

## UnionBank Trust and Investment Services Group

### UBP Philippine Peso Bond Portfolio as of July 31, 2013

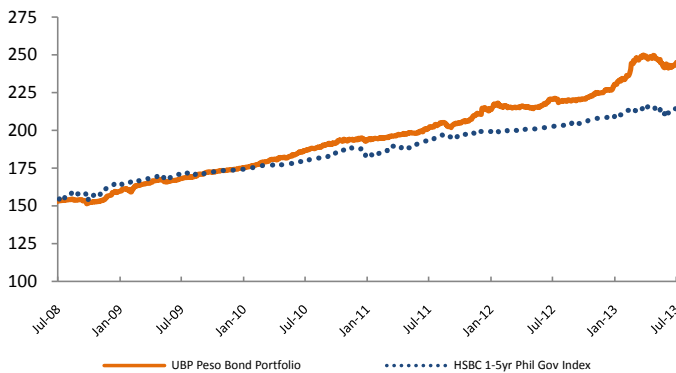
#### Investment Objective

The UnionBank Philippine Peso Bond Portfolio is a peso-denominated fund that seeks capital preservation and the total return of a diversified portfolio of primarily investment-grade fixed-income instruments.

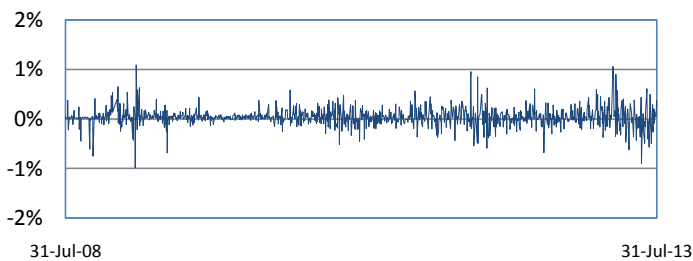
#### Fund Performance

Calendar Absolute Returns*	Peso Bond	HSBC 1-5 Yr Index
YTD	8.76%	5.12%
2012	6.89%	4.41%
2011	9.06%	6.18%
2010	11.35%	8.13%
2009	12.93%	6.99%
2008	3.22%	4.35%
2007	3.14%	5.66%
Cumulative Annualized Returns*	Peso Bond	HSBC 1-5 Yr Index
3 Years	9.52%	6.12%
5 Years	9.85%	6.93%
Net Asset Value (NAV)	NAV Per Unit (NAVpu)	
Php 4.193Billion	Php 245.070556	
Par Value:	Php 100.00	

#### Net Asset Value per Unit



#### Daily Percentage Change of NAVpu



#### Risk Characteristics:

One day VAR at 3σ:	0.6235%
Volatility, Past 360 Days:	3.9269%
Duration:	4.35
Sharpe Ratio (Risk Free Rate = 1.831%):	2.37

Volatility is a measure of fluctuation of the NAVpu. Higher volatility means higher potential for gains or losses. Duration measures the sensitivity of the portfolio to interest rate movements. The higher the duration, the more the NAVpu will change with interest rate fluctuation. The Sharpe Ratio is a measure of risk-adjusted return. The higher the Sharpe, the higher the return per unit of risk. Risk-free rate used to compute the Sharpe ratio is the 1yr TBill rate.

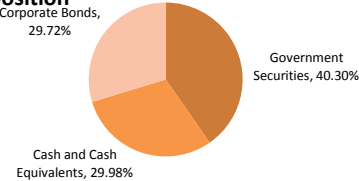
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#### Fund Manager's Report

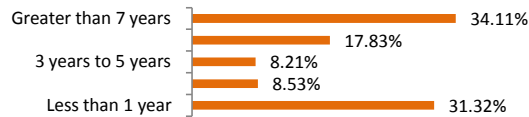
The local bond market saw a different story after the grueling month of June as yields went down all across the curve. A change of sentiment occurred as Federal Reserve Chairman Ben Bernanke calmed the market by implying no change on monetary policy and that QE tapering will be dependent on the pace of economic data improvement. Liquidity coming from Special Deposit Facility of the Central Bank (SDA) and a benign inflation outlook also helped drive confidence in the local bond market. Yields on the 25 yr benchmarks went down roughly 100bp (MoM basis) and an average of 50bp (MoM basis) on the belly to the short end of the curve.

The Bureau of Treasury announced the newly issued Retail Treasury Bond RTB 10-4 which was awarded below market's expectations with a coupon of 3.25%. Primary issued reached PHP100B on the first day surpassing its initial target of PHP 30B. Total bids collected were PHP 271.79B with a high-low-average of 3.25%, 1.9% and 3.039% respectively.

#### Portfolio Composition



#### Maturity Profile



#### Top 5 Holdings

RTB 25-01 6.125 10/24/2037	9.42%
PSALM 7.750 04/22/2017	6.60%
FXTN 20-17 8.000 07/19/2031	6.24%
GLOPM 6.000 06/01/2019	5.74%
EDCPM 8.6418 06/04/2015	4.21%

#### Fund Facts

Classification:	Medium-term Bond Fund
Launch Date:	January 12, 2004
Client Suitability:	Moderately conservative to Moderately aggressive risk tolerance
Base currency:	Philippine Peso
Initial Investment:	Php 100,000
Minimum Additional Investment:	Not Applicable
Minimum Holding Period:	90 calendar days
Settlement Period:	One (1) Banking day after initial notice
Early Redemption Charge:	0.25% or Php 500 whichever is higher
Ave. Gross Market Value for the Qtr:	Php 3,983,658,120.59
Trust Fees <sup>3</sup> :	1% per annum; 0.17% for the quarter
Audit Fees <sup>3</sup> :	0.0009% for the quarter
Custodianship Fees <sup>3</sup> :	0.002% for the quarter
Applicable Tax:	20% on interest income
Custodian:	HSBC, Ltd Philippines
External Auditor:	Punongbayan & Arullo
Dealing Time:	Daily up to 12noon
Available Thru:	Unionbank of the Philippines branches
Bloomberg Ticker:	IFDPPBP

\* All fees are accrued daily against the fund's total market value.  
Complete list of holdings available upon request

## **UnionBank Trust and Investment Services Group**

UBP Philippine Peso Bond Portfolio

### **FOOTNOTES:**

#### **<sup>1</sup>FUND VALUATION**

All assets of the Fund shall be marked to market daily in accordance with existing BSP rules and regulations on marking to market valuation of investment instruments. The pricing valuation methodology shall use the following price sources as bases for computing NAVPu.

*Philippine Equity Securities: Philippine Stock Exchange Closing Levels, 3:30 pm daily*  
*Other instruments: Closing prices as prescribed by BSP regulations and market conventions*

Valuation Day shall mean any day in which banks are open for business in Manila.

The value of the NAVPu at the start of Fund's operation shall be: Php 100.00

The Admission and Redemption NAVPu of the fund shall be computed 4:30pm of each business day and/or after markets close and shall be available to investors by 9:00 am of the next banking day.

All mark-to-market valuation procedures are in accordance with BSP Memorandum No. M-2007-005 dated February 28, 2007.

#### **<sup>2</sup>PROSPECTIVE INVESTMENTS**

The Fund may be invested and reinvested in:

- i. Securities issued by or guaranteed by the Philippine government, or the Bangko Sentral ng Pilipinas;
- ii. Exchange-listed securities;
- iii. Marketable instruments that are traded in an organized exchange;
- iv. Loans traded in an organized market;
- v. Savings/Checking accounts and/or time deposits in any bank or financial institution, including UnionBank of the Philippines;
- vi. Derivative instruments for the purpose of hedging market risk exposures.
- vii. Such other tradable investment outlets/ categories as the BSP may allow.

A complete list of holdings is available upon request.

#### **<sup>3</sup>FEES & EXPENSES**

The Trustee shall collect from the Fund trust fees in the amount of ONE PERCENT (1%) per annum based on the Gross Market Value of the Fund which shall be accrued daily and shall be collectible from the Fund at the end of every calendar month.

The Trustee may charge the Fund for special expenses if the same is necessary to preserve or enhance the value of the Fund. Such special expenses shall be payable to pertinent third party or parties covered by separate contract/s, and disclosed to the Participants.

**An investor should read the complete details of the fund in the Plan Rules, and should carefully consider the fund's investment objectives, risks, charges and expenses. He then should make his own risk assessment and, when necessary, seek independent/professional opinion before making an investment.**