

## UnionBank Trust and Investment Services Group

### UBP Philippine Dollar Bond Portfolio as of May 31, 2013

#### 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

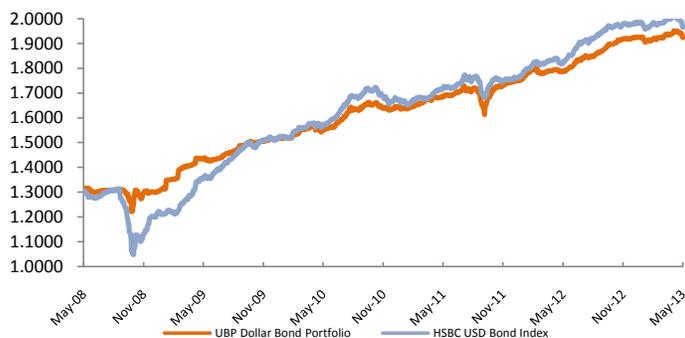
Calendar	Absolute Returns*	Dollar Bond	HSBC USD Bond Index
YTD		0.07%	-0.91%
2012		10.19%	12.73%
2011		6.23%	5.54%
2010		8.05%	10.31%
2009		16.24%	25.42%
2008		0.45%	-6.50%
Cumulative Annualized Returns*		Dollar Bond	HSBC USD Bond Index
3yr period		7.37%	7.73%
5yr period		7.89%	8.67%

\*Returns are reported net of fees.

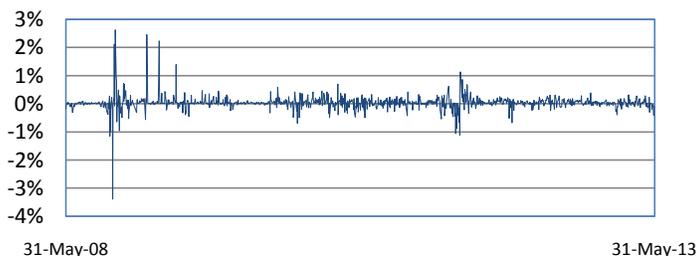
	Net Asset Value (NAV)	NAV Per Unit (NAVpu)
Bid <sup>1</sup>	USD 14.080 Million	USD 1.914671
Offer <sup>1</sup>	USD 14.204 Million	USD 1.932219
Mid <sup>1</sup>	USD 14.142 Million	USD 1.923445

Par Value: USD 1.00

#### Net Asset Value per Unit



#### Daily Percentage Change of NAVpu



#### Risk Characteristics:

One day VAR at 3σ:	0.2945%
Volatility, Past 360 Days:	1.85%
Duration:	5.0024
Sharpe Ratio (Risk Free Rate = 0.177%):	3.98

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.

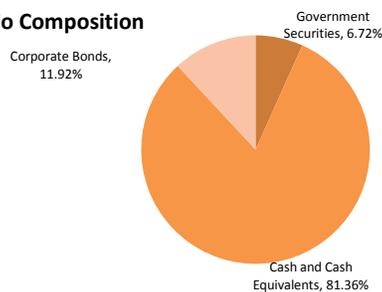
#### Fund Manager's Report

US Treasury yields unexpectedly rose on better than expected economic data from the US. The US economic data showed improving unemployment and retail sales figures thus prompting the benchmark US Treasury yields to rise its highest level in more than two months. The 10 year Treasury rose to 1.97% while the 30 year Treasury rose to 3.1%. US GDP for the first quarter of 2013 was reported at 2.5% while unemployment was better at 7.5%.

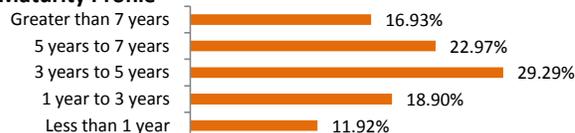
In the latest meeting, the Federal Reserve (FED) still kept interest rates at all-time lows however commented that they will stand ready to further evaluate and adjust its existing \$85 Billion/month bond buying program when appropriate. Market is speculating that given traction in economic recovery; the FED might lessen if not abruptly stop the current pace of its existing monetary easing policy within the year.

Philippine Dollar-denominated Sovereign Debt (ROPs) yields steepened the most in recent months with yields rising mostly in belly towards the long end of the curve by around 10–12bps. Moving forward, we an upward bias in ROP yields due to the rise in US Treasury yields. Market is expecting US Treasuries to continue to test higher yield levels due to speculation on the further release of better US economic data.

#### Portfolio Composition



#### Maturity Profile



#### Top 5 Holdings

ICTSI 7.375 03/17/2020	12.45%
Traveller's Int'l Hotel Group 6.9 11/03/2017	9.69%
JGSPM 4.375 01/23/2023	8.73%
SM Investment Corporation 7% 1/16	8.18%
Republic of the Philippines 2037	6.72%

#### 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 13,622,986.66
Trust Fees <sup>3</sup> :	0.75% per annum; 0.19% for the quarter
Audit Fees <sup>3</sup> :	0.04% for the quarter
Custodianship Fees <sup>3</sup> :	0.004% 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

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.**