

## UnionBank Trust and Investment Services Group

UBP Philippine Dollar Bond Portfolio  
as of July 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

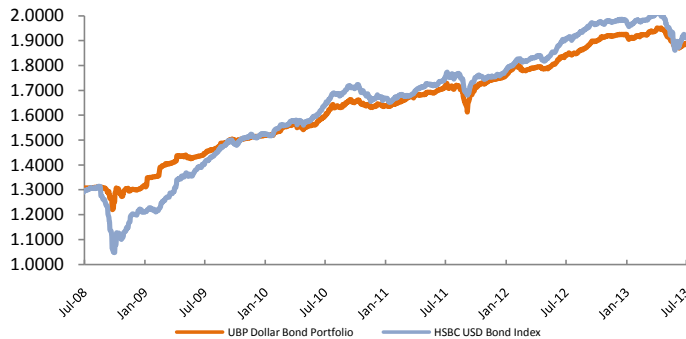
| Calendar Absolute Returns*     | Dollar Bond | HSBC USD Bond Index |
|--------------------------------|-------------|---------------------|
| YTD                            | -1.97%      | -3.67%              |
| 2012                           | 10.19%      | 12.73%              |
| 2011                           | 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                     | 6.37%       | 5.32%               |
| 5yr period                     | 7.66%       | 8.13%               |

\*Returns are reported net of fees.

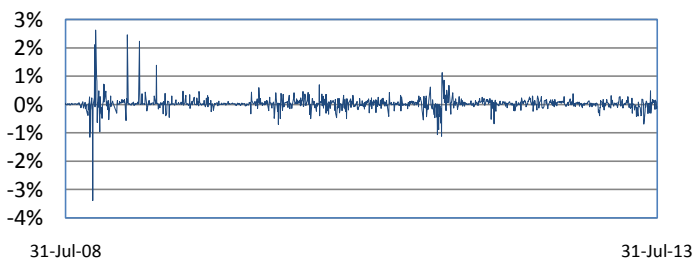
| Net Asset Value (NAV) | NAV Per Unit (NAVpu) |
|-----------------------|----------------------|
| USD 12.834Million     | USD 1.884228         |

Par Value: USD 1.00

### Net Asset Value per Unit



### Daily Percentage Change of NAVpu



### Risk Characteristics:

|  |         |
|--|---------|
| One day VAR at 3σ:                       | 0.3562% |
| Volatility, Past 360 Days:               | 2.24%   |
| Duration:                                | 2.503   |
| Sharpe Ratio (Risk Free Rate = 0.1573%): | 0.97    |

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.

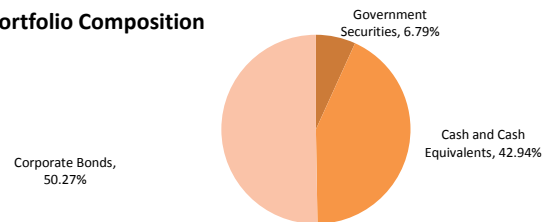
### Fund Manager's Report

The US Treasury market continued to inch higher in July on the back of improving US economic data releases thus further fueling the market expectations that the Federal Reserve may temper the current pace of its Quantitative Easing Program in September. US Treasury yields in the long ends increase the most in the long ends by average of 10-15bps.

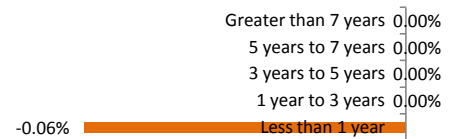
We expect US Treasuries to remain volatile for the forthcoming weeks precedent to the FOMC September meeting. Thus we continue to expect Philippine Dollar denominated Sovereign Debt to track the movement in US Treasuries under this scenario.

ROPs, in the long ends, relatively unchanged from previous month on the back of

### Portfolio Composition



### Maturity Profile



### Top 5 Holdings

|                                   |        |            |        |
|-----------------------------------|--------|------------|--------|
| Travellers Int'l Hotel Group Inc. | 6.900% | 11/3/2017  | 10.15% |
| San Miguel Global Power           | 7.000% | 1/28/2016  | 8.36%  |
| Alliance Global                   | 6.500% | 08/18/2017 | 6.94%  |
| ROP 37 USD                        | 5.000% | 01/13/2037 | 6.79%  |
| SM Investment                     | 4.250% | 10/17/2019 | 5.51%  |

### 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 13,204,668.53   |
| Trust Fees <sup>3</sup> :            | 0.75% per annum; 0.1278% 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:                      | 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

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

UBP Philippine Dollar 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 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.**