



**PUERTO RICO GOVERNMENT
INVESTMENT TRUST FUND
(An Investment Pool
of the Commonwealth of Puerto Rico)**

*BASIC FINANCIAL STATEMENTS
AND
REQUIRED SUPPLEMENTARY INFORMATION*

June 30, 2012



PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)
TABLE OF CONTENTS TO THE BASIC FINANCIAL STATEMENTS

Independent Auditors' Report	1
Management's Discussion and Analysis	3
Statement of Fiduciary Net Assets	7
Statement of Changes in Fiduciary Net Assets	8
Notes to the Basis Financial Statements	9
Schedule of Investments.....	21



Tel: 787-754-3999
Fax: 787-754-3105
www.bdopr.com

PO Box 363436
San Juan, PR 00936-3436

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Puerto Rico Government Investment Trust Fund
and Government Development Bank of Puerto Rico
San Juan, Puerto Rico

We have audited the accompanying financial statements of the Puerto Rico Government Investment Trust Fund (the "Trust Fund"), an investment pool of the Commonwealth of Puerto Rico, including the schedule of investments, as of and for the year then ended June 30, 2012, which collectively comprise the Trust Fund's basic financial statements. These financial statements are the responsibility of the Trust Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Trust Fund as of June 30, 2012, and the fiduciary operations and changes in its fiduciary net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.



To the Board of Directors of
Puerto Rico Government Investment Trust Fund
and Government Development Bank of Puerto Rico
Page 2

The management's discussion and analysis on pages 3 through 6 and the schedule of the investment on pages 20 through 23 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Trust Fund's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

BDO Puerto Rico, P.S.C.

San Juan, Puerto Rico

November 1, 2012

Certified Public Accountants
(of Puerto Rico)

License No. 53 expires December 1, 2012
Stamp 2643320 of the P.R. Society of
Certified Public Accountants has been
affixed to the file copy of this report



PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

This section presents management's discussion and analysis of the Puerto Rico Government Investment Trust Fund's (the "Trust Fund") financial performance for the fiscal year ended June 30, 2012, and is presented as a narrative overview and analysis in conjunction with the basic financial statements.

The Puerto Rico Government Investment Trust Fund (the "Trust Fund") is a collective investment trust created by the Secretary of the Treasury of Puerto Rico, as Settler, and Government Development Bank for Puerto Rico (the "Bank"), as Trustee, Administrator and Custodian pursuant to Act No. 176 of August 11, 1995 of the Commonwealth of Puerto Rico (the "Government of Puerto Rico") for the purpose of providing eligible investors a convenient and economical way to invest in a professionally managed money market portfolio. Eligible investors, as defined, include the Government of Puerto Rico and its agencies, municipalities, public corporations and other public authorities and instrumentalities on a voluntary basis. Shares representing a fractional undivided interest in the assets of the Trust Fund are being offered on a continuous basis and will be sold exclusively to eligible investors.

The Trust Fund is not an investment company or a mutual fund and is not subject to regulation or registration under the Investment Company Act of 1940, as amended. Shares issued by the Trust Fund are not subject to regulation or registration under the Securities and Exchange Act of 1933, as amended, because the shares are issued by a government entity. Shares in the Trust Fund are not subject to registration under the securities laws of Puerto Rico or the Puerto Rico Investment Companies Act, but are subject to the antifraud provisions by those laws.

1. Financial Highlights

- Net assets of the Trust Fund at June 30, 2012 amounted to \$371 million, a decrease of \$108 million or 22.5%, with respect to the prior year. The reduction in net assets held in trust for pool participants is due to an increase in shares redeemed by a governmental entity, which made a temporary investment of bonds proceeds during fiscal year 2011.
- For the year ended on June 30, 2012 the rate of return is .28%.
- Average net assets for 2012 amounted to approximately \$436 million as compared with prior year average net assets which amounted to approximately \$826 million.

2. Financial Statements Overview

The financial statements include the management's discussion and analysis narrative, the independent auditors' report, and the basic financial statements of the Trust Fund. The notes to the basic financial statements explain in more detail some of the information in the basic financial statements.



PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

This discussion and analysis is intended to serve as an introduction to the Trust Fund's basic financial statements, which comprise the following:

- Basic financial statements
- Notes to the basic financial statements
- Schedule of investments

Collectively, this information presents the fiduciary net assets held and summarizes the changes in fiduciary net assets of the Trust Fund as of June 30, 2012 for pool participants.

The information available in each of these sections is briefly summarized as follows:

Basic Financial Statements - Financial statements presented include a statement of fiduciary net assets as of June 30, 2012 and a statement of changes in fiduciary net assets for the year then ended. These financial statements reflect the resources available for distribution to participants. In addition, financial statements presented include a statement of fiduciary operations.

Notes to the Basic Financial Statements - The notes provide additional information that is essential to a complete understanding of the data provided in the basic financial statements.

Schedule of Investments - Includes detailed information on the investments presented in the statement of fiduciary net assets.

3. Financial Analysis

Condensed financial information on assets, liabilities and net assets held in trust for pool participants are presented below (dollar amounts in thousands):

	June 30,		Change	
	2012	2011	Amount	Percent
ASSETS:				
Investment - at amortized cost	\$ 369,971	\$ 479,172	\$ (109,201)	-23%
Receivable from investments sold	921	-	921	100%
Interest receivable	682	142	540	380%
	<u>371,574</u>	<u>479,314</u>	<u>(107,740)</u>	<u>-22%</u>
LIABILITIES				
	<u>304</u>	<u>626</u>	<u>(322)</u>	<u>-51%</u>
Net assets held in trust for pool participants	<u>371,270</u>	<u>478,688</u>	<u>(107,418)</u>	<u>-22%</u>
	<u>\$ 371,574</u>	<u>\$ 479,314</u>	<u>\$ (107,740)</u>	<u>-22%</u>



PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

Net assets held in trust for pool participants decreased approximately \$108 million due to an increase in shares redeemed by a governmental entity that temporarily invested the proceeds from previous bonds issuances during fiscal year 2011.

Condensed financial information of changes in fiduciary net assets is as follows (dollar amounts in thousands):

	June 30,		Change	
	2012	2011	Amount	Percent
ADDITIONS:				
Shares issued to participants	\$ 163,931	\$ 393,735	\$ (229,804)	-58%
Investment income	1,239	2,266	(1,027)	-45%
Less: investment expenses	(738)	(1,680)	942	-56%
Total additions	164,432	394,321	(229,889)	-58%
DEDUCTIONS:				
Shares redeemed from participants	271,800	1,427,735	(1,155,935)	-81%
Administrative expenses	50	114	(64)	-56%
Total deductions	271,850	1,427,849	(1,155,999)	-81%
Change in fiduciary net assets	(107,418)	(1,033,528)	926,110	-90%
Net assets, at beginning of year	478,688	1,512,216	(1,033,528)	-68%
Net assets, at end of year	\$ 371,270	\$ 478,688	\$ (107,418)	-22%

Additions include shares issued to participants as well as investment income. The decrease in net assets of approximately \$108 million is mainly the result of a decrease in shares issued to participants of approximately \$230 million for the year ended June 30, 2012, and a decrease in shares redeemed of approximately \$1,156 million. The decrease is mainly related to shares redeemed by a governmental entity that temporarily invested during fiscal year 2011 the proceeds from previous bonds issuances.

The Trust Fund earned approximately \$1.2 million as investment income in 2012, as compared with approximately \$2.3 million earned in 2011. Lower investment income is the result of decrease in short-term interest rate coupled with a decrease in average balance of investments during 2012.



PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

Shares redeemed from participants are the primary deductions from net assets. Shares redeemed from participants amounted to approximately \$272 million, a decrease of \$1.2 million or 81% from prior year.

Following is a table of the investments held at June 30, 2012 and 2011, presented at amortized cost (dollar amounts in thousands):

	June 30,		Change	
	2012	2011	Amount	Percent
Commercial paper	\$ 102,937	\$ 215,993	(113,056)	-52%
Certificates of deposit	14,800	38,500	(23,700)	-62%
Securities purchased under agreements to resell	113,389	94,018	19,371	21%
U.S. government and sponsored agencies obligations	109,180	94,527	14,653	16%
Money market	18,942	6,859	12,083	176%
Corporate obligations	10,723	29,275	(18,552)	-63%
	<u>\$ 369,971</u>	<u>\$ 479,172</u>	<u>\$ (109,201)</u>	<u>-23%</u>

At June 30, 2012, total investments, at amortized cost, amounted to approximately \$370 million, a reduction of approximately \$109 million or 23% from prior year. The reduction is mainly related to shares redeemed from a governmental entity that temporarily invested the proceeds from previous bonds issuances during fiscal year 2011.

The distribution of investments among the various investment categories is a result of decisions made by investment advisors following the Trust Fund's investment policy.

4. Request for Information

This financial report is designed to provide our participants with a general overview of the Trust Fund's finances and to facilitate the Trust Fund's accountability for the funds it manages on behalf of pool participants. If you have questions about this report or need additional financial information, contact the Puerto Rico Government Investment Trust Fund, P.O. Box 42001, San Juan, Puerto Rico, 00940-2001.



PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)
STATEMENT OF FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

ASSETS

Investments, at amortized cost (market value \$369,956,428)	\$ 369,971,167
Receivable from investment sold	921,621
Interest receivable	681,548
	<hr/>
	\$ 371,574,336

LIABILITIES AND NET ASSETS

Accrued liabilities	\$ 141,820
Investment advisory fees	141,929
Other	20,495
Total liabilities	<hr/> 304,244
Net assets held in trust for pool participants	<hr/> 371,270,092
	<hr/>
	\$ 371,574,336

PRICING OF SHARES:

Shares outstanding (unlimited shares authorized)	371,270,092
Net assets value, offering and redemption price per shares	\$ 1

The accompanying notes are an integral part of these financial statements.



PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

ADDITIONS:

Shares issued to participants	\$ 163,931,281
Investment income	1,239,144
Total additions	<u>165,170,425</u>

DEDUCTIONS:

Shares redeemed from participants	271,800,314
Investment advisory fees	498,789
Trustee fees	100,613
Subcustodian fees	138,551
Administrative fees	50,450
	<u>272,588,717</u>

CHANGE IN FIDUCIARY NET ASSETS	\$ (107,418,292)
NET ASSETS, at beginning of year	<u>478,688,384</u>
NET ASSETS, at end of year	<u>\$ 371,270,092</u>

The accompanying notes are an integral part of these financial statements.



PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

1. REPORTING ENTITY

The Puerto Rico Government Investment Trust Fund (the "Trust Fund") is a collective investment trust created by the Secretary of the Treasury of Puerto Rico, as Settler, and Government Development Bank for Puerto Rico (the "Bank"), as Trustee, Administrator and Custodian pursuant to Act No. 176 of August 11, 1995 of the Commonwealth of Puerto Rico (the "Government of Puerto Rico") for the purpose of providing eligible investors a convenient and economical way to invest in a professionally managed money market portfolio. Eligible investors, as defined, include the Government of Puerto Rico and its agencies, municipalities, public corporations and other public authorities and instrumentalities on a voluntary basis. Shares representing a fractional undivided interest in the assets of the Trust Fund are being offered on a continuous basis and will be sold exclusively to eligible investors.

The Trust Fund is not an investment company or a mutual fund and is not subject to regulation or registration under the Investment Company Act of 1940, as amended. Shares issued by the Trust Fund are not subject to regulation or registration under the Securities and Exchange Act of 1933, as amended, because the shares are issued by a government entity. Shares in the Trust Fund are not subject to registration under the securities laws of Puerto Rico or the Puerto Rico Investment Companies Act, but are subject to the antifraud provisions by those laws.

The investment objective of the Trust Fund is to obtain a level of current income consistent with the preservation of capital and liquidity. The Trust Fund maintains a constant net asset value per unit of \$1 through investments in high grade short-term money market instruments with a dollar-weighted average portfolio maturity of less than 60 days. The minimum amount of each investment is \$25,000. Participants can invest, reinvest or redeem shares acquired by them at any time without charge or penalty.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Trust Fund conform to accounting principles generally accepted in the United States of America, as applicable to governmental entities. The Trust Fund follows Governmental Accounting Standards Board ("GASB") under the hierarchy established by Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", in the preparation of its financial statements. Following is a description of the Trust Fund's most significant accounting policies:



PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

Measurement Focus and Basis of Accounting - The Trust Fund's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Investment income is recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows.

Financial Statements Presentation - The accompanying basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") applicable to state and local governments. The Governmental Accounting Standard Board is the organization in charge of providing such accounting standards for governmental entities.

Income Tax - The Trust Fund is exempt from taxation in Puerto Rico.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments - Investments are carried at amortized cost, which approximates fair value. The Trust Fund operates in a manner consistent with the Securities and Exchange Commission Rule 2-a7 of the Investment Company Act of 1940, as amended. Investments are recorded on the trade date adjusted for amortization of premiums and accretion of discounts. Investments are priced daily and compared to Trust Fund's carrying value.

Expenses - Expenses applicable to all participants, paid in the form of a management fee, are allocated between all participants as an adjustment to the daily investment yield so that only net investment income is credited to participant accounts. The Bank, as Trustee, Administrator and Custodian, is responsible pursuant to Act No. 176 of August 11, 1995, of approving any modifications or other amendments of the management fee structure.

Participant Accounts - The Bank of New York Mellon (the "Sub-Administrator" or "BNYM") performs the transfer agent and dividend disbursing functions for the Trust Fund and maintains one or more accounts for each participant expressed in full and fractional shares of the Trust Fund. An account in the Trust Fund must be registered in the name of an eligible investor. Each participant may establish multiple accounts as necessary to satisfy requirements regarding commingling of funds or for accounting convenience.



PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

The Trust Fund does not issue unit certificates. The Sub-Administrator sends monthly statements to participants setting forth transactions in their account for the preceding period and the period-end balance of shares held in the account.

Additions and Deductions - Contributions from participants are recognized as additions when received. Withdrawals from participants are recognized as deductions when payments are due.

Recently Issued Accounting Guidance:

- (a) In November 2010, the GASB issued GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this statement, a SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2011. This Statement does not apply to the Trust.

- (b) In November 2010, the GASB issued GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*. This statement modifies existing requirements for the assessment of the potential component units in determining what should be included in the financial reporting entity and financial reporting entity display and disclosure requirements. It applies to financial reporting by primary governments and other stand-alone governments, and to the separately issued financial statements of governmental components units. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2012. This Statement does not apply to the Trust.



PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

- (c) In December 2010, the GASB issued GASB Statement No. 62, *Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: (1) FASB Statements and Interpretations; (2) Accounting Principles Board Opinions; and (3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2011. This Statement applies to the Trust but the impact of this statement in the Trust's basic financial statements has not been determined.
- (d) In June 2011, the GASB issued GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2011. This Statement applies to the Trust but the impact of this statement in the Trust's basic financial statements has not been determined.
- (e) In March 2012 the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. In addition, this Statement amends or supersedes requirements for the determination of major funds and addresses other statement of net position and governmental funds balance sheet presentation issues. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2012. This Statement applies to the Trust but the impact of this statement in the Trust's basic financial statements has not been determined.



PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

- (f) In March 2012 the GASB issued Statement No. 66 Technical Corrections 2012 an amendment of GASB Statements No. 10 and No. 62. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2011. This Statement applies to the Trust but the impact of this statement in the Trust's basic financial statements has not been determined.
- (g) On June 2012 the GASB issued Statement No. 67 Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. This Statement is effective for financial statements for fiscal years beginning after June 15, 2013. This Statement does not apply to the Trust.
- (h) In June 2012 the GASB issued Statement 68 Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The Statement is effective for fiscal years beginning after June 15, 2014. This Statement does not apply to the Trust.



PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

3. INVESTMENT ADVISORY, ADMINISTRATION AND CUSTODIAN AGREEMENTS, AND TRANSACTIONS WITH RELATED PARTIES

Pursuant to Act No. 176 of August 11, 1995 of the Commonwealth of Puerto Rico, the Bank acts as the Trustee, Administrator, and Custodian of the Trust Fund. The Trust Fund receives trustee services in exchange for a fee. The trustee services fee will not exceed 0.03% of the Trust Fund's daily average net assets. For the year ended June 30, 2012, the Bank billed to the Trust Fund approximately \$100 thousand as trustee fees or 0.02% of daily average net assets.

The Bank entered into subadministration and subcustodian agreement with the BNYM. BNYM provides administrative services necessary for the operation of the Trust. Such services include providing facilities for maintaining the Trust Fund's organization; supervising relations with investment advisors, custodians, transfer and pricing agents, accountants, underwriters and other persons dealing with the Trust Fund; preparing general participant communications and assisting the Bank with participant's relations; maintaining the Trust Fund's records; developing management and participant services and furnishing reports; and providing evaluations and analyses on a variety of subjects to the Trustee. For the year ended June 30, 2012, the Trust Fund incurred administrative and subcustodian fees amounting to approximately \$139 thousand.

The Bank entered into investment advisory subcontract agreements with Cutwater Asset Management and Wellington Management Company (the "Investment Advisors"). The Investment Advisors manage a portion of the Trust Fund's portfolio in accordance with the stated investment policies, objectives and guidelines, make investment decisions, place orders to purchase and sell securities and employ professional portfolio managers and other professionals to provide services to the Trust Fund. Cutwater Asset Management is currently managing 60% and Wellington Management Company manages 40% of the Trust Fund's investment portfolio.

The Investment Advisors are responsible for managing the Trust Fund's investment portfolio and to provide necessary personnel, facilities, equipment, and certain other required services for the Trust Fund's operations. The investment advisory fees will not exceed 0.25% of the Trust Fund's daily-amortized cost value. For the year ended June 30, 2012, the Trust Fund incurred investment advisory fees amounting to approximately \$498 thousand or 0.13% of the daily-amortized cost value.



PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

4. INVESTMENT POLICY

The Trust Fund seeks to achieve its objective by investing only in certain high grade money market instruments, including obligations of the U.S. Government and the Government of Puerto Rico and their respective agencies and instrumentalities. These market instruments are authorized for investment by the Trust Fund as specified in the Act and the investment policies, objectives and guidelines set forth in the Deed of Trust, as they may be amended from time to time. The investment policies, objectives and guidelines for the Trust Fund are subject to requirements imposed by rating organizations.

The Trust Fund may purchase only high quality securities denominated in U.S. dollars that the Investment Advisors believe present minimal credit risk. To be considered high quality, a security must be a U.S. government security or be rated (or issued by an entity that is rated with respect to a class of securities having a remaining of 397 days or less and that is comparable to the security being acquired) in accordance with applicable rules in the highest rating categories for long-term and short-term securities by Standard & Poor's Rating Group ("Standard & Poor's") and Moody's Investors Service, Inc. (Moody's). Rating categories by credit rating agency are as follow:

<u>Type of Securities</u>	<u>Standard & Poor's</u>	<u>Moody's</u>
Long-term	AAA or AA	Aaa or Aa
Short-term	A-1	P-1

The Trust Fund may also purchase unrated securities that the Investment Advisor making the investment judges to be of quality equivalent to those securities meeting rating requirements, pursuant to additional criteria provided in the guidelines established under the Deed of Trust and by the nationally recognized statistical rating organization from which the Trustee has requested a ruling for the Trust Fund.

The Trust Fund invests in high-grade money market instruments maturing in 397 days or less, with a dollar-weighted average portfolio maturity of less than 60 days (subject to certain limitations) including the following:

- U.S. government and agencies securities
- Puerto Rico government and sponsored agencies securities
- Commercial paper
- Corporate obligations



PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

- Time deposits, certificates of deposit, bank notes, and bankers' acceptances issued by U.S. or Puerto Rico regulated banks
- Repurchase agreements collateralized by U.S. government securities
- Dollar-denominated certificates of deposit, bankers' acceptances, and time deposits issued in the United States by branches or subsidiaries of foreign banks

The Trust Fund adopted an investment policy that places the following diversification limitations. In general, each of the Investment Advisors will not invest more than:

- 5% of its portfolio assets in securities of the same issuer other than U.S. government securities.
- 25% of its portfolio assets in the same industry, excluding the banking industry.
- 40% of its portfolio assets in commercial paper.
- 20% of its portfolio assets in dollar-denominated securities issued in the United States by branches or subsidiaries of foreign issuers.
- 10% of its portfolio assets in restricted and illiquid securities.
- 33.3% of its portfolio assets in the same government agency.
- 25% of its portfolio assets in overnight agreements with the same counterparty.
- 10% of its portfolio assets in repurchase agreements with a maturity date of more than one day, but less than 30 days with the same counterparty.
- 10% of its portfolio assets in floating and variable rate securities.



PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

5. INVESTMENTS

At June 30, 2012, the Trust Fund's securities are classified as short-term investment which mature in one year or less, and consist of the following:

	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Concentration</u>
Commercial paper	\$ 102,937,103	\$ 102,956,323	28%
US government and sponsored agencies obligations	109,179,900	109,146,077	30%
Securities purchased under agreements to resell	113,389,000	113,389,000	31%
Corporate obligations	10,722,656	10,722,585	3%
Certificates of deposit and time deposits	14,800,000	14,799,935	4%
Money market	18,942,508	18,942,508	5%
	<u>\$ 369,971,167</u>	<u>\$ 369,956,428</u>	100%

At June 30, 2012, the Trust Fund's investments are rated as follow:

	<u>Standard & Poor's</u>	<u>Moody's</u>
Commercial paper	A1+ or A1	P1
US government and sponsored agencies obligations	AA+	AAA
Securities purchased under agreements to resell	A1+ or A1	P1
Corporate obligations	A1+ or AA+	AAA
Certificates of deposit and time deposits	A1	P1 or AA2
Money market	A1	P1

The Trust Fund liquidity is influenced by the issuer ability to comply with required payments when due. Changes in interest rate may affect the yield and market value of the Trust Fund's investment portfolio.



PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

6. SHARES TRANSACTIONS

Shares transactions for the year ended June 30, 2012 were as follows:

	<u>Shares</u>	<u>Dollar Amount</u>
Balance, at beginning of year	478,688,384	\$ 478,688,384
Sales	163,931,281	163,931,281
Reinvestment of net earnings accredited to participants' accounts	450,741	450,741
	<u>643,070,406</u>	<u>643,070,406</u>
Redemptions	<u>(271,800,314)</u>	<u>(271,800,314)</u>
Balance, at end of year	<u>371,270,092</u>	<u>\$ 371,270,092</u>

Certain procedures have been established under the Deed of Trust designed to stabilize the Trust Fund's net asset value per unit at \$1. The Administrator considers from time to time the extent to which net asset value calculated by using market valuations would deviate from \$1 per share. If the Trustee believes that a deviation from the Trust Fund's amortized cost per unit may result in material dilution or other unfair results to existing participants, the Trustee may take such corrective action as it deems appropriate to eliminate or reduce, to the extent reasonably practicable, the dilution or unfair results. Such corrective actions include: instructing the Investment Advisors to sell instruments prior to maturity or to shorten the average portfolio maturity; withholding dividends; redeeming shares in kind; suspending the determination of net asset value; reducing the number of shares in the account of each participant on a pro rata basis, among other measures, as the Trustee may deem appropriate. No corrective actions were adopted by the Administrator to stabilize the Trust Fund's net asset value during the year ended June 30, 2012.

The Trust Agreement requires that the net investment income and net realized capital gains, if any, distributed on a daily basis to shareholders. Dividends are reinvested automatically in additional shares of the Trust Fund. Shares are redeemed at net asset value computed preceding the redemption date.



PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

7. PER SHARE DATA AND RELEVANT RATIOS

Selected data for a share of the Trust Fund outstanding during the year ended June 30, 2012, is as follows:

Per share data:

Investment income	\$	0.0028
Expenses		<u>(0.0018)</u>
Increase in net assets		0.0010
Distributions to pool participants		<u>(0.0010)</u>
Net increase in net asset value	\$	-
NET ASSETS, beginning of year	\$	<u>1.00</u>
NET ASSETS, end of year	\$	<u>1.00</u>

Ratios:

Investment income to average net assets	0.28%
Expenses to average net assets	0.18%

8. RISKS AND UNCERTAINTIES

The Trust Fund's investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the market values, it is possible that near term risks could materially affect participants' account balances and the amounts presented in the accompanying statement of fiduciary net assets and the statement of changes in fiduciary net assets.

At June 30, 2012, investment securities were insured, registered or held by the custodian agent on behalf of the Trust Fund. The Trust Fund does not have a custodial credit risk policy.

At June 30, 2012, the Trust Fund's certificates of deposit amounting to approximately \$14.8 million, in aggregate, were exposed to credit risk since such deposits were uninsured and uncollateralized.



PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

The Trust Fund seeks to maintain a constant net asset value per share of \$1. Investments in the Trust Fund are neither insured nor guaranteed by the U.S. Government or the Government of Puerto Rico, including the Bank, and there are no assurances that the Trust Fund will maintain a net asset value per unit of \$1. The Government of Puerto Rico did not provide nor obtain any legally binding guarantees to support the value per share during the year ended June 30, 2012.

9. DATE OF MANAGEMENT'S REVIEW

Subsequent events were evaluated through November 1, 2012, the date the financial statements were available to be issued, to determine if any such events should either be recognized or disclosed in the 2012 financial statements.



SCHEDULE OF INVESTMENTS



PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(A Investment Pool of the Commonwealth of Puerto Rico)
SCHEDULE OF INVESTMENTS
JUNE 30, 2012

Face Amount	Issuer	Interest Rate	Maturity Date	Amortized Cost	Fair Value
Securities purchased under the agreements to resell - 30.5% of net assets					
\$ 32,000,000	BARCLAYS CAT 9 REPO	0.14000%	07/02/12	\$ 32,000,000	\$ 32,000,000
52,000,000	UBS WARBURG REPO	0.15000%	07/02/12	52,000,000	52,000,000
1,563,000	DEUTSCHE BANK REPO	0.13000%	07/02/12	1,563,000	1,563,000
10,000,000	MORGAN ST REV REPO	0.16000%	07/02/12	10,000,000	10,000,000
10,000,000	HSBC A GCY REPO	0.15000%	07/02/12	10,000,000	10,000,000
3,942,000	UBS SEC A G PASS REPO	0.13000%	07/02/12	3,942,000	3,942,000
3,884,000	BANC OF AM CORP REPO	0.11000%	07/02/12	3,884,000	3,884,000
<u>\$ 113,389,000</u>				<u>\$ 113,389,000</u>	<u>\$ 113,389,000</u>
Certificates of deposit - 4% of net assets					
\$ 1,000,000	BRANCH BKG & TR CO INSTL C/D	0.26000%	07/09/12	\$ 1,000,000	\$ 1,000,030
1,500,000	CANADIAN IMP BK BRH INSTL C/D	0.35000%	02/04/13	1,500,000	1,499,535
1,000,000	DNB NOR BNK AS NY BRH INSTL CD	0.23000%	08/01/12	1,000,000	1,000,050
1,000,000	STANDARD CHARTERED BK INSTL CD	0.53000%	07/02/12	1,000,000	1,000,030
1,000,000	STANDARD CHARTERED BK INSTL CD	0.37000%	10/09/12	1,000,000	999,910
1,000,000	STANDARD CHARTERED BK INSTL CD	0.43000%	11/09/12	1,000,000	999,820
1,000,000	TORONTO DOMINION NY INSTL C/D	0.32000%	07/10/12	1,000,000	1,000,060
1,300,000	TORONTO DOMINION NY INSTL C/D	0.27000%	11/02/12	1,300,000	1,300,221
1,000,000	BANK OF MONTREAL CHI INSTL C/D	0.45775%	06/17/13	1,000,000	1,000,000
1,000,000	BANK OF MONTREAL CHI INSTL C/D	0.49575%	01/04/13	1,000,000	1,000,279
4,000,000	FAIRWAY FIN IB NT	0.27875%	08/10/12	4,000,000	4,000,000
<u>\$ 14,800,000</u>				<u>\$ 14,800,000</u>	<u>\$ 14,799,935</u>
Treasury Note - 11.5% of net assets					
\$ 565,000	U S TREASURY NOTE	3.87500%	10/31/12	\$ 571,919	\$ 571,908
32,746,500	US TREAS-CPI INFLATION INDEX	3.00000%	07/15/12	41,952,397	41,916,838
<u>\$ 33,311,500</u>				<u>\$ 42,524,316</u>	<u>\$ 42,488,746</u>
Corporate obligations - 2.9% of net assets					
\$ 830,000	METLIFE INSTITUTIONAL FUNDING	1.75000%	10/30/12	\$ 834,369	\$ 834,052
1,482,000	TOYOTA MOTOR CREDIT CORP	2.00000%	09/28/12	1,488,287	1,488,075
3,000,000	MORGAN STANLEY	0.86785%	12/07/12	3,000,000	3,000,657
3,200,000	BANK OF AMERICA N/A	0.31000%	08/01/12	3,200,000	3,200,154
2,200,000	NATIONAL AUSTRALIA BK INSTL CD	28.87500%	10/26/12	2,200,000	2,199,647
<u>\$ 10,712,000</u>				<u>\$ 10,722,656</u>	<u>\$ 10,722,585</u>
Money Market - 5% of net assets					
\$ 18,942,366	DREYFUS CASH MGMT FUND	0.079312%		\$ 18,942,366	\$ 18,942,366
142	DREYFUS CASH MGMT FUND	0.079312%		142	142
<u>\$ 18,942,508</u>				<u>\$ 18,942,508</u>	<u>\$ 18,942,508</u>



PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(A Investment Pool of the Commonwealth of Puerto Rico)
SCHEDULE OF INVESTMENTS
JUNE 30, 2012

Face Amount	Issuer	Interest Rate	Maturity Date	Amortized Cost	Fair Value
Commercial Paper - 27.7% of net assets					
\$ 4,000,000	ALPINE SECR CORP DISC	.48000%	08/27/12	\$ 3,996,897	\$ 3,998,320
2,500,000	ALPINE SECR CORP DISC	.51000%	09/17/12	2,497,183	2,498,300
4,000,000	ALPINE SECR CORP DISC	.33000%	09/18/12	3,997,103	3,997,200
3,000,000	AUTOBAHN FDG CO DISC	.42000%	07/05/12	2,999,823	2,999,880
3,000,000	AUTOBAHN FDG CO DISC	.45000%	07/11/12	2,999,583	2,999,790
3,000,000	AUTOBAHN FDG CO DISC	.56000%	08/16/12	2,997,815	2,998,980
2,000,000	AUTOBAHN FDG CO DISC	.47000%	10/01/12	1,997,598	1,998,140
3,500,000	BARCLAYS US FDG DISC	.62000%	07/09/12	3,499,456	3,499,860
3,000,000	CREDIT SUISSE FST DISC	.50000%	10/09/12	2,995,834	2,995,770
3,500,000	GEMINI SECR DISC	.35000%	07/30/12	3,498,985	3,499,335
4,000,000	ING (US) FUNDING DISC	.62000%	07/06/12	3,999,589	3,999,880
4,000,000	ING (US) FUNDING DISC	.24000%	08/15/12	3,998,750	3,998,400
3,000,000	ING (US) FUNDING DISC	.68000%	08/21/12	2,997,068	2,998,590
4,750,000	KELLS FDG LLC DISC	.57000%	11/09/12	4,740,148	4,743,018
4,000,000	KELLS FDG LLC DISC	.59000%	10/01/12	3,993,867	3,996,600
4,000,000	RABOBANK USA FINL DISC	.63000%	07/09/12	3,999,369	3,999,800
4,000,000	RABOBANK USA FINL DISC	.52000%	10/03/12	3,994,569	3,996,800
3,500,000	SHEFFIELD REC CP DISC	.27000%	07/24/12	3,499,374	3,499,510
2,500,000	STANDARD CHART DISC	.42000%	07/06/12	2,499,826	2,499,925
3,000,000	STANDARD CHART DISC	.57000%	09/14/12	2,996,375	2,997,450
3,000,000	SURREY FDG CORP DISC	.56000%	07/16/12	2,999,250	2,999,730
3,000,000	SVENSKA HDLSBK DISC	.59000%	07/20/12	2,999,018	2,999,700
3,000,000	SVENSKA HDLSBK DISC	.56000%	08/20/12	2,997,625	2,999,040
3,000,000	WORKING CAP MGMT DISC	.14000%	07/02/12	2,999,978	2,999,940
2,500,000	CHARIOT FDG LLC DISC	.16000%	07/23/12	2,499,740	2,499,800
1,800,000	COCA COLA CO DISC	.21000%	08/01/12	1,799,659	1,799,802
900,000	COCA COLA CO DISC	.30000%	11/15/12	898,973	899,199
1,000,000	DNB NOR BANK DISC	.35000%	10/09/12	999,014	999,030
1,250,000	GENERAL ELEC CAP DISC	.28000%	07/09/12	1,249,914	1,249,963
1,000,000	J P MORGAN CHASE DISC	.35000%	10/01/12	999,105	999,440
1,500,000	JUPITER SEC CORP DISC	.16000%	07/26/12	1,499,823	1,499,760
1,500,000	JUPITER SEC CORP DISC	.21000%	09/25/12	1,499,248	1,498,740
1,600,000	KFW DISC	.23000%	08/21/12	1,599,479	1,599,696
2,500,000	MARKET STREET FDG DISC	.21000%	08/08/12	2,499,420	2,499,425
3,500,000	NATIONAL RURAL DISC	.13000%	07/18/12	3,499,769	3,499,615
1,200,000	QUEBEC GOVT OF DISC	.20000%	09/18/12	1,199,473	1,199,340
1,200,000	QUEBEC PROVINCE DISC	.22000%	10/23/12	1,199,164	1,198,932
300,000	THUNDER BAY FDG DISC	.18000%	08/02/12	299,949	299,934
1,000,000	TOYOTA MTR CR CP DISC	.37000%	09/06/12	999,290	999,689
\$ 103,000,000				\$ 102,937,103	\$ 102,956,323



PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(A Investment Pool of the Commonwealth of Puerto Rico)
SCHEDULE OF INVESTMENTS
JUNE 30, 2012

Face Amount	Issuer	Interest Rate	Maturity Date	Amortized Cost	Fair Value
U.S. Government and agencies obligations - 18% of net assets					
\$ 10,000,000	FEDERAL HOME LN BK CONS DISC	.10000%	08/29/12	\$ 9,998,361	\$ 9,999,190
5,000,000	FEDERAL HOME LN MTG CORP DISC	.08000%	07/30/12	4,999,678	4,999,885
1,900,000	FEDERAL HOME LN MTG CORP DISC	.14000%	10/03/12	1,899,306	1,899,559
4,000,000	FEDERAL NATL MTG ASSN DISCOUNT	.10000%	08/20/12	3,999,444	3,999,728
400,000	FEDERAL NATL MTG ASSN DISC	.18000%	08/22/12	399,896	399,972
2,500,000	FEDERAL HOME LN BK CONS BD	.25000%	04/17/13	2,500,000	2,499,778
3,000,000	FEDERAL HOME LN BK CONS BD	.30000%	06/14/13	2,999,732	2,999,502
2,650,000	FEDERAL NATL MTG ASSN	1.00000%	12/27/12	2,660,370	2,660,208
750,000	FEDERAL FARM CR BK CONS BD	.28000%	11/26/12	750,146	750,311
850,000	FEDERAL FARM CR BK CONS BD	.18000%	11/01/12	850,020	850,028
1,500,000	FEDERAL FARM CR BK CONS BD	.22000%	11/09/12	1,499,952	1,500,251
4,000,000	FEDERAL HOME LN BK CONS BD	.24000%	09/19/12	3,999,829	4,000,636
1,250,000	FEDERAL HOME LN BK CONS BD	.20000%	11/26/12	1,250,034	1,250,250
3,400,000	FEDERAL HOME LN BK CONS BD	.20000%	11/14/12	3,399,962	3,400,622
1,300,000	FEDERAL HOME LN BK CONS BD	.21000%	01/03/13	1,299,975	1,299,943
1,000,000	FEDERAL HOME LN BK CONS BD	.19000%	01/09/13	999,932	999,799
325,000	FEDERAL HOME LN BK CONS BD	.24000%	05/10/13	324,993	324,944
750,000	FEDERAL HOME LN BK CONS BD	.17000%	02/06/13	749,942	749,600
325,000	FEDERAL HOME LN BK CONS BD	.23000%	04/17/13	324,993	324,923
1,500,000	FEDERAL HOME LN BK CONS BD	.25000%	04/11/13	1,499,849	1,499,883
1,200,000	FEDERAL HOME LN BK CONS BD	.23000%	04/17/13	1,200,069	1,199,716
500,000	FEDERAL HOME LN BK CONS BD	.23000%	05/03/13	499,987	499,875
650,000	FEDERAL HOME LN BK CONS BD	.23000%	05/21/13	649,880	649,828
1,500,000	FEDERAL HOME LN BK CONS BD	.23000%	06/04/13	1,499,820	1,499,562
1,500,000	FEDERAL HOME LN BK CONS BD	.19000%	03/25/13	1,499,560	1,499,235
1,220,000	FEDERAL HOME LN BK CONS BD	5.00000%	03/08/13	1,259,623	1,259,450
2,300,000	FEDERAL HOME LN MTG CORP	1.10000%	12/27/12	2,310,066	2,309,975
4,150,000	FEDERAL HOME LN MTG CORP	.28000%	10/12/12	4,150,659	4,151,274
1,847,000	FEDERAL NATL MTG ASSN	4.37500%	09/15/12	1,862,879	1,862,812
1,300,000	FEDERAL NATL MTG ASSN	.75000%	02/26/13	1,304,199	1,304,134
1,000,000	FEDERAL NATL MTG ASSN	.50000%	10/30/12	1,001,115	1,000,818
516,000	FEDERAL HOME LN MTG CORP	1.62500%	04/15/13	521,480	521,527
489,000	FEDERAL HOME LN MTG CORP	1.12500%	07/27/12	489,342	489,317
2,000,000	FEDERAL NATL MTG ASSN	.37000%	09/13/12	2,000,491	2,000,796
<u>\$ 66,572,000</u>				<u>\$ 66,655,584</u>	<u>\$ 66,657,331</u>
Total investments - 99.6% of net assets				<u>\$ 369,971,167</u>	<u>\$ 369,956,430</u>
Other assets in excess of liabilities - .4% of net assets				<u>1,298,925</u>	
Net assets - 100%				<u>\$ 371,270,092</u>	