

UnionBank Trust and Investment Services Group

UBP Dollar Bond Portfolio
as of December 31, 2013

Investment Objective

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

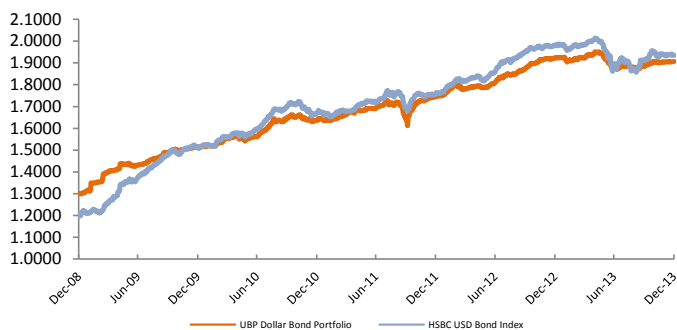
Fund Performance

Calendar Absolute Returns*	Dollar Bond	HSBC USD Bond Index
2013	-0.815%	-2.393%
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	5.22%	5.01%
5yr period	7.89%	9.94%

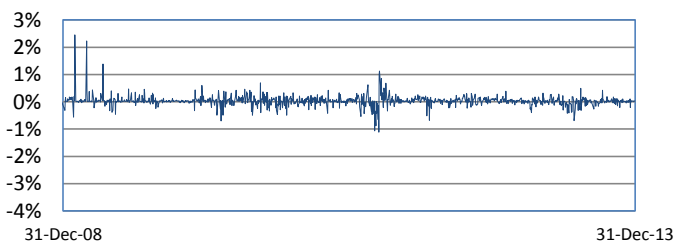
*Returns are reported net of fees.

Net Asset Value (NAV)	NAV Per Unit (NAVpu)
USD 10.299Million	USD 1.907
Par Value:	USD 1.00

Net Asset Value per Unit



Daily Percentage Change of NAVpu



Risk Characteristics:

One day VAR at 3σ:	0.34%
Volatility, Past 360 Days:	2.15%
Duration:	2.37
Sharpe Ratio (Risk Free Rate = 0.1637%):	-0.43

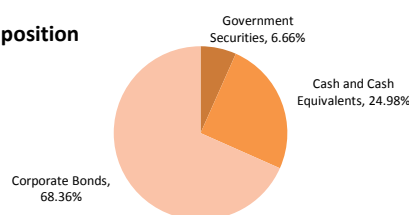
Volatility is a measure of fluctuation of the NAVpu. Higher volatility means higher potential for gains or losses. Duration measures the sensitivity of the portfolio to interest rate movements. The higher the duration, the more the NAVpu will change with interest rate fluctuation. The Sharpe Ratio is 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 major theme that ended the year was centered on the news that the FED tapering announcement. In an official statement, Ben Bernanke outgoing FED chairman said that the US Central Bank will be tapering its current bond buying purchases by \$10Billion in January with successive reduction of \$10Billion per month after depending on the evolution of economic data in 2014. In January 2014, the FOMC announced that it would lower its monthly Treasury purchases to \$40Billion and \$35Billion in mortgaged backed securities.

As a result, US Treasuries reached its highest level in 2 years with the 10year Treasuries trading above 3%. Philippine sovereign dollar denominated debt followed to track the US treasuries yields higher. ROPs went up by 5 to 10bps from the belly to the long end. We expect further interest rate pressures to persist in the bond markets especially in emerging markets are the US interest rates normalize in the coming months.

Portfolio Composition



Maturity Profile

Greater than 7 years	9.95%
5 years to 7 years	6.70%
3 years to 5 years	35.48%
1 year to 3 years	18.26%
Less than 1 year	29.60%

Top 5 Holdings

VLLPM 6.75 10/04/2018	9.91%
AGIPM 6.5 08/17	8.57%
TRAVPH 6.9 11/17	8.12%
BDO 3.875 042216	7.53%
SMPM 4.250 10/17/2019	6.70%

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 10,442,311.82
Trust Fees ³ :	0.75% per annum; 0.21% for the quarter
Audit Fees ³ :	0.0020% for the quarter
Custodianship Fees ³ :	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
* All fees are accrued daily against the fund's total market value.	