

UnionBank Trust and Investment Services Group

UBP Peso Fixed Income Portfolio

as of December 31, 2013

Investment Objective

The UnionBank Peso Fixed Income 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
2013	7.09%	3.20%
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	7.54%	4.58%
5 Years	9.03%	5.77%

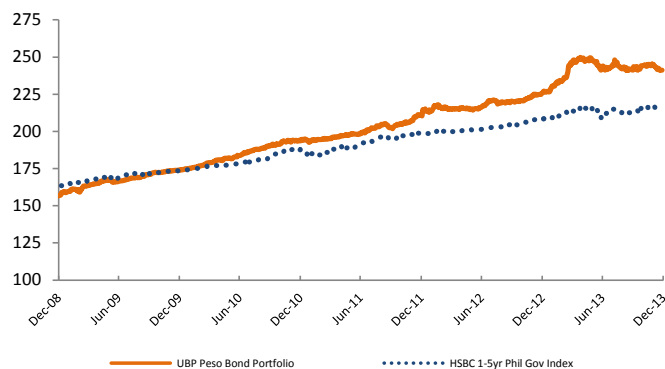
Net Asset Value (NAV)

NAV Per Unit (NAVpu)

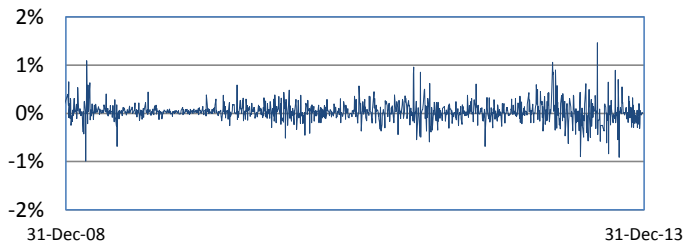
Php 3.281Billion Php 241.339794

Par Value: Php 100.00

Net Asset Value per Unit



Daily Percentage Change of NAVpu



Risk Characteristics:

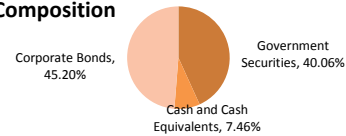
One day VAR at 3σ:	0.75%
Volatility, Past 360 Days:	4.70%
Duration:	5.12
Sharpe Ratio (Risk Free Rate = 0.640%):	1.37

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.

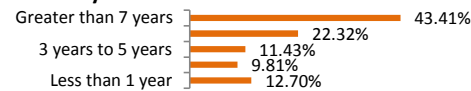
Fund Manager's Report

BTR rejected all of PHP 46.455B of bids for the re-issue of FXTN 5-72 and said that it has the flexibility to cut its 1st Quarter borrowing for 2014. Inflation rate in November grew 3.3% (YoY) from October's 2.9% but still falls at the lower end of the Central Bank's expected range of 3.3% to 4.1%. Bangko Sentral ng Pilipinas (BSP) kept its benchmark rate unchanged at 3.5%. The Monetary Board said that while inflation forecasts have slightly risen due to recent increase in global oil prices, utility rate adjustments and the impact of recent typhoon Haiyan, the future inflation path continues to be within the target over the policy horizon since the uptick is expected to be largely transitory. December entered with a cautious tone as market players awaited the FED's decision on tapering its bond buying program. The Bearish sentiment plagued the holiday month as yields across the curve rose with the long ends being hurt by as much as 20 to 30 basis points. Sell-off with thin volume helped the yields rise from the belly of the curve to the liquid 20 and 25 year securities as market players watched movement in the US treasury yield curve. When the FED finally announced to taper its bond buying program by USD10B, market activity remained weak through out the month. The sluggish activity persisted as wide bid and offers capped 2013.

Portfolio Composition



Maturity Profile



Top 5 Holdings

PSALM 7.75 4/17	8.31%
R 10-04	7.65%
GLOPM 6.000 06/01/2019	7.46%
R 25-01	7.28%
PNOC 8.6418 15	5.26%

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 4,086,618,342.46
Trust Fees ³ :	1% per annum; 0.28% for the quarter
Audit Fees ³ :	0.0019% for the quarter
Custodianship Fees ³ :	0.004% for the quarter
Applicable Tax:	20% on interest income
Custodian:	HSBC, Ltd Philippines
External Auditor:	Punongbayan & Araullo
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