream of future cash inflows representing a certain yield, and may be compensated for this at some economic disadvantage (because the economic benefit of exercising the call option would accrue to the issuer). Call risk affects a portfolio of debt instruments and securities in the same way as reinvestment risk does.

Hence, to mitigate the impact of call risk, the Fund shall mainly resort to the same measures employed in managing interest rate risk.

Whenever possible, a pretermination penalty should be incorporated into a callable debt instrument or security in order to compensate investors (such as the Fund). Preferably, the penalty mechanism should mete out a higher penalty rate the sooner the borrower exercises the call option.

■ **Currency Risk**

Volatility in currency exchange rates adds a layer of risk and complexity. If economic or political confidence in a given country abruptly deteriorates, an ensuing depreciation in that country's currency may serve to magnify any intrinsic weakening in that country's bond market values.

To address this concern, the Fund needs to monitor the health of key countries' economies and political situations, and also said countries' cross-border trade and capital flows. This constant evaluation would drive how the Fund will diversify its portfolio and employ other hedging techniques.

■ **Country or Geographic Risk**

The Fund will invest in various countries, both directly through individual debt instruments and securities, and indirectly via offshore-domiciled funds. Prices of debt instruments and securities in a given country or region broadly decline whenever there is negative news regarding that country's or region's socio-political conditions (e.g., civil unrest, war) and economy (e.g., accelerating inflation, a ballooning fiscal deficit, calamity-induced supply shocks). Occasionally, due to political or regulatory changes, difficulties may arise in liquidating investments in a country and repatriating those out of the country. A sovereign default, which is the inability of a national government to service its debt obligations, will severely impact valuations of debt instruments and securities within that country.

To mitigate this risk, the Fund will maintain a suitable diversification of individual debt investments across different countries. The offshore-domiciled funds in which the Fund shall invest should themselves already offer varying degrees of geographical diversification. By virtue of its nature, the Fund will be far better diversified against country or geographic risk than most existing mutual funds in the Philippines, as the majority of local mutual funds are concentrated solely on Philippine risk. By this one measure, the Fund is in theory less risky than Philippine mutual funds invested solely or primarily in Philippine debt securities or instruments.

■ **Sector Risk**

Sector risk arises whenever a portfolio has concentrated exposure in some particular industry or sector. Sector concentration exposes a portfolio to cyclical downturns in that sector, new regulatory restrictions, industry scandals, new industry opportunities, disruptive technological innovation, developments in the supply chain or consumer demographics, and shifting dynamics and rankings within an industry due to consolidation (i.e., mergers and acquisition).

The Fund may bear significant sectoral risk from time to time, either as a result of a deliberate decision to take opportunities in industries anticipated to perform well, or merely as a consequence of the Fund's country weightings or individual security selection. In managing sector risk, the Fund will monitor sectoral concentration and evaluate whether or not to maintain or adjust said concentration upwards or downwards.

■ **Management Risk**

Management risk is the risk that a portfolio manager will not be able to fulfill the investment objectives of an actively managed portfolio. Investment decisions are made by portfolio managers who may commit mistakes from time to time by selecting a laggard or misallocating the assets of the Fund. These errors in judgment can, of course, result in the Fund's underperformance or possibly a decline in value or loss.

To mitigate the risk, the Fund will be managed by AAMI, a seasoned asset manager with consistent performance record over a prolonged period of time. In addition, the Fund reduces management risk by investing a substantial portion of the portfolio in a basket of offshore-domiciled funds managed by experienced international asset management companies. Therefore, for purposes of this Fund, AAMI would be acting as a manager of other fund managers. As such, the Fund's portfolio should at all times reflect a beneficial mix of investment styles and focus.

■ **Liquidity Risk**

Liquidity risk is the possibility that a Fund may not have enough cash balances and cash flows to meet investor redemptions and/or pursue more attractive investment opportunities. One or more of the following underlying causes may contribute to a sudden "cash crunch":

- The Fund may be experiencing larger-than-usual redemptions, whether as a result of a widespread decline in investor appetite for the Fund or the unexpected receipt of a large redemption request from one major (typically institutional) investor;

- The Fund may not be maintaining, as a matter of policy, a sufficiently prudent level of cash and near-cash balances, and/or may not have obtained sufficient lines of revolving credit for itself;
- The Fund may be heavily invested in “illiquid” securities, defined as those which are either: (1) not heavily traded in the markets, or (2) not attractive enough to buyers at the current market price level, such that if the Fund urgently needs to dispose of such illiquid securities it would need to absorb substantial capital losses just to induce buyers to come forward.

When redemption amounts exceed available liquid holdings and credit lines, the Fund would have to sell investments/securities, and if this need arises during periods of extreme market volatility, then even securities which are not illiquid may potentially have to be sold at a loss as well.

The consequences for a Fund of a liquidity crunch can be serious. If a Fund is unable to meet redemptions in a timely manner, not only would it damage its reputation within the investor community; it may furthermore be penalized by the SEC for violating the legal requirement to pay out cash proceeds within seven (7) business days from receipt of Notice of Redemption.

The Investment Manager is responsible for the management of the Fund’s overall liquidity risk. To mitigate this risk, the Fund shall maintain, in accordance with the guidelines prescribed by the SEC, a liquidity reserve of no less than ten percent (10%) of the Fund’s Net Asset Value to cover regular redemptions. The Fund may also elect to maintain committed credit lines.

Another risk management tool to mitigate liquidity risk is the maintenance of a prudent average duration through diversification of the Fund’s portfolio across debt instruments and securities featuring a broad range of tenors.

To reduce the likelihood of being unable to divest illiquid investments, the Investment Manager shall select only: (1) high-quality securities which have a healthy daily market turnover volume; and (2) high-quality offshore-domiciled funds investing in liquidly traded foreign securities.

The Investment Manager will seek to maintain open lines of communications with major investors in the Fund so as to gain indications of any sizeable redemptions well in advance thereof.

The Investment Manager shall monitor the Fund’s daily liquidity position and subject the Fund’s portfolio to regular stress tests and scenario analysis to evaluate its potential response to severe market conditions. All liquidity policies and procedures are subject to review and approval by the Investment Committee of the Investment Manager. A summary report, including any exceptions and remedial action taken, is submitted regularly to the Investment Committee of the Investment Manager.

■ **Operational Risk**

Operational risk refers to the likelihood of human error in processing the daily transactions of the Fund.

The Fund Accountant brings considerable experience to bear in fulfilling this function, as it benefits from the global third-party fund accounting practice of the Deutsche Bank Group. Moreover, the Investment Manager provides independent oversight, as it also possesses competency and experience in fund accounting. The Investment Manager capably performs the fund accounting function for other mutual funds that it manages, namely: The Mutual Fund Company of the Philippines, Inc., ATR KimEng Equity Opportunity Fund, Inc., and ATR KimEng Money Market Fund, Inc.

■ **Risk of Dilution**

Because the Fund is an open-end mutual fund, investors may effectively subscribe to any amount of shares in the Fund. As such, investors face the risk of their investments being diluted as more investors subscribe to shares. The influence that the investors can exert over the control and management of the Fund diminishes proportionately.

USE OF PROCEEDS

Assuming all of the authorized shares will be sold at the current NAVps of One U.S. Dollar (USD 1.00) as of the Redenomination Date, the total gross proceeds would equal One Hundred Million U.S. Dollars (USD 100,000,000.00). The Fund estimates that its total expenses related to this offering will be approximately Four Million Seventy-Six Thousand Three Hundred Thirty Pesos and Ninety-Three Centavos (PHP 4,076,330.93), or Eighty-Eight Thousand Four Hundred Forty-Two U.S. Dollars and Eighty-Five U.S. Cents (USD 88,442.85) at an exchange rate of PHP 46.090 per USD, consisting of:

Estimated Expenses	PHP	USD
SEC filing fees (registration fees, etc.)	3,803,477.50	82,522.84
Legal fees & lawyers' out-of-pocket expenses	212,677.43	4,614.39
Newspaper advertisements	50,176.00	1,088.65
Other consultancy fees	10,000.00	216.97
Total	4,076,330.93	87,442.85

Hence, the expected net proceeds of this offering would amount to Ninety-Nine Million Nine Hundred Eleven Thousand Five Hundred Fifty-Seven U.S. Dollars and Fifteen U.S. Cents (USD 99,911,557.15), assuming issuance of all the authorized shares at the current NAVps.

The net proceeds from the sale of the shares shall be invested and reinvested mainly in a portfolio of debt instruments and securities available in the Philippines and other countries, and in offshore-domiciled funds invested in debt instruments and securities available in other countries. The Custodian shall hold all proceeds from the sale of shares, including the additional paid in capital. The Fund's Investment Manager shall be guided by the Fund's investment policies and legal limitations on investment. In particular, the Fund shall not invest more than ten percent (10%) of its Net Asset Value in instruments and securities from any single issuer or enterprise. For purposes of liquidity at least ten percent (10%) of the Fund's assets shall be invested in liquid/semi-liquid assets.

Subject to the limitations mentioned in the preceding paragraph, the Fund shall retain the flexibility to invest any portion of its portfolio, from time to time, in: individual debt instruments and securities issued by any type of issuer, e.g., sovereign, corporate, municipal, or other issuers, and domiciled in any country, continent, or region; and in any offshore-domiciled funds primarily invested in any type of debt instruments and securities, without regard to type of issuer or domicile.

No material amount of the net proceeds is to be used to acquire assets or finance the acquisition of other businesses. The net proceeds will not be used to discharge debt or reimburse any officer, director, employee or shareholder for services rendered, assets previously transferred, monies loaned or advanced or otherwise.

THE BOARD OF DIRECTORS AND OFFICERS

The Fund's incorporators were the following:

Name	Age	Citizenship	Position	Period of Service
Atty. Rhoneil S. Fajardo	42	Filipino	Board Chairman	31 March 2008 until 25 September 2009
Mr. Aurelio Noel G. Dayrit	39	Filipino	Director and President	31 March 2008 until 25 September 2009
Atty. Angel M. Salita, Jr.	48	Filipino	Director and Corp. Secretary	31 March 2008 until 25 September 2009
Dr. Herminio B. Coloma, Jr.	56	Filipino	Independent Director	31 March 2008 until 2010 Annual Shareholders' Meeting
Mr. Edgardo M. Cruz, Jr.	54	Filipino	Independent Director	31 March 2008 until 27 January 2010

The following are the Fund's incumbent directors and officers:

Name	Age	Citizenship	Position	Period of Service
Mr. Eulogio A. Mendoza	61	Filipino	Board Chairman and President	25 September 2009 until 2010 Annual Shareholders' Meeting
Ms. Modesta P. Mammud	58	Filipino	Director and Treasurer	25 September 2009 until 2010 Annual Shareholders' Meeting
Mr. Gerald D. Baldivia	44	Filipino	Director	25 September 2009 until 2010 Annual Shareholders' Meeting
Dr. Herminio B. Coloma, Jr.	56	Filipino	Independent Director	31 March 2008 until 2010 Annual Shareholders' Meeting
Ms. Ethylyn Reyes	42	Filipino	Independent Director	8 March 2010 until 2010 Annual Shareholders' Meeting
Atty. Ma. Alicia G. Picazo-San Juan	38	Filipino	Corporate Secretary	25 September 2009 until 2010 Annual Shareholders' Meeting
Atty. Lyne L. Arnaldo-Vega	32	Filipino	Assistant Corporate Secretary	25 September 2009 until 2010 Annual Shareholders' Meeting

Eulogio A. Mendoza, 61, Filipino, is the Chairman of the Board and President of the Fund, and also Chairman of the Funds' Board's Appointment and Compensation and Remuneration Committees. He is concurrently a Board Director of AAMI (since 2005). Since 2003 he has been President and Chief Executive Officer of AsianLife and General Assurance Corporation ("ALGA"), and is also a member of ALGA's Board of Directors. He is Co Vice-Chairman of AsianLife Financial Assurance Corporation ("ALFA"), a majority-owned subsidiary of ALGA. He is also Chairman of the Board and President of ATR KimEng Equity Opportunity Fund, Inc. (2004 to present), ATR KimEng Money Market Fund, Inc. (2005 to present), and ATR KimEng AsiaPlus Recovery Fund, Inc. (2009 to present). Since 2003 he has been a member of the Board of Directors of the Philippine Life Insurance Association ("PLIA"), the country's life insurance industry association, and was PLIA President in 1994-1996. Previously, he was a member of the Boards of Directors of various units of American International Group ("AIG") such as PhilamCare Health Systems, Inc. (1989-1992) and Philam Plans, Inc., and of the Board of Directors of The Pan Philippine Life Insurance Corp. (now Philippine Axa Life) (1992-1998). His prior work experience in the insurance industry includes his having been Vice-President at Philippine American Life Insurance Company, Inc. (also an AIG company) (1988-1992), President and Chief Executive Officer of the Pan Philippine Life Insurance Company (1992-1998), and then President and Chief Executive Officer of GE Life Insurance Company (1998-2001) (now ALGA). He earned the title Fellow, Life Management Institute (FLMI) from the Life Office Management Administration (LOMA). He obtained his MBA from the Ateneo Graduate School of Business and both his Master of Arts in Philosophy (*cum laude*) and Bachelor of Science in Philosophy (*cum laude*) from the University of Santo Tomas.

Modesta P. Mammud, 58, Filipino, serves as a Director of the Fund, as Chairman of the Fund's Board's Audit Committee, and as Treasurer for the Fund. She is also a Director and the Treasurer of ATR KimEng AsiaPlus Recovery Fund, Inc. (since 2009) and ATR KimEng Money Market Fund, Inc. (since 2005), and the Treasurer of ATR KimEng Equity Opportunity Fund, Inc. (since 2005). She is concurrently a member of the Boards of Directors of ALGA (since 1998) and ALFA (since 1997), and also serves as Executive Vice-President, Chief Financial Officer and Treasurer of both ALGA and ALFA. She has over 20 years' experience in financial management and operations. She has handled several positions within the GE affiliates (GE Philippines, GE Lighting in the Philippines and Indonesia, and then GE Life Insurance Company) (1974-1995) and served as a member of the Finance Council of GE Companies in the Philippines. She is a Certified Public Accountant. She obtained her MBA for Middle Managers from the Ateneo Graduate School of Business and Bachelor of Science in Commerce (*magna cum laude*) from Angeles University.

Gerald D. Baldivia, 44, Filipino, serves as a Director of the Fund, as a member of the Fund's Board's Audit, Appointment, and Compensation and Remuneration Committees. He has held the same positions in ATR KimEng AsiaPlus Recovery Fund, Inc. since 2009. He has been a Director of ATR KimEng Equity Opportunity Fund, Inc. since January 2010. He has been an Executive Director at AAMI since 2007, and is a member of its Investment Committee. From 2002 to 2006, he was an Investment Officer for the International Finance Corp. (a member of the World Bank Group), covering the Philippines, Thailand and Viet Nam. From 2000 to 2002, he was an Associate of the Research Department of SG Securities (Philippines), Inc., a unit of Société Générale. Earlier, he held various positions in ATR KimEng Securities, Inc., Peregrine Securities Philippines, Inc., the Trade and Political Risk Division of AIG (during which time he was based in New York City), and Far East Bank and Trust Company. He is a Certified Investment Solicitor. He obtained an MBA in Finance and

Marketing from the Columbia Business School in New York, USA and a Bachelor of Science in Business Administration (*cum laude*) from the University of the Philippines.

Herminio B. Coloma, Jr., 56, Filipino, is an Independent Director of the Fund. He is the Don Jose Cojuangco Professor of Business Management at the Asian Institute of Management (AIM). He had served as Dean of AIM's Executive Education and Lifelong Learning Center (2000-2004) and Associate Dean of the Master in Business Management program (1994-1996). He served as Director (1996-2008) and as President of the Air and Travel Division (2006-2008) and Group Chief Learning Officer (2004-2008) at the Transnational Diversified Group. He is also a Director of Loyola Consolidated Plans, Inc (2005-present). He served in the Philippine government during the administration of President Corazon Aquino as Head, Presidential Management Staff (1990-1991) and Deputy Executive Secretary in the Office of the President (1990-1991), as Undersecretary, Department of Transportation and Communications (DOTC, 1989-1990), and as Undersecretary, Department of Agrarian Reform (1989). He also served in the administration of President Joseph Estrada as Undersecretary at DOTC (1998-2000), where he supervised the maritime industry sector and headed the Philippine delegation to the biennial meetings of the International Maritime Organization in London, United Kingdom (1996-2000). He is currently a Director of the Financial Executives Institute of the Philippines (FINEX) and has been President of the People Management Association of the Philippines (PMAP). He is an Independent Director for ATR KimEng AsiaPlus Recovery Fund, Inc. (since 2008). He has done consulting work for both public and private entities. He holds a Doctor in Philosophy degree from the Southeast Asian Inter-Disciplinary Development Institute (SAIDI) School of Organization Development and a Master in Business Management degree (With Distinction) from AIM.

Ethelyn Reyes, 42, Filipino, is an Independent Director of the Fund. She has over 20 years of investment industry experience in the Asian region. From 2004 to 2009, she was an Investment Manager at Lombard Odier Investment Management (Hong Kong), managing first the LODH Korea-ASEAN Fund and then the LODHI Pacific Rim Fund. Under her management, both funds were awarded "2nd Best Fund" by the European fund ranking agency EuroPerformance, and assets under management doubled to over USD 500 million. Previously, she was a portfolio manager at SEB Investment Management and at Friends Ivory & Sime Investment Management. Prior to managing investment funds, she was Head of Research with BZW Securities (Hong Kong), where she was ranked "Best Analyst" by *Asiamoney* Magazine in 1991. She has been an Independent Director of ATR KimEng AiaPlus Recovery Fund, Inc. since 2010. She has a Bachelor of Science in Economics (*magna cum laude*) from the University of the Philippines, and is a candidate for a Master's in Economics at the University of Hong Kong.

Ma. Alicia G. Picazo-San Juan, 38, Filipino, is the Corporate Secretary of the Fund. She is a Partner at Picazo Buyco Fider Tan & Santos Law Office. She obtained her Bachelor of Laws (*cum laude*) from the University of the Philippines and a B.S. Management, major in Legal Management (*magna cum laude*), from the Ateneo de Manila University. She also serves as the Corporate Secretary for ATR KimEng AsiaPlus Recovery Fund, Inc. She is a member of the University of the Philippines Women Lawyers' Circle and the Financial Executives Institute of the Philippines (FINEX).

Lyne L. Arnaldo-Vega, 32, Filipino, is the Assistant Corporate Secretary of the Fund. She is an Associate at Picazo Buyco Fider Tan & Santos Law Office. She also serves as the Assistant Corporate Secretary for ATR KimEng AsiaPlus Recovery Fund, Inc. Prior to her legal career, she was connected with Software Ventures International as a Systems Analyst and Programmer. She obtained her Bachelor of Laws from the University of the Philippines and Bachelor of Science in Business Administration (*cum laude*) also from the University of the Philippines.

Manuel I. Briones, 57, Filipino, has been the Compliance Officer for the Fund since January 2010. He is concurrently the Compliance Officer for AAMI and for ATR KimEng AsiaPlus Recovery Fund, Inc. He joined AAMI as Head of Operations in 1997 and became Executive Director for Operations in 2004. He was appointed Compliance Officer of AAMI in May 2009 and, as a result of this appointment, was required to relinquish his duties as Executive Officer for Operations and his Certified Investment Solicitor License. Earlier in his career, he worked for Citicorp Investment Philippines, where he held various positions, the last of which was Assistant Manager in the Credit Administration Department (1975-1985). He was later seconded to Citytrust Banking Corp. (1985-1992) as a result of Citibank NA's formation of a universal bank via merger of three of its local units (FNCB Finance, Citicorp and FEATI Bank). At Citytrust, he headed the Pre-Processing/Documentation Unit and the Accounting Unit of the Trust Banking Group, and was concurrently appointed Assistant Manager of Citytrust Securities Corp., a stock brokerage which he helped organize. He later moved to Asiastream Development Bank as Trust Officer (1992-1995), and then to Insular Life Savings and

Trust Company as Trust Operations Head (1995-1997). He was named one of the Ten Most Outstanding Employees of Makati by the Rotary Club of Makati in 1979. He holds an SEC license for Compliance Officers. He obtained his Bachelor of Commercial Science, major in Management, from Jose Rizal University.

Other than the directors and officers listed above, there are no other persons expected by the Fund to make a significant contribution to its business. The Fund's business is not highly dependent on the services of certain key personnel.

None of the directors and officers are related to each other up to the fourth civil degree, whether by consanguinity or by affinity.

The Fund does not anticipate having any employees within the next twelve (12) months, other than the corporate officers disclosed herein.

Security Ownership of Certain Record and Beneficial Owners

The following are the record and beneficial owners of the Fund's shares (as redenominated) as of the date of this Prospectus:

Title of Class	Name & Address of Record Owner & Relationship with the Fund	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	Number of Shares *	Percent of Class
Common	ATR KimEng Capital Partners, Inc., stockholder	The record owner is the same as the beneficial owner	Filipino	21,748.29	99.99%

** Prior to the Redenomination Date, ATR KimEng Capital Partners, Inc. held 991,080.28 shares.*

The shares held by ATR KimEng Capital Partners, Inc. ("ATRKE Capital") will be represented and voted during the Fund's annual stockholders' meeting by any of the Fund's incumbent directors as ATRKE Capital may authorize under a proxy to be executed by ATRKE Capital. The shares owned of record by the incumbent directors of the Fund (other than the Independent Directors) are likewise beneficially owned by ATRKE Capital.

Security Ownership of Management

The following are the beneficial owners of the security ownership of management as of the date of this Prospectus:

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership *	Percent of Class
Common	ATR KimEng Capital Partners, Inc.	3 shares	nil

** Prior to the Redenomination Date, ATRKE Capital also beneficially owned 3 shares recorded in the names of the three non-independent board directors.*

The individual directors and officers of the Fund do not have any beneficial ownership, or any right to acquire beneficial ownership, over the shares of the Fund, as of the date of this Prospectus. There are no voting trusts or similar agreements involving the shares of the Fund.

There are no arrangements currently existing which may result in a change in control of the Fund.

Compensation of Directors

The Fund pays its Directors a per diem of PHP 5,000 per Board Meeting. The Fund did not make any per diem payments to its Directors in 2008. The Fund paid its Directors aggregate per diem of PHP 30,000.00 in 2009 and PHP 20,000.00 during 2010 to date. It is expected that the Fund will pay Directors' per diems approximately totaling PHP 95,000.00 for the year 2010.

The members of the Board who are not officers and/or employees of the Fund will receive remuneration for their attendance in regular or special meetings of the Board of Directors at such rate as the Board may prescribe

for every meeting of the Board of Directors at which he or she is present. Such remuneration may be adjusted in the future as may be warranted by existing fund levels and other factors.

There are no other arrangements, including consulting contracts, pursuant to which any director of the Fund is to be compensated, directly or indirectly, during the ensuing year for any service provided by a director.

There are no employment contracts between the Fund and the executive officers.

Under the Corporation Code of the Philippines, shareholders of the Fund representing at least a majority of the Fund's outstanding capital stock may grant directors compensation other than per diems, which shall in no case exceed ten percent (10%) of the net income before tax of the Fund during the preceding year.

Involvement in Certain Legal Proceedings

No director, nominee for election as a director, executive officer, distributor or control person of the Fund has been involved in the last five (5) years in any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time, subject to any conviction by final judgment in past or pending criminal proceedings, domestic or foreign, excluding traffic violations and any other minor offenses, or to any order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities and found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body or a domestic or foreign exchange or other organized trading market or self regulatory organization to have violated a securities or commodities law or regulation.

Certain Relationships and Related Transactions

There is no proposed transaction to which the Fund is to be a party, in which any of the following persons is to have a direct or indirect material interest:

- (a) Any director or executive officer of the Fund;
- (b) Any nominee for election as a director;
- (c) Any security holder named under the heading "Security Ownership of Certain Record and Beneficial Owners";
- (d) Any member of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the persons in item (a), (b), or (c) above.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion of the Fund's performance for the first nine months of 2009 and for 2008 is authored by the previous Investment Manager and pertains to a different investment objective.

Performance: The First Nine Months of 2009

Summary of Portfolio Performance – First 9 Months of 2009 (ended September 30th)						
Period	HSBC ALBI Index Closing *	Closing NAVps (PHP)	Period-End Total Assets (PHP)	Subscriptions (PHP)	Redemptions (PHP)	Period-End Total Investors
9M09	271.359	0.9909	1,080,835	1,000,005	25,225,000	6

* The HSBC ALBI Index is the Hongkong and Shanghai Banking Corp. Asian Local Bond Index.

In the first nine months of 2009, the Fund's total assets went down to PHP 1.08 million, a decrease of 95.86% or PHP 25.03 million from PHP 26.11 million at end- 2008. The decrease was primarily due to the full redemption by Kidson Pte Ltd, ("Kidson"), formerly the Fund's largest shareholder.

Significant changes (more than 5%) in asset accounts are as follows:

- Securities valued at Fair Value through Profit or Loss (“FVPL”) (designated at initial recognition) decreased by 100.00% to nil from Php21.60 million as of December 31, 2008 due to the sale of the entire portfolio to fund the redemption of Kidson.
- Cash & Cash Equivalents decreased by 71.10% or PHP 2.66 million from December 31, 2008 balance to PHP 1.08 million as of September 30, 2009. The decrease was brought about by the decrease in investments in short term deposits to fund the withdrawals of original shareholders.
- Accrued Interest Receivable as of September 30, 2009 decreased by 99.98% from PHP 0.77 million as of December 31, 2008.

The total liabilities as of September 30, 2009 decreased by 65.55% or PHP 0.19 million from PHP 0.29 million as of December 31, 2008. The decrease was due to lower withholding tax payable for the accrued interest for the sold investments.

The Fund’s shareholders’ equity or Net Asset Value stood at PHP 0.98 million as of September 30, 2009 compared to PHP 25.82 million as of December 31, 2008. The 96.20% decrease was due to the withdrawal of Kidson’s investments

The net loss of the fund for the period ended September 30, 2009 was PHP 0.58 million. This was 78.06% of the Gross Investment Income or Loss (“GIIL”) for the year. There was a net income of PHP 0.82 million for the year ended December 31, 2008 which was 53.78% of the GIIL for that year. The higher gain last year was due to a combination of interest income on fixed income investments and unrealized/realized gains on valuation.

Major changes in nominal accounts are as follows:

- Interest recorded for the period ended September 30, 2009 was PHP 0.90 million (149.77% of GIIL), compared to PHP 0.88 million (57.75% of GIIL) for the year ended December 31, 2008.
- For the quarter ended September 30, 2009, trading and investment securities registered a total realized/unrealized loss of PHP 0.33 million (-44.33% of GIIL) due to higher trading losses for the sold securities to fund the large withdrawal of group of shareholders.
- Total operating expenses amounted to PHP1.11 million (149.20% of GIIL) for the period ended September 30, 2009 and PHP 0.53 million (34.67% of GIIL) for the year ended December 31, 2008.
- Provision for income tax amounted to Php0.21 million (28.87% of GIIL) and Php0.18 million (11.55% of GIIL) for the period ended September 30, 2009 and December 31, 2008, respectively.

The Fund has identified the following Key Performance Indicators affecting its current operations:

- Assets under management decreased by only 95.86% for the third quarter due to disposal of investments to fund the withdrawal of Kidson.
- Due to realized losses from disposal of fixed income investments and minimal unrealized gains on financial instruments for the second quarter, the Return on Investment figure posted was -4.07%. Last year, the Fund posted an ROI of 3.29% due to a combination of interest income and realized/unrealized gain for financial assets at FVPL.
- Return on Equity (ROE) was -4.34% at end-September 2009 and 3.22% at end-December 2008.
- Similarly, Return on Assets (ROA) was -4.28% at the end of the interim period and 3.22% for the previous year.
- Current ratio was 10.94x as of September 30, 2009, against 15.72x as of December 31, 2008. The Fund has sufficient resources to meet obligations.

The Fund did not declare any dividends (whether cash dividends or stock dividends) or any stock splits during the first nine months of 2009.

The Management's Discussion and Analysis section of the Fund's Amended SEC Form 17-Q A filed for the quarter ended September 30, 2009 made the following additional statements:

- There were no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Fund's liquidity increasing or decreasing in any material way.
- The Fund does not have and does not anticipate within the next twelve (12) months any cash flow or liquidity problems.
- The Fund is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.
- The Fund does not have any significant amount of trade payables, which have not been paid within the stated trade terms.
- The Fund is not aware of any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- There are currently no material commitments for capital expenditures.
- There are no significant elements of income or loss that did not arise from the Fund's operations.

For additional details, please refer to the Fund's Amended SEC Form 17-Q A filed for the quarter ended September 30, 2009. Copies are available from the Investment Manager / Principal Distributor and from the SEC.

Performance: 2008

Summary of Portfolio Performance – Last 9 months of 2008 (ended December 31st) *						
Period	HSBC ALBI Index Closing †	Closing NAVps (PHP)	Period-End Total Assets (PHP)	Subscriptions (PHP)	Redemptions (PHP)	Period-End Total Investors
2008	131.099	131.099	26,109,976	25,000,000	0	6

* The Fund was incorporated on March 31, 2008.

† The HSBC ALBI Index is the Hongkong and Shanghai Banking Corp. Asian Local Bond Index.

The Fund had 25,000,000 shares outstanding at the end of December 2008. There were no redemptions during the year. Outstanding investments in fixed-rate government securities amounted to PHP 21,604,704. Unrealized gains on marking investments to market amounted to PHP 614,928. The Fund recognized PHP 186,802 in liabilities, representing accrued taxes and registration fees payable as of the end of 2008. Due to the short-term nature of these liabilities, the carrying values reasonably approximate fair values as at year-end.

The Fund recognized income before tax of PHP 1,000,205, arising from investments in fixed-income securities. After taxes of PHP 176,854, the Fund posted a net income of PHP 823,351.

The Fund did not declare any dividends (whether cash dividends or stock dividends) or any stock splits during the year ended December 31, 2008, nor did it declare any dividends or splits prior to 2008 as the Fund was incorporated during 2008.

As of December 31, 2008, the Fund's shareholders' equity or Net Asset Value amounted to PHP 25.82 million, composed of: (1) PHP 250,000 worth of capital stock (valued at the PHP 0.01 per share par value); (2) additional paid-in capital of PHP 24.75 million; and (3) a retained earnings account of PHP 823,351.

The Management's Discussion and Analysis section of the Fund's Amended SEC Form 17-A (A) filed for the year ended December 31, 2008 made the following additional statements:

- There were no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Fund's liquidity increasing or decreasing in any material way.
- The Fund does not have and does not anticipate within the next twelve (12) months any cash flow or liquidity problems.
- The Fund is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.
- The Fund does not have any significant amount of trade payables, which have not been paid within the stated trade terms.
- The Fund is not aware of any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- There are currently no material commitments for capital expenditures.
- There are no significant elements of income or loss that did not arise from the Fund's operations.

For additional details, please refer to the Fund's Amended SEC Form 17-A (A) filed for the year ended December 31, 2008. Copies are available from the Investment Manager / Principal Distributor and from the SEC.

Overall Market Conditions

The financial crisis of 2008 will be remembered for the institutions that went through challenging times, extreme volatility in the capital markets, and the uncertainty introduced for the immediate future. Emerging market bonds declined by 12.2%, global equity markets plunged by 41.8%, and commodities slumped by 46.5%.

The Philippine bond market likewise saw bid-offer margins widen on account of higher oil prices, creeping inflation, and rising risk aversion. Bids on the 5-year Treasury Note rose by more than 290 bp from January through November 2008. The 5-year benchmark yield peaked at 8.75% on November 21st.

Disappointing fiscal deficit figures coupled with the Bangko Sentral ng Pilipinas' ("BSP's") decision to remain on hold exerted upward pressure on the domestic market. Financial failures and the prospect of defaults in Iceland, Ukraine, Hungary, Pakistan, and Argentina dampened investor activity in emerging markets. Markets calmed down after the International Monetary Fund approved loan packages for these countries. At the end of 2008, the Philippine bond market rallied on expectations of lower inflation and the initial 50-bp rate cut by the BSP.

The Fund mitigated its interest rate risk by reducing the portfolio's duration, avoiding exposure of the long-end of the yield curve. It was noted that a surge in inflation and interest rates negatively affected securities with maturities of more than seven years.

Credit risk was mitigated by avoiding corporate issues in 2008. The spread of the global financial crisis required being cautious, especially on debt issuers belonging to the financial sector. More broadly speaking,

issuers in cyclical sectors, notably those in the banking and property industries, and conglomerates with substantial exposure in banking and/or property, were put under close scrutiny.

Material Trends, Events, and Uncertainties

Lower headline inflation could fuel a short-term rally. However, credit tightness and increased supply from the government and private sector could exert upward pressure on Peso interest rates in 2009.

Inflation would likely fall from 9.9% in November 2008 to 4% during 2009. However, government pump-priming could also increase the budget deficit in excess of PHP 120 billion in 2009.

The risk to the market is the increase in bond supply in the medium-term. We expect an increase in domestic issuers early in the year. Refinancing and recapitalization requirements could prod issuers to borrow early. Prospective bond issuers Manila Electric Co (Meralco), San Miguel Corp., Aboitiz Power Corp., the BSP, and the Philippine Deposit Insurance Corp. could exert some pressure on Peso interest rates.

Rate cuts from central banks, however, could boost appetite for bond investments and the bond fund. Lower inflation and rate cuts could sustain a bond rally and thus boost the Fund's returns.

The Fund would remain vigilant in monitoring its credit risks. The illiquidity of the secondary bond market demands that the Fund maintain a rigid credit evaluation of forthcoming corporate issuances. Moreover, the Fund would closely evaluate its accredited counterparties, especially during 1H09. The collapse of huge U.S. investment houses Bear Stearns and Lehman Brothers underlines the precariousness of the prevailing global fixed income environment.

Although lower inflation and interest rates are expected for 2009, the Fund would stay alert by monitoring crucial economic indicators that could reverse this outlook. Any further economic softening, changes in the direction of oil and food price trends, and news on the Philippines' fiscal deficit are crucial risk factors to closely watch in 2009.

Related Party Transactions

In 2008, the Fund had an Investment Management Agreement with Deutsche Bank AG Manila Branch – Trust Management for the management and administration of the Fund's assets, in exchange for a management fee and the reimbursement of pertinent expenses. The Fund also had a Transfer Agent Agreement and a Master Company Accounting Services Agreement with Deutsche Bank AG Manila Branch Regular Banking Unit (Domestic Custody Services) for the maintenance of records of individual investors and the provision of accounting and custody support services (including the calculation of the Daily NAVps), in exchange for certain fees and the reimbursement of pertinent expenses. For the year 2008, the Fund was billed by the abovementioned related parties aggregate fees of PHP 229,785, of which PHP 99,823 remained unpaid at the end of the year.

In 2008, the Fund maintained bank deposit accounts and short-term placements with Deutsche Bank AG – Manila Branch amounting to PHP 3.74 million.

CORPORATE GOVERNANCE

The Fund's Manual of Corporate Governance (the "Manual") was filed with the SEC on July 25, 2008, and has been in effect since February 17, 2009.

Evaluation system to determine the level of compliance with the Manual of Corporate Governance

The Compliance Officer monitors and determines the Fund's level of compliance with the Manual of Corporate Governance. Among his functions is to issue a certification every 30th of January of the year on the extent of the Fund's compliance for the completed year and explaining the reason/s of the Fund's deviation thereto, if any. The Compliance Officer refers to the Compliance Form and previous certifications to compare what has been done in the past and any improvements thereon, if any, done within the year.

Measures being undertaken to fully comply with adopted leading practice on good governance

Compliance Officer

The Fund considers its Manual to be in line with the leading practices on good corporate governance. In line with this and in order to ensure adherence to corporate principles and best practices, Mr. Manuel I. Briones was designated as the Fund's Compliance Officer from the current year, 2010. Mr. Briones directly reports to the Chairman of the Board and his duties include the following:

1. Monitor compliance with the provisions and requirements of the Manual;
2. Appear before the SEC upon summon on similar matters that need to be clarified by the same;
3. Determine violation/s of the Manual and recommend penalties for violation thereof for further review and approval of the Board;
4. Issue a certification every January 30th of the year on the extent of the Fund's compliance with the Manual for the completed year, explaining the reason/s of the latter's deviation from the same if any; and
5. Identify, monitor and control compliance risks.

The Fund has two Board seats for its independent directors and has put in place Audit, Nominations, Compensation and Remuneration Committees as described in the Manual.

Nomination Committee

The Nomination Committee, composed of at least three members (one of whom is an independent director) pre-screens and shortlists all candidates nominated to become a member of the Board to ensure that each board election shall result in a mix of proficient directors, each of whom is able to add value and bring prudent judgment to the Board.

Compensation Committee

The Compensation Committee is composed of at least three members, one of whom is an independent director. Among the important functions of the Compensation Committee are as follows:

1. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Fund's culture, strategy and control environment;
2. Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully; and
3. Review the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.

Audit Committee

The Audit Committee is composed of at least three members of the Board, one of whom is an independent director. Each member shall have adequate understanding or competence of the Fund's financial management systems and environment. Among the important functions of the Audit Committee are as follows:

1. Check all financial reports against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements;

2. Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Fund, and crisis management; and
3. Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the company through a step-by-step procedures and policies handbook that will be used by the entire organization.

Deviations from the Fund's Manual of Corporate Governance

The Fund has substantially complied with and has not made any deviations from the provisions of its Manual, except that one of the Fund's Directors, Mr. Edgardo Mr. Cruz, Jr. resigned from his position as independent director on 27 January 2010, and no replacement was elected until 8 March 2010, when Ms. Ethylyn Reyes was elected as independent director.

Plans to improve the Fund's corporate governance

The Fund is presently in the process of revising its Manual to adopt the stricter provisions of the Revised Code of Corporate Governance, which became effective on July 15, 2009.

INVESTMENT OBJECTIVE, POLICY AND LEGAL LIMITATIONS

Investment Objective

The Fund is an actively managed mutual fund that seeks growth and income, and will invest in selected debt instruments and securities and selected offshore-domiciled portfolios of debt instruments and securities, and designed for those who desire moderate to high growth with moderate to high risk.

The Fund is designed to provide returns consisting of dividend income and capital growth mainly through investment in a diversified portfolio of Philippine and non-Philippine debt instruments and securities and offshore-domiciled funds invested in Philippine and non-Philippine debt instruments and securities. The instruments and securities which the Fund will buy will include, among others: commercial papers, notes, bonds, and non-convertible preferred shares, and debt obligations of Philippine and foreign national, provincial, state, city governments. The Fund may also invest in deposits, deposit substitutes and bankers' acceptances issued by Philippine and international financial institutions. An adequate portion of the portfolio will be invested in cash and near-cash assets to ensure that redemptions will be adequately and immediately serviced.

Investment Policy

The Fund will invest a portion of its assets in debt instruments or securities of companies in various industries worldwide. In selecting industries and companies for investment, the Investment Manager considers factors such as overall growth prospects, competitive position in markets served, technology, research and development, productivity, labor costs, raw material source and costs, capital resources, profit margins, return on investment, government regulation, quality and experience of management, and corporate governance and transparency.

The Fund will also invest in offshore-domiciled funds invested in international debt instruments and securities. The selection of offshore-domiciled funds will be largely driven by each offshore-domiciled fund's historical risk-adjusted return performance, organizational capabilities, forward looking strategies, and investment themes.

Changes in macroeconomic conditions can dictate the choice of international debt instruments and securities and offshore-domiciled funds that the Fund will invest in. Temporary shifts to cash or fixed-income securities may be done as a defensive move. The Fund may also have deposits with reputable foreign banks and top-tier local banks.

The Fund shall retain the flexibility to increase or decrease its overall investment exposure to any region or country from time to time, subject to the legal requirement that ten percent (10%) of the portfolio shall be in the

form of cash or high-quality liquid assets. The Fund shall invest primarily, although not exclusively, in U.S. Dollar-denominated instruments.

The Fund may use various techniques to hedge investment risks, and may invest in offshore-domiciled funds which use various techniques to hedge investment risks.

Legal Limitations on Investment

1. The Fund will invest its assets in a variety of industries. It shall not invest more than ten percent (10%) of its Net Asset Value in any single enterprise or offshore-domiciled fund except obligations of the Philippine Government and its instrumentalities. Neither shall the total investment of the Fund exceed ten percent (10%) of the outstanding securities of any one investee company.
2. An investment company shall not change its investment objective without prior approval of its majority shareholders.
3. Until the SEC provides otherwise, the Fund shall not short-sell securities or invest in any of the following:
 - a. margin purchases of securities (investment in partly paid shares are excluded);
 - b. commodity futures contracts;
 - c. precious metals; and
 - d. unlimited liability investments.
4. The Fund shall not invest in real estate properties and developments unless allowed under applicable laws, if any.
5. The Fund shall not purchase from or sell to any of its officers or directors or the officers or directors of its Investment Manager or distributors or firms of which any of them are members, any security other than the Fund's own capital stock.
6. The Fund shall not participate in any underwriting or selling group in connection with the public distribution of securities except its own capital stock.
7. The total operational expenses of the Fund shall not exceed ten percent (10%) of its total investment fund or total net worth as shown in the Fund's most recent audited financial statements.
8. For investors purchasing shares of the Fund, the minimum investment shall be an amount of not less than Two Thousand U.S. Dollars (USD 2,000) as determined from time to time by the Fund. The subsequent investment shall be at least Five Hundred U.S. Dollars (USD 500) and shall be in multiples of Five Hundred U.S. Dollars (USD 500). Investment in the Fund shall be on cash basis only; installment sales are expressly prohibited.
9. The Fund shall not issue senior securities.
10. For liquidity purposes, unless otherwise prescribed by the SEC, in case of open-end companies, at least ten percent (10%) of its fund shall be invested in liquid/semi-liquid assets, such as:
 - a. treasury notes or bills, BSP Certificates of Indebtedness which are short-term, and other government securities or bonds and such other evidences of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines;
 - b. savings or time deposits with government-owned banks or commercial banks, provided that in no case shall any such savings or time deposits account be accepted or allowed under a "bearer", "numbered" account or other similar arrangement.
11. The Fund shall not incur any further debt or borrowings unless at the time of its occurrence or immediately thereafter, there is an asset coverage of at least 300% for all its borrowings. In the event that such asset coverage shall fall below 300%, the Fund shall, within three (3) days thereafter, reduce the amount of its borrowings to an extent that the asset coverage of such borrowings shall be at least 300%.

12. The SEC allows mutual fund companies to invest up to 100% of its net assets in foreign securities subject to safety nets and standards set in SEC Memorandum Circular No. 7, series of 2005 and SEC Memorandum Circular No. 10 series of 2006 on “Guidelines on the Evaluation of Foreign Investments by Mutual Fund Companies”. In addition, the Fund will comply with SEC guidelines for selecting offshore-domiciled funds.

PLAN OF DISTRIBUTION

ATR KimEng Asset Management, Inc. (“AAMI”) serves as Principal Distributor of the Shares of the Fund in accordance with a Principal Distributorship Agreement. The Shares of the Fund will be offered continuously for sale by the Principal Distributor and other eligible sales agents and securities dealers that have signed a Distribution Agreement, either directly with the Fund or with the Principal Distributor.

The Annual Distribution Fee to be charged by the Principal Distributor and/or eligible sales agents or securities dealers to the investor will amount to not more than three percent per annum (3% p.a.), based on outstanding assets under management. These fees are meant to compensate for expenses associated with the distribution of shares. Said expenses would include compensation for licensed agents or other licensed persons for providing distribution assistance; the preparation, production and dissemination of Fund prospectuses and other marketing or advertising materials and vehicles.

The Fund, and/or the Principal Distributor acting on the Fund’s behalf, will enter into separate Distribution Agreements with selected institutional partners having established distribution platforms. The Fund or the Principal Distributor will pay Annual Distribution Fees, which will vary per institutional partner, depending on outstanding assets under management, but subject to the maximum of three percent per annum (3% p.a.) rate mentioned in the preceding paragraph.

Annual Distribution Fees will be accrued daily based on each day’s outstanding assets under management, and paid out on a monthly basis.

AAMI is the licensed principal distributor for five mutual funds:

1. The Mutual Fund Company of the Philippines, Inc.;
2. ATR KimEng Equity Opportunity Fund, Inc.;
3. ATR KimEng Money Market Fund, Inc.;
4. ATR KimEng AsiaPlus Recovery Fund, Inc.; and
5. ATR KimEng Total Return Bond Fund, Inc.

AAMI’s authority to market, distribute and sell mutual fund shares emanates from its Investment Company Adviser (“ICA”) license, which it has held since 1995. The SEC has approved the renewal of AAMI’s annual ICA license for the year beginning January 1, 2010 for the first three of the above-mentioned mutual funds, and has also approved AAMI’s new ICA license for the same year for the latter two funds.

SALES, REDEMPTION OF SHARES, AND COMPUTATION OF NET ASSET VALUE

Sales Fees and Redemption Fees Payable by Investors

Investor Buys Fund Shares	Investor Redeems Fund Shares
There will be charged a Sales Fee, inclusive of expanded Value-Added Tax (“eVAT”) not to exceed five percent (5%) of the investment amount being purchased / subscribed.	If the investment being redeemed was purchased / subscribed within the preceding two years, there will be a Redemption Fee, inclusive of eVAT, not to exceed five percent (5%) of the amount being redeemed. No Redemption Fee will be charged for the redemption of investments purchased / subscribed more than two years earlier.

Purchase of Shares

Shares of the Fund are offered for sale on a continuous basis at the Net Asset Value through the Fund and its registered representatives and dealers. There is no public trading market for these shares. For investors purchasing shares of the Fund, the minimum investment (excluding Sales Fee) shall be an amount of not less than Two Thousand U.S. Dollars (USD 2,000), as determined from time to time by the Fund. The subsequent investment (excluding Sales Fee) shall be at least Five Hundred U.S. Dollars (USD 500) and shall be in multiples of Five Hundred U.S. Dollars (USD 500). Investment in the Fund shall be on cash basis only; installment sales are expressly prohibited.

Any person at least eighteen (18) years of age may purchase the shares provided that no such purchase is contrary to the best interests of the other shareholders or would otherwise disrupt the management of the Fund. Prospective investors will fill out new account forms, signature cards, client and portfolio profile forms, and must present two (2) valid identification cards issued by the government or by the investor's employer.

Corporate applicants must submit the following minimum information/documentary requirements, in order to purchase shares:

1. A duly certified copy of the SEC registration, the articles of incorporation and by-laws;
2. A duly signed board resolution certified by the corporate secretary authorizing the said purchase;
3. A list of all the authorized signatories;
4. Official address or principal business address;
5. List of directors/partners;
6. List of principal stockholders owning at least two percent (2%) of the capital stock;
7. Contact numbers;
8. Beneficial owners, if any; and
9. Verification of the identification and authority of the person purporting to act on behalf of the client

The dealers and registered representatives shall forward the new account applications and/or order tickets to purchase shares of the Fund to the Transfer Agent on the same business day they are received. Completed subscriptions received by 12:00 noon on a business day will be processed within the same business day at the Net Asset Value per share ("NAVps") determined at the close of business on that day. If received after 12:00 noon, subscriptions will be processed at the NAVps determined at the close of business on the next business day.

The Fund or any entity acting on its behalf may require evidence verifying the identity of a prospective purchaser of shares and the source of the relevant funds in compliance with the Anti-Money Laundering Act of 2001 and its implementing Rules and Regulations.

The Fund shall compute and post its NAVps on a daily basis and shall publish such daily prices in at least two (2) newspapers of general circulation in the Philippines.

Sales Price

The Sales Price will be calculated on the basis of the applicable NAVps and Sales Fee (also known as "Front-end Load" or "Entry Load"). The Sales Price per share will be calculated using the following formula:

$$\text{Sales Price per share} = \text{Applicable NAVps} + \text{Entry Load, where the Entry Load is not more than 5\% (inclusive of eVAT) of the NAVps.}$$

The Investment Manager reserves the right to reject any specific subscription or to restrict purchases by a particular investor, for example, when such purchase is contrary to the best interests of the other shareholders or would otherwise disrupt the management of the Fund. This decision will be made within two (2) business days after receipt of the subscription and in the event of a rejection, the subscription amount will be returned in the form of a local check within one (1) business day after the said decision was made to the investor without interest.

Any order for shares may be rejected by the Principal Distributor or the Fund. The SEC, the Fund or the Principal Distributor may suspend the continuous offering of shares to the general public at any time in response to conditions in the securities markets or otherwise and may thereafter resume such offering from time to time.

Neither the Principal Distributor nor the eligible agents are permitted to withhold placing orders to benefit themselves by a price change.

The Transfer Agent must receive payment for the subscription on the same business day as the buy order is placed. The investor's account will be credited for the subscription only when the payment is in the form of cash or a local check that has cleared through the banking system. If payment is made by way of a check drawn on a bank (or a bank branch) located outside Metro Manila (or drawn on banks located outside designated local clearing areas of the BSP or drawn on banks located outside the Philippines), the subscription will not be processed into the investor's account, until the check has finally cleared through the banking system. Installment sales are expressly prohibited.

A non-transferable Registry Confirmation will be issued by the Transfer Agent in favor of the investors which shall be recorded in the electronic registry of the Transfer Agent without the issuance of other evidences of certificates. Issuance of the Registry Confirmation shall be for the account of the Fund. However, a fee of PHP 200.00 per Registry Confirmation shall be collected from the investor per re-issuance of replacement Registry Confirmations, either to replace lost Registry Confirmation or to split original Registry Confirmation subject to presentation of other required documents. Shares are recorded on the electronic registry by the Transfer Agent, and shareholders have the same rights of ownership as if certificates had been issued to them.

Redemption of Shares

Redemption Fees (inclusive of eVAT) in amounts not exceeding five percent (5%) will be charged by the Principal Distributor and/or eligible sales agents or securities dealers to the investor on shares redeemed in less than or within two years of subscription.

The minimum redemption amount (before deducting any applicable Redemption Fee) is Five Hundred U.S. Dollars (USD 500), unless the Net Asset Value of the investor's outstanding investment in the Fund is less than Five Hundred U.S. Dollars (USD 500), in which case, the minimum redemption amount shall be the total amount of the outstanding investment.

Shares are redeemable at any time at their Net Asset Value less any applicable Redemption Fee and taxes, if any. A shareholder may request redemption of his or her shares by delivering a Registry Confirmation with the Redemption Form with any registered representative or dealer. The Redemption Form must be properly accomplished and signed by the investor with the number of shares to be redeemed indicated in the form.

For redemption, the price is the NAVps at the close of business on the day the Redemption Form is received by any registered representative or dealer on or before 12:00 noon. After 12:00 noon, the order ticket is deemed to have been received the following business day, and the redemption price will be the NAVps determined at the close of business on the next business day.

Payments for shares so redeemed, less any Redemption Fee and taxes, if any, will be made by the Fund within seven (7) business days from receipt of the request for redemption. Payment upon redemption will be made by issuing a check payable to the registered shareholder or by remitting the redemption amount to a bank account designated by such shareholder.

In case the shares are held in the names of more than one shareholder, where the mode of holding is specified as "Joint", the Redemption Form will have to be signed by all the joint holders. However, in cases of joint holdings specified as "and/or", any of the shareholders will have the authority to sign the Redemption Ticket, without it being necessary for all the other joint shareholders to sign.

The Fund may suspend redemptions or postpone payment of redemptions (i) for any period when cash clearing is suspended by the Philippine Clearing House Corporation or BSP or (ii) with the consent of SEC.

Right to Limit Redemption

The SEC may, whenever necessary or appropriate in the public interest or for the protection of investors, suspend the redemption of securities of the Fund. Any shares which by virtue of this limitation are not redeemed on a particular business day will be carried forward for redemption to the next business day, in the order of receipt. Redemptions so carried forward will be priced on the basis of the redemption price of the business day on which such redemption is made.

During periods of crisis in the capital markets, as may be determined by the SEC, especially where there are unusually severe declines in the trading liquidity of the positions in which the Fund's portfolio is invested, the Investment Manager may deem it in the public interest or in the interest of the Fund's investors to instruct the Custodian and Transfer Agent to suspend or partially restrict redemptions until, in the Investment Manager's judgment, the crisis has abated. With the prior approval of the SEC, the Investment Manager may also instruct the Custodian and Transfer Agent to suspend redemptions in situations, described below, where the calculation of the Fund's NAVps shall be suspended. The Investment Manager shall promptly notify the Fund's investors of any suspensions, partial restrictions, or resumptions of redemption initiated by the Investment Manager.

Redemption Price

The Redemption Price will be calculated on the basis of the applicable NAVps less Redemption Fee and taxes, if any. Shares redeemed in less than or within the two-year holding period starting from date of subscription, are subject to an Redemption Fee of not more than 5% of the investment amount. The Redemption Price per share will be calculated using the following formula:

Redemption Price per share = applicable NAVps, less Redemption Fee and taxes, if any.

Payment of Redemption

Payments for shares so redeemed, less any Redemption Fee and taxes, if any, will be made by the Fund within seven (7) business days from receipts of the request for redemption.

The redemption price will be paid by check or via credit to the shareholder's account. Payments will be made in favor of the registered shareholder.

For redemptions through check, checks will be sent to the shareholder's address (or, if there is more than one shareholder on record, the address of the first-named shareholder). In order to protect the interest of the shareholders from fraudulent encashment of checks, it is mandatory for investors to mention in their Redemption request the name of their bank, the branch and the account number. The Fund shall not be liable for any loss arising out of fraudulent encashment of checks.

Computation of the Net Asset Value

The Net Asset Value of each share of the Fund ("NAVps") as of the close of business on any day shall be the quotient obtained by dividing the value of the assets of the Fund less the liabilities (such liabilities being exclusive of capital stock and surplus) by the total number of shares outstanding of such close, all determined and computed as follows:

The assets of the Fund shall be deemed to include (i) all cash on hand, on deposit or on call, (ii) all bills and notes and accounts receivables, (iii) all shares of stock and subscription rights and other securities owned or contracted for the fund other than its own capital stock, (iv) all stock and cash dividends and cash distributions to be received by the Fund and not yet received by it but declared to stockholders of record on a date on or before the date as of which the net asset is being determined, (v) all interest accrued on any interest-bearing securities owned by the Fund, (vi) all real properties or interest therein, and (vii) all other property of every kind and nature, including prepaid expenses.

The liabilities of the Fund shall be deemed to include (i) all bills and notes and accounts payable, (ii) all administrative expenses payable and/or accrued (including Annual Management Fees and Annual Distribution Fees payable), (iii) all contractual obligations for the payment of money or property, including the amount of any unpaid dividend declared upon the Fund's stock and payable to shareholders of record on or before the day on which the value of the Fund's shares are being determined, (iv) all reserves authorized or approved by the Board of Directors for taxes or contingencies, and (v) all other liabilities of the fund of whatsoever kind and nature except liabilities represented by the outstanding capital stock and surplus of the Fund.

The Net Asset Value per share computation shall be made in accordance with the valuation method indicated in the prospectus and shall be applied consistently. Any changes in the NAVps calculation or valuation method shall be subject to approval by the SEC. Except as the SEC shall, from time to time prescribe, the Net Asset Value shall be calculated by adding (A) the aggregate value of the portfolio securities and other assets, (B) the cash on hand, (C) any dividends on stock trading ex-dividend, (D) any accrued interest on portfolio securities,

and subtracting (E) taxes and other charges against the fund not previously deducted, (F) accrued expenses and fees, and (G) cash held for distribution to securities holders on a prior date.

The NAVps for a given business day will be determined by the Investment Manager as soon as all closing prices for the Fund's assets are available. This may entail waiting for all of the exchanges where these assets are traded to close first. When such last exchange closes, the business day shall be deemed to have closed. Investors should note that the Fund will be investing in securities traded in the various time zones of the world. For example, the Philippines time zone is 12 or 13 hours ahead of New York time, depending on the Daylight Savings Time scheme. As such, the Investment Manager would be able to determine the prices of its New York investments only after the markets in that time zone close, or at 4:30 A.M. or 5:30 A.M., Philippine time. European and Asian markets close before New York does. Normally, the NAVps for the business day would be calculated at 9:00 A.M. of the next day, Philippine Time, if the Fund has assets in global markets. If the Fund is invested only in assets in nearby Asian markets, then it may be possible to calculate the NAVps within the same day, without waiting for all the international markets to close. Generally, the financial markets in the United States are the last markets to close on any business day.

With the prior approval of the SEC, the Investment Manager may instruct the Fund Accountant to temporarily suspend calculation of the Fund's Net Asset Value and NAVps in any of the following instances:

- a) when one or more stock exchanges or other regulated markets, functioning in a regular manner, recognized and open to the public, supplying listings for a significant portion of the assets of the Fund, is closed for periods other than regular holidays, or when transactions thereat are suspended or subject to restrictions;
- b) when the means of communication or calculation used to determine the value of a substantial portion of the assets of the Fund are suspended, or when, for any reason whatsoever, the value of a substantial portion of the investments of the Fund cannot be determined with the desirable speed and accuracy;
- c) when currency exchange rate or capital transfer restrictions prevent the execution of transactions for the account of the Fund, or when purchase or sale transactions for the account of the same cannot be executed at normal rates of exchange;
- d) when factors due, inter alia, to the political, economic, military or monetary climate, which are outside the control, liability and operational scope of the Custodian shall prevent the same from effecting disposal in respect of the assets and from determining the Net Asset Value thereof in a normal and reasonable manner; or
- e) when the market for a currency in which a significant portion of the assets of the Fund is invested shall be closed for periods other than normal holidays, or when transactions thereon are suspended or subject to restrictions.

Should the Investment Manager suspend the calculation of the NAVps, the Custodian and Transfer Agent shall also suspend acceptance of subscription and redemption orders. Such suspension shall promptly be communicated to the Fund's investors, and in particular to any investors requesting redemption of their shares.

Taxation

Investors are advised to consult their own professional advisers as to the tax implications of subscribing for, purchasing, holding and redeeming shares of the Fund. Tax rulings and other investment factors are subject to rapid change.

Statement of Account

Statements of account shall be sent to shareholders on a quarterly basis.

MANAGEMENT OF THE FUND

The Investment Manager

ATR KimEng Asset Management, Inc. (“AAMI”), a corporation duly organized and existing under Philippine laws, is the Investment Manager of the Fund. AAMI, with principal office at the 17th Floor, Tower One and Exchange Plaza, Ayala Avenue, Ayala Triangle, 1200 Makati City, is a fund management company organized in 1995 and duly registered with the SEC as an investment manager of, at present, three other investment companies.

In order to carry out the purpose and the investment policy and objectives of the Fund, the Fund has entered into an Investment Management Agreement with AAMI to manage and administer the assets of the Fund. Through the Investment Management Agreement, the guidelines for the management of the resources and operations of the Fund are set. The Investment Manager, in addition to the reimbursement of its expenses and disbursements in the administration and management of the portfolio including counsel fees, is entitled to receive as compensation for its services, an Annual Management Fee equivalent to a maximum of five percent per annum (5% p.a.) of the market value of the portfolio, in accordance with such schedule of fees as may be mutually agreed upon by the parties in a separate agreement. Such fees will be accrued daily and paid to the Investment Manager every month.

As Investment Manager, AAMI is primarily responsible for the management, investment and reinvestment of the Fund’s portfolio. The scope of the Investment Manager’s responsibility covers economic/market research and analysis, investment review and evaluation, securities selection, accreditation and selection of counterparties, brokers and dealers as well as actual trade execution, all in accordance with Fund’s investment objective and policies.

The Fund will continuously offer for sale the shares through its registered representative legally qualified to sell the Fund’s shares and dealers with whom it has entered into distribution agreements.

AAMI is authorized to act as investment manager of the Fund’s shares.

Any order for shares may be rejected by the distributors of the Fund. The SEC, the Fund or the distributors may suspend the continuous offering of shares to the general public at any time in response to conditions in the securities markets or otherwise and may thereafter resume such offering from time to time. Neither the distributors nor the eligible agents are permitted to withhold placing orders to benefit themselves by a price change.

The Investment Manager does not have a right to designate or nominate a member or members of the Board of Directors of the Fund.

The Fund’s shares are not designated to be sold to specified persons.

ATR KimEng Asset Management, Inc.

AAMI, Inc. was established in July 1995, and originally named The Mutual Fund Management Company of the Philippines, Inc. The change in corporate name was approved by the SEC on December 17, 2009.

AAMI has held an Investment Company Adviser (“ICA”) license since 1995. This annually-renewed license permits its holder to manage the portfolio of a registered mutual fund. The SEC has approved AAMI’s ICA license for the year beginning January 1, 2010 for the following five mutual funds:

1. The Mutual Fund Company of the Philippines, Inc.;
2. ATR KimEng Equity Opportunity Fund, Inc.;
3. ATR KimEng Money Market Fund, Inc.;
4. ATR KimEng AsiaPlus Recovery Fund, Inc.; and
5. ATR KimEng Total Return Bond Fund, Inc.

As of December 31, 2009, these five funds’ total net assets under management (“Net AUM”) amounted to approximately PHP 760 million. The mutual funds presently managed by AAMI are available to institutional

investors, who comprise slightly over 60% of Net AUM, as well as over 3,400 individual investors, who account for the nearly-40% balance. About 25% of AAMI's individual mutual fund investors are Filipinos who are based abroad.

AAMI is part of the ATR KimEng Group. The ATR KimEng Group pursues its asset management business in the Philippines through AAMI and the Trust Department of ATR KimEng Capital Partners, Inc. ("ATRKE Capital"), the Philippines' largest non-bank affiliated investment bank. This group of entities is known collectively as the ATR KimEng Asset Management Group ("ATRKE AMG"). With the recent reorganization of the ATRKE AMG, an increase in the authorized capital stock of AAMI from PHP 30 million to PHP 100 million was approved by its Board of Directors and ratified by its stockholders, in preparation for an expansion of its business operations. ATRKE Capital, through its majority-owned subsidiary, ATR KimEng AMG Holdings, Inc., subscribed to the said increase in authorized capital stock to further increase its equity interest in AAMI to 94.92%.

The ATR KimEng Group

The ATR KimEng Group operates in the capital markets, insurance and real estate businesses. More specifically, the Group has units engaged in: investment banking and advisory services (equity IPOs and follow-on offers, bond underwriting, mergers and acquisitions, debt restructuring); stock broking and equity research; life, health, and general insurance underwriting, distribution, and broking; asset management (mutual funds and trust services); foreign exchange and fixed income broking; and residential condominium development. The Group's flagship holding company is ATR KimEng Financial Corporation ("ATRKE Financial"), which is publicly traded on the Philippine Stock Exchange ("PSE") under the ticker symbol ATRK.

The Group is headed by Messrs. Ramon B. Arnaiz, Manuel N. Tordesillas, and Lorenzo Andres T. Roxas (whose surnames form the acronym "ATR"). These principals were previously the management team of the Group's predecessor investment banking and stock brokerage businesses, Peregrine Capital Philippines, Inc. and Peregrine Securities Philippines, Inc. When the Peregrine group's Hong Kong-based parent filed for bankruptcy in 1997, Messrs. Arnaiz, Tordesillas and Roxas and their partners bought Peregrine's viable Philippine operations from the bankruptcy court.

ATRKE Financial is 45% owned by ATR Holdings, Inc., a privately-held Philippine corporation which in turn is owned by Messrs. Arnaiz, Tordesillas and Roxas, and other prominent investors including companies controlled by Messrs. John Gokongwei, Andres Soriano III, and George Drysdale, Jr., and Ms. Loida Nicolas Lewis, and Lotus Asset Management Ltd., a Hong Kong-based investment fund.

Another 38% of ATRKE Financial is held by Kim Eng Holdings Ltd. ("Kim Eng"), an investor in the Group since 1998. Kim Eng is Singapore's largest independent stock broker, became a significant minority shareholder. Through this alliance, the ATR KimEng Group is able to serve foreign institutional investors via sales desks in New York, London, Hong Kong, Singapore and other major money centers, and also enjoys access to Kim Eng's network of equity research analysts across East and South Asia. The leading strategic investors in Kim Eng Holdings Ltd. are Japanese banking group Mitsubishi-UFJ and Taiwanese financial group Yuanta Securities. Kim Eng is a publicly-held firm traded on the Stock Exchange of Singapore.

The approximately 16% remainder of ATRKE Financial's shareholder base consists of the investing public, or free float.

The Group's investment banking unit, ATRKE Capital, has served as a lead underwriter for a series of prominent capital-raising exercises over the years. Most recently, ATRKE Capital served as joint lead for the 2007 initial public offerings (IPOs) of Aboitiz Power Corp. and GMA Network, Inc., and for the 2008 IPOs of San Miguel Brewery, Inc. and Pepsi-Cola Products Philippines, Inc. ATRKE Capital has also served as a financial advisor in debt restructuring situations (such as those involving Asian Hospital and Makati Medical Center) and government privatizations (notably for the auction of the National Transmission Company or TRANSCO).

Stock broking unit ATR KimEng Securities, Inc. ("ATRKE Securities") has consistently been the top local broker in annual Peso trading volume, rising from sixth largest in 2006 (with a 6.4% market share) to fourth in 2007 (7.2%), to second in 2008 (9.0%), and to first in 2009 (19.0%). ATRKE Securities has received awards from international trade magazines such as Finance Asia, and commands respect among both foreign

institutional investors and the international business media for its fundamental stock and economics research and for its trading execution.

Directors and Officers of the Investment Manager

Ramon B. Arnaiz, 64, Filipino, is the Chairman of the Board of Directors of AAMI and is a member of its Investment Committee. He is concurrently the Chairman of the Boards of ATR KimEng Financial Corp. (“ATRKE Financial”); ATR KimEng Capital Partners, Inc. (“ATRKE Capital”, formerly named Peregrine Capital Philippines, Inc., or “PCPI”); AsianLife Financial Assurance Corp. (“ALFA”); and AsianLife and General Assurance Corp. (“ALGA”). He also serves as Vice Chairman of the Board of Tullett Prebon (Philippines), Inc. (“TPPI”). He has over 30 years’ experience in securities brokerage. Prior to joining PCPI, he was Chairman of Citicorp Scrimgeour Vickers (Philippines), Inc., and before that, Head of the Philippine Representative Office of Vickers da Costa Ltd. (London). He also previously worked for Merrill Lynch in Madrid, London and Manila, managing stocks, bonds and commodities. He is a past Governor of the Makati Stock Exchange. After receiving an undergraduate degree from De La Salle University, he earned an MBA from the University of Santa Clara and completed the Owner/President Management Program at Harvard Business School.

Manuel N. Tordesillas, 57, Filipino, is a Board Director of AAMI. He is concurrently the President of ATRKE Financial, ATRKE Capital, and ALFA. He is also Chairman of the Board of ATR KimEng Land Corp.; and a Director of ATRKE Financial, ATRKE Capital, ALFA, ALGA, and TPPI. He has over 30 years of international and local investment banking experience. Before moving back to the Philippines in 1995, he was Executive Director at Peregrine Capital Ltd. in Hong Kong, responsible for regional capital market activities in Southeast Asia. Prior to that, he was an Executive Director at Citicorp International Ltd. in Hong Kong, likewise handling regional capital markets. He holds an undergraduate degree from De La Salle University and an MBA from Harvard Business School. He is a past President of the Investment Houses Association of the Philippines and the Harvard Business School Association of the Philippines.

Michael V. Ferrer, 43, Filipino, is a Board Director of AAMI, as well as its President and Managing Director, and a member of its Investment Committee. Prior to AAMI, he spent 15 years with ING, rising to the position of Country Manager and Chief Executive Officer for the Philippines operation after gaining experience in portfolio management, corporate banking, risk management, and sales and marketing functions. Following his Philippines assignments, he was made Country Manager for ING’s fund management subsidiary in Taiwan, where he integrated ING’s local operations with an acquired asset management business. He then moved on to Hong Kong to become ING’s Regional General Manager for South Asia, developing the group’s investment management distribution capabilities spanning the Pacific through the Middle East. Before his career at ING, he worked at a private equity fund, and helped establish an outsourcing venture engaged in engineering design. He obtained a Bachelor of Economics degree (*magna cum laude*) from the University of the Philippines with the distinction of ranking second in his graduating class.

Phillip Frederick S. Hagedorn, 43, Spanish, is a Board Director of AAMI, is its Executive Director for Investments, and Chairman of its Investment Committee. Before joining AAMI, he served as a Director and Vice President at ATR KimEng Securities, Inc., handling domestic and international institutional clients. Previously, he was Vice President, Director, and Head of Sales at Anscor Hagedorn Securities, Inc., where he built a nationwide branch network to serve retail investors. He is a Director of Phelps Dodge Philippines and ATR KimEng Insurance Brokers, Inc. He is a past President of the Rotary Club of Makati West, and a former Trustee of the Fund Managers Association of the Philippines. He obtained his BS in Marketing from Boston College in 1989. He is a Certified Investment Solicitor.

Ma. Victoria C. Viñas, 56, Filipino, is an Independent Board Director of AAMI. She is a consultant for several retirement funds. She is the President of Anita Realty & Development Corp., and a Director of Quorum International, Inc. (Toby’s Sports); Sports Resources, Inc.; and TSF Systems, Inc. She is also Chairperson of RCW Foundation, Inc.; a Trustee of Kaisahang Buhay Foundation and University of Regina Carmeli; and a member of the Finance and Investment Committees of De La Salle Philippines, Inc., De La Salle Brothers, Inc. and La Salle Greenhills. She serves as an Independent Director for ATRKE Financial. Earlier, she was Senior Vice President at San Miguel Corp., handling its corporate finance and retirement funds, and before that she was Senior Vice President at AB Capital and Investment Corp. and Senior Assistant Treasurer at Bancom Development Corp. She received a BA in Economics (*cum laude*) from Maryknoll College and attended post-graduate courses at the University of Pennsylvania’s Wharton School and the University of California.

Conrado F. Bate, 47, Filipino, is an Independent Board Director of AAMI. He is the President and Chief Executive Officer of CitisecOnline.com, Inc. Prior to this, he was Vice President - Head of Product at J.P. Morgan Securities Philippines, Inc., managing the overall operations of Jardine Fleming / JP Morgan Securities. Asiamoney Magazine ranked him the second best equity salesman in the Philippines in 2000. In 2002, he served as Chairman of the Local Roadshow Committee for the Philippine Stock Exchange (“PSE”), and was also a member of the PSE’s business development and legislative committees. He was formerly the President and Chief Executive Officer of Abacus Securities Corp.; Vice President of the Fund Management Division of the Philippine American Life Insurance Company, Inc. (“PhilamLife”, a subsidiary of American International Group or “AIG”); and Assistant Manager at Urbancorp Investment, Inc. (the stock broking subsidiary of Urban Bank). He holds two degrees from De La Salle University: a BA in Economics and a BS in Marketing Management.

Eulogio A. Mendoza, 61, Filipino, has been a Board Director AAMI since 2005. He is also the Board Chairman and President of the Fund. Since 2003 he has been President and Chief Executive Officer of AsianLife and General Assurance Corporation (“ALGA”), and is also a member of ALGA’s Board of Directors. He is Co Vice-Chairman of AsianLife Financial Assurance Corporation (“ALFA”), a majority-owned subsidiary of ALGA. He is also Chairman of the Board and President of ATR KimEng Equity Opportunity Fund, Inc. (2004 to present) ATR KimEng Money Market Fund, Inc. (2005 to present), and ATR KimEng AsiaPlus Recovery Fund, Inc. (2009 to present). Since 2003 he has been a member of the Board of Directors of the Philippine Life Insurance Association (“PLIA”), the country’s life insurance industry association, and was PLIA President in 1994-1996. Previously, he was a member of the Boards of Directors of various units of American International Group (“AIG”) such as PhilamCare Health Systems, Inc. (1989-1992) and Philam Plans, Inc., and of the Board of Directors of The Pan Philippine Life Insurance Corp. (now Philippine Axa Life) (1992-1998). His prior work experience in the insurance industry includes his having been Vice-President at Philippine American Life Insurance Company, Inc. (also an AIG company) (1988-1992), President and Chief Executive Officer of the Pan Philippine Life Insurance Company (1992-1998), and then President and Chief Executive Officer of GE Life Insurance Company (1998-2001) (now ALGA). He earned the title Fellow, Life Management Institute (FLMI) from the Life Office Management Administration (LOMA). He obtained his MBA from the Ateneo Graduate School of Business and both his Master of Arts in Philosophy (*cum laude*) and Bachelor of Science in Philosophy (*cum laude*) from the University of Santo Tomas.

Abelardo V. Cortez, 64, Filipino, is a Board Director of AAMI. He is the Head of the Trust Services Division of ATRKE Capital and Human Resources Director of the ATR KimEng Group of Companies. He joined ATRKE Capital in July 1996. He has over 20 years of senior management experience in commercial banking, particularly in treasury, trust operations and investment management. He was formerly a Vice President at the Bank of the Philippine Islands and Chief Executive Officer of BPI International Finance Ltd. (Hong Kong). He obtained his Bachelor of Laws (receiving the Abbot’s Award, the school’s highest honor) and BA (*cum laude*) from San Beda College.

Lilia C. Clemente, 69, American, is a Board Director of AAMI. She is Chairman of Clemente Capital, Inc. (“CCI”), a New York-based investment manager, and of Clemente Capital (Asia), an investment advisory firm. She has been managing international and U.S. investments for more than 30 years. Before establishing her own firm in 1986, she was First Vice President and Chief Investment Officer-International Investments of Mitchell Hutchins Asset Management, Inc., a subsidiary of Paine Webber, Inc. Previously, she was Director of Investment Research and Assistant Treasurer at the Ford Foundation, and an investment analyst with CNA Financial Corp. She is a member of the Asian Securities Industry Institute, a Director of the U.S. Securities Industry Association, and a member of the Board of Directors of the China Securities Industry Institute. She earned a Master’s in Economics at the University of Chicago, after completing studies at the University of the Philippines. She is one of the principals who organized AAMI in 1995.

Leopoldo M. Clemente, Jr., 71, American, is a Board Director of AAMI. He is Chief Investment Officer of Clemente Fund Management (Asia) Ltd., and also President and Chief Investment Officer of CCI. He presently serves as an investment consultant to the Carnegie Mellon University’s technology incubator fund. He has over 30 years’ worth of investment analysis and portfolio management experience. Prior to joining CCI in 1987, he served as Vice President and Portfolio Manager for Van Eck Management, Inc., where he managed the World Trends Fund, an open-end mutual fund. Before that, he was Vice President, Portfolio Manager and member of the Investment Policy Committee at Eberstadt Asset Management, Inc., handling that firm’s global exposure and managing Eberstadt International Fund L.P. Earlier, he was an investment research officer at Marine Midland Bank, and before that a securities analyst at Merrill Lynch, specializing in the office equipment, computer,

metals and mining industries. He received his MBA from Northwestern University, USA after completing studies at the University of the Philippines. He is one of the principals who organized AAMI in 1995.

Nilaida S. Enriquez, 53, Filipino, is Treasurer for AAMI. She has been Director and Treasurer of ATRKE Financial since 2003, and is Head of Operations for ATRKE Capital and ATRKE Securities. She joined ATRKE Securities in 1989 and is concurrently Treasurer of ATRKE Capital. She is a Director of ATRKE Securities, ALGA and ALFA. Before joining ATRKE Securities, she was Controller at General Credit Corp, and served as Controller at the Resource and Finance Group of Companies. She received an undergraduate degree from the University of the East and has earned MBA units at the Ateneo Graduate School of Business. She is a Certified Public Accountant.

Gerald D. Baldivia, 44, Filipino, has been an Executive Director at AAMI since 2007, and is a member of its Investment Committee. In 2009, he became a member of the Boards of Directors of the Fund and ATR KimEng Total AsiaPlus Recovery Fund, Inc. In January 2010, he became a Director of ATR KimEng Equity Opportunity Fund, Inc. From 2002 to 2006, he was an Investment Officer for the International Finance Corp. (a member of the World Bank Group), covering the Philippines, Thailand and Viet Nam. From 2000 to 2002, he was an Associate of the Research Department of SG Securities (Philippines), Inc., a unit of Société Générale. Earlier, he held various positions in ATRKE Securities, Inc., Peregrine Securities Philippines, Inc., the Trade and Political Risk Division of AIG (during which time he was based in New York City), and Far East Bank and Trust Company. He is a Certified Investment Solicitor. He obtained an MBA in Finance and Marketing from the Columbia Business School in New York, USA and a Bachelor of Science in Business Administration (*cum laude*) from the University of the Philippines.

Julian P. Tarrobago, Jr., 36, Filipino, has been Vice President and Fund Manager at AAMI since 2009, and is a member of its Investment Committee. He has 14 years' worth of experience in the capital markets, with stints on both the "sell side" (investment research) and the "buy side" (portfolio management). Before joining AAMI, he was the Assistant Vice President in charge of ING Bank Manila's equity portfolio management group, and handled the largest equity unit investment trust fund (UITF) in the Philippines. Prior to ING, he was also a fund manager at Sun Life Asset Management Corp. Earlier in his career, he was a research analyst at a series of stock brokers: Amsteel Securities, Vickers Ballas, and most recently Philippine Equity Partners, Inc. (which was previously Merrill Lynch Philippines). He holds a Bachelor of Science in Management of Financial Institutions from De La Salle University.

Manuel I. Briones, 57, Filipino, has been the Compliance Officer for AAMI since 2009. He is concurrently the Compliance Officer for the Fund and for ATR KimEng AsiaPlus Recovery Fund, Inc. (since January 2010). He joined AAMI as Head of Operations in 1997 and became Executive Director for Operations in 2004. When he was appointed AAMI's Compliance Officer, he was required to relinquish his duties as Executive Officer for Operations and his Certified Investment Solicitor License. Earlier in his career, he worked for Citicorp Investment Philippines, where he held various positions, the last of which was Assistant Manager in the Credit Administration Department (1975-1985). He was later seconded to Citytrust Banking Corp. (1985-1992) as a result of Citibank NA's formation of a universal bank via merger of three of its local units (FNCB Finance, Citicorp and FEATI Bank). At Citytrust, he headed the Pre-Processing/Documentation Unit and the Accounting Unit of the Trust Banking Group, and was concurrently appointed Assistant Manager of Citytrust Securities Corp., a stock brokerage which he helped organize. He later moved to Asiatrust Development Bank as Trust Officer (1992-1995), and then to Insular Life Savings and Trust Company as Trust Operations Head (1995-1997). He was named one of the Ten Most Outstanding Employees of Makati by the Rotary Club of Makati in 1979. He holds an SEC license for Compliance Officers. He obtained his Bachelor of Commercial Science, major in Management, from Jose Rizal University.

Gemma M. Santos, 47, Filipino, is the Corporate Secretary of AAMI. She is a Senior Partner at Picazo Buyco Tan Fider & Santos Law Office. She is also a Director of Metro Pacific Corp. and corporate secretary of several Philippine corporations, including four publicly listed firms. She serves as corporate secretary for other firms within the ATR KimEng Group of Companies, and for two of the funds managed by AAMI, namely ATR KimEng Equity Opportunity Fund, Inc. and ATR KimEng Money Market Fund, Inc. She is a Board Director of ATR Holdings, Inc., a major owner of ATRKE Financial. She obtained her Bachelor of Laws and Bachelor of Arts from the University of the Philippines.

FUND ACCOUNTING

Deutsche Bank AG – Manila Branch will provide fund accounting and unit pricing accounting services to the Fund.

TRANSFER AGENT

Pursuant to the Transfer Agent Agreement, Deutsche Bank AG – Manila Branch will serve as the Fund's Transfer Agent. The primary responsibility of the Transfer Agent is the accurate record keeping of individual shareholdings and the issuance and cancellation of stock certificates. In consideration of the services to be rendered by the Transfer Agent, the Fund shall pay the Transfer Agent all fees, charges and obligations incurred from time to time for any services pursuant to the Transfer Agent Agreement between the Registrant and the Transfer Agent. The cost of forms, postage, computer hours and other out-of-pocket expenses in connection with the services of the Transfer Agent will be charged to the Fund, and all fees will be subject to a separate agreement that will be executed by the parties from time to time.

CUSTODIAN

Deutsche Bank AG – Manila Branch will serve as Custodian for the assets of the Fund, pursuant to the Direct Custody Agreement ("DCA") between the Custodian and the Investment Manager. The DCA covers the Custodian's duties on receipt of securities, identification and segregation of assets, registration of assets, reports and records to be accomplished by the Custodian, custody of investments and fees of the Custodian. All proceeds from the sale of shares/securities, including the paid-up capital of the Fund, shall be held by the Custodian. In consideration of the services to be rendered by the Custodian, the Fund shall pay the Custodian all fees, charges and obligations incurred from time to time for any services pursuant to the DCA between the Registrant and the Custodian.

CORPORATE NAME

ATR KimEng Total Return Bond Fund, Inc.
17/F Tower One & Exchange Plaza, Ayala Triangle
Ayala Avenue, 1200 Makati City, Metro Manila, Philippines
Telephone No.: +632-848-1381 through -84
Facsimile No.: +632-841-0315

INVESTMENT MANAGER AND PRINCIPAL DISTRIBUTOR

ATR KimEng Asset Management, Inc.
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Facsimile No.: +632-841-0315

FUND ACCOUNTANT, CUSTODIAN AND TRANSFER AGENT

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23/F Tower One & Exchange Plaza, Ayala Triangle
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Facsimile No.: +632-894-6959

INTEREST OF NAMED EXPERTS AND LEGAL COUNSEL

Legal Counsel

Picazo Buyco Tan Fider & Santos Law Offices
18/F Liberty Center, 104 H.V. Dela Costa St., Salcedo Village
Makati City, Metro Manila, Philippines
Telephone No.: +632-888-0999
Facsimile No.: +632-888-1011

Independent External Auditor

Manabat, Sanagustin & Co.
(a member of the KPMG International network)
9/F The KPMG Center, 6787 Ayala Avenue
1226 Makati City, Metro Manila, Philippines
Telephone No.: +632-885-7000
Facsimile No.: +632-894-1985

There is no arrangement that experts and independent counsels will receive a direct or indirect interest in the Issuer (except for director's qualifying shares) or is a promoter, underwriter, voting trustee, director, officer, or employee of the Issuer, except in the cases of Atty. Ma. Alicia G. Picazo-San Juan, who is currently the Corporate Secretary of the Issuer, and Atty. Lyne L. Amaldo-Vega, who is currently the Assistant Corporate Secretary of the Issuer.

Manabat Sanagustin & Co. has been the Fund's Independent External Auditor for the past two fiscal years (a period which includes the Fund's incorporation date) and until the date of this Prospectus. There have been no material disagreements between Manabat Sanagustin & Co. and the Fund as regards accounting principles or practices, financial statement disclosures, or auditing procedures.

Payments made to the Independent External Auditor were as follows:

	2008	2009
Audit of the Fund's annual financial statements and services normally connected with statutory and regulatory filings	25,000.00	34,140.00
Other assurance and related services reasonably related to the audit of the Fund's financial statements: Out-of-pocket expenses	4,400.00	4,500.00
Tax fees (tax accounting, tax compliance, advice, planning, and other tax services)	0.00	0.00
All other fees not included above	0.00	0.00
Total	29,400.00	38,640.00

THE FUND

ATR KIMENG TOTAL RETURN BOND FUND, INC.

17/F Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City, 1200 Philippines
Telephone Nos.: +632-848-1381 through -84 | Facsimile No.: +632-841-0315

INVESTMENT MANAGER AND PRINCIPAL DISTRIBUTOR

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FUND ACCOUNTANT, TRANSFER AGENT AND CUSTODIAN

DEUTSCHE BANK AG - MANILA BRANCH

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LEGAL COUNSEL

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INDEPENDENT EXTERNAL AUDITOR

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