

## UnionBank Trust and Investment Services Group

### UBP Philippine Dollar Bond Portfolio as of September 30, 2012

#### Investment Objective

The UnionBank Philippine Dollar Bond Portfolio is a US Dollar-denominated fund that seeks the total return of a diversified portfolio of foreign currency fixed-income instruments.

#### Fund Performance

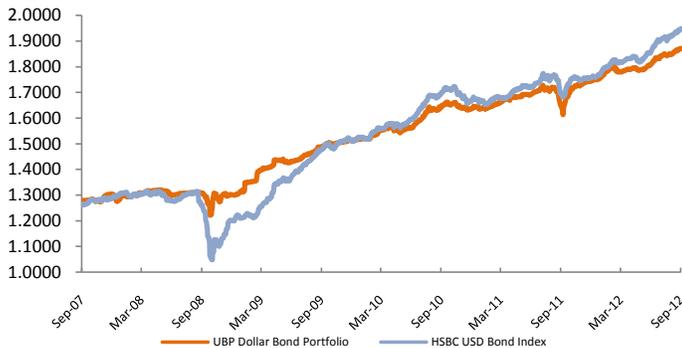
Calendar Absolute Returns*	Dollar Bond	HSBC USD Bond Index
YTD	7.28%	10.79%
2011	6.23%	5.54%
2010	8.05%	10.31%
2009	16.24%	25.42%
2008	0.45%	-6.50%
Cumulative Annualized Returns*	Dollar Bond	HSBC USD Bond Index
3yr period	7.93%	9.52%
5yr period	7.91%	9.07%

\*Returns are reported net of fees.

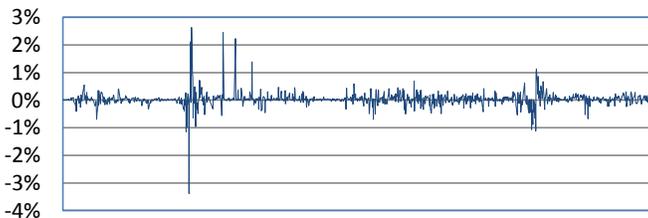
	Net Asset Value (NAV)	NAV Per Unit (NAVpu)
Bid <sup>1</sup>	USD 12.843 Million	USD 1.863567
Offer <sup>1</sup>	USD 12.958 Million	USD 1.880214
Mid <sup>1</sup>	USD 12.901 Million	USD 1.871891

Par Value: USD 1.00

#### Net Asset Value per Unit



#### Daily Percentage Change of NAVpu



28-Sep-07

28-Sep-12

#### Risk Characteristics:

One day VAR at 3σ:	0.51%
Volatility, Past 360 Days:	3.22%
Duration:	3.42
Sharpe Ratio (Risk Free Rate = 0.0967%):	4.15

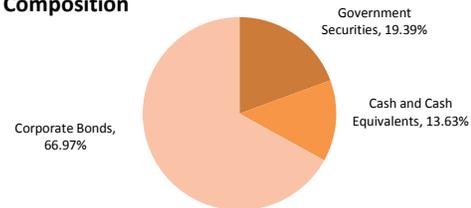
Volatility is a measure of fluctuation of the NAVpu. Higher volatility means higher potential for gains or losses. Duration measures the sensitivity of the portfolio to interest rate movements. The higher the duration, the more the NAVpu will change with interest rate fluctuation. The Sharpe Ratio is 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 US TBill rate.

#### Fund Manager's Report

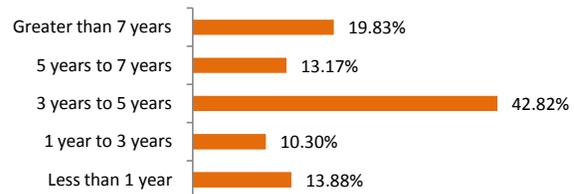
Economic pressures in the Eurozone and the United States forced policymakers into introducing considerable financial stimuli to ensure that the macroeconomic environment is conducive for growth. The European Central Bank (ECB) resorted to a sterilized purchase of short-term sovereign debt while also removing further conditions that hints of further austerity measures. The US Federal Reserve decided to push through with another round of quantitative easing, in the hope of addressing a persistent unemployment rate. By keeping a low interest rate regime and mortgage rate, the Fed is trying to spur employment, while reviving the US housing market.

Positive sentiment following both Fed and ECB actions were beneficial for the Philippines' sovereign dollar bonds (ROPs). ROPs continued their strong rally this year, pushing prices again to all-time highs, bringing yields to record lows. On-the-run bond yields plunged by at least 9.5 basis points, with the 25-year dollar bond sliding to a 3.80 percent yield-to-maturity.

#### Portfolio Composition



#### Maturity Profile



#### Top 5 Holdings<sup>2</sup>

Intl Container Terminal Services 7.375% 03/17/2020	12.86%
National Power Corp 12/15/2016	12.42%
Travellers Int'l Hotel Group Inc. 6.900% 11/3/2017	12.24%
Alliance Global 6.500% 08/18/2017	9.35%
San Miguel Global Power 7.000% 1/28/2016	8.67%

#### Fund Facts

Classification:	Medium-term Dollar Bond Fund
Launch Date:	January 12, 2004
Client Suitability:	Moderately conservative to Moderately aggressive risk tolerance
Base currency:	United States Dollar
Initial Investment:	Usd 2,000
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 Usd 10 whichever is higher
Ave. Gross Market Value for the Qtr.	USD 12,043,993.14
Trust Fees <sup>3</sup> :	0.75% per annum; 0.25% for the quarter
Audit Fees <sup>3</sup> :	0.0016% for the quarter
Custodianship Fees <sup>3</sup> :	0.005% for the quarter
Applicable Tax:	7.5% on interest income
Custodian:	HSBC, Ltd Philippines
External Auditor:	Punong-bayan & Araullo
Dealing Time:	Daily up to 12 noon
Available Thru:	Unionbank of the Philippines branches
Bloomberg Ticker:	IFPHDLB

\* All fees are accrued daily against the fund's total market value.

This document is for information purposes only and does not constitute an offer or a solicitation to buy or sell any investment referred to in this document. All Unit Investment Trust Funds (UITFs) are regulated by the Bangko Sentral ng Pilipinas. The UITF is not a deposit and is not insured by PDIC. Due to the nature of the investments, yield and potential yields cannot be guaranteed. Any income or loss arising from market fluctuations and price volatility of the securities held by the UITF, even if invested in government securities, is for the account of the investor. As such, units of participation of the investor in the UITF, when redeemed, may be worth more or be worth less than his/her initial investment/contributions. Historical performance, when presented, is purely for reference purposes and is not a guarantee of future results. The Trustee is not liable for losses, unless upon willful default, bad faith or gross negligence.

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

UBP Philippine Dollar Bond Portfolio

### **FOOTNOTES:**

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

The Dual Pricing Method shall be used in computing the Net Asset Value (NAV) of the fund. Under this method, the **Bid Net Asset Value per Unit (Bid NAVpu)** and the **Offer Net Asset Value per Unit (Offer NAVpu)** shall be calculated.

The **Bid NAVpu** is the redemption price. It is the price used when a client wishes to redeem units from the fund. The Bid NAVpu is calculated using the closing bid prices of the underlying assets of the fund for the day, net of fees and other allowable expenses.

The **Offer NAVpu** is the admission price. It is the price used when a client wishes to contribute to the fund. The Offer NAVpu is calculated using the closing offer prices of the fund's underlying assets for the day, net of fees and other allowable expenses.

The **Mid/Last Net Asset Value per Unit (Mid/Last NAVpu)** shall also be computed for information or reporting purposes only. For client reporting, the Bid/Offer values shall be provided in the financial statement footnotes.

i. The Mid NAVpu shall be computed for UITFs with fixed income assets. It shall be determined from the average of the bid-side and offer-side market yields-to-maturity or prices of the underlying assets of the fund for the day, net of fees and other allowable expenses.

ii. The Last NAVpu shall be computed for all UITFs with equity holdings. It shall be determined from the LAST closing prices of outstanding equity holdings for the day, net of fees and other allowable expenses.

#### **<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 THREE-QUARTERS PERCENT (0.75%) 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.**