



28 April 2006

TO : ALL PARTICIPATING INSTITUTIONS

SUBJECT : **YEAR OPENER MESSAGE**

Focused & Vibrant Performance
The POWER of a Single Purpose.

We wish to start Year 2006 by thanking you for your continuing confidence in your Association. You have helped in shaping PERAA to what it is today – a major retirement plan provider, responsible for about P4 billion retirement funds.

The time also calls for remembering the architects of this Association. Their foresight and collective wisdom helped lay down the strong foundation of PERAA as a *non-profit, defined contribution plan* responsible for the retirement funds entrusted to its board. Such simple institutional posture remains unchanged and is a major ingredient of our sustained operation.

But going back to the present realities, after we hit the P3 billion mark in total assets in 2003, your Board of Trustees started a critical review of your Association's basic policies to improve our services, make the necessary administrative changes and strengthen the safeguards that have kept us going all these years. In this regard, we wish to sum up important developments in PERAA:

- We have prepared the *PERAA Code of Governance*, which defines the responsibilities, and code of conduct of your Trustees. We are also updating the provisions of the *PERAA Investment Manual*, which we prepared over 10 years ago.
- We have sustained a two-digit ROI these past years, recording a ten-year average of 10.38% *on tax exempt basis*. This is despite the economic uncertainty hovering over the country, which has adversely affected some financial institutions like the pre-need plans.
- As regards our Information Technology System, we have started using the new system for investment and we are currently working on other areas. This will speed up data consolidation/reporting and raise our service efficiency in the long run. Our initial step in this IT upgrade was to transfer our office to the new site in Ayala Avenue.
- Also, in connection with the new government requirement, affecting educational institutions, to include retirement benefit provision in your financial statements, we are offering our services to assist you in the compliance of such requirement. Specifically, we can provide, upon request, valuation data. This is in accordance with the Philippine Retirement Financial Standard.

Despite the seeming complexities and difficulties facing the country, your Board remains bullish in its outlook on fund growth and definitely focused on the need to strike a balance between prudence and yield to protect the members' retirement fund in the long term.

In closing, we wish to inform you that this year, we will resume the annual search for *The Outstanding PERAA Members (TOPM)* co-sponsored by our external investment managers and business partners.

We are privileged to be serving a vital part of the country's human resources – the private education sector. Thank you.

Sincerely yours,

(SGD) ARMAND V. FABELLA
Chairman

(SGD) OSCAR G. JOSEF
President