

## UnionBank Trust and Investment Services Group

UBP Philippine Peso Balanced Portfolio  
as of June 30, 2012

### Investment Objective

The UnionBank Philippine Peso Balanced Portfolio is a peso-denominated fund that provides investors access to a diversified set of investment instruments in both equities and fixed income markets.

### Fund Performance

Calendar Absolute Returns*	Peso Balanced	Benchmark**
YTD	10.60%	10.81%
Feb-Dec 2011	7.51%	11.86%

\* Returns are reported net of fees.

\*\*50% in the PSEi Index and 50% in the HSBC 1-5 Year Phil Bond Index

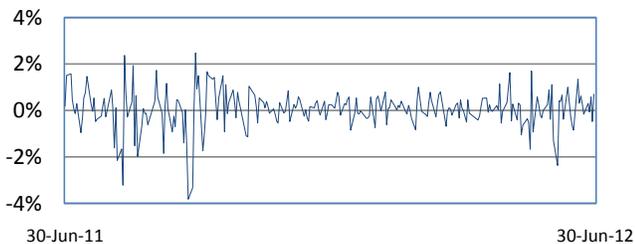
	Net Asset Value (NAV)	NAV Per Unit (NAVpu)
Bid <sup>1</sup>	Php 164.642 Million	Php 118.767393
Offer <sup>1</sup>	Php 165.052 Million	Php 119.063591
Mid <sup>1</sup>	Php 164.829 Million	Php 118.902583

Par Value: Php 100.00

### Net Asset Value per Unit



### Daily Percentage Change of NAVpu



### Risk Characteristics:

One day VAR at 3σ:	2.11%
Volatility, Past 360 days	13.271%
Duration:	2.42
Sharpe Ratio (Risk-Free Rate = 2.500%):	0.88

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.

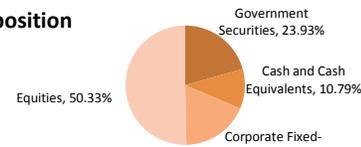
### Fund Manager's Report

The Philippine Composite Index (PSEi) held strong through the month of June, gaining 3.05 percent since May and is still the best performing index in Asia. Although the market is still up 20 percent year-to-date, it is now the most expensive in Asia at 17.1 times 2012 earnings. Average volume for the month increased 23 percent to USD 210 million, which was boosted by equity placements and block sales of Universal Robina Corp. (PSE: URC), San Miguel Corp. (PSE: SMC), Rockwell Land Corp. (PSE: ROCK), and Manila Electric Co. (PSE: MER).

Inflation remained benign at 2.9 percent in May, which is still within the Bangko Sentral ng Pilipinas' (BSP) target. In view of this, the BSP kept its benchmark policy rates unchanged. Remittances for April also grew at a steady pace of 5.3 percent year-on-year. The country's cumulative budget deficit for the first five months also remained below the government's target for the year.

There is speculation about an upcoming debt swap, as Treasurer Roberto Tan was recently quoted as saying that the National Government is considering exchanging dollar-denominated debt for global peso notes, and swapping existing peso-denominated debt for bonds with longer maturities.

### Portfolio Composition



### Maturity Profile of Fixed-Income Holdings



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

Fixed Rate Treasury Note 8.125% 12/16/2025	14.93%
San Miguel Purefoods Preferred Shares (PSE: PFF)	11.87%
DMCI Holdings Inc common shares (PSE: DMC)	8.63%
Metro Pacific Inv Co common shares (PSE: MPI)	7.95%
Energy Dev't Corp common shares (PSE: EDC)	6.92%

### Fund Facts

Classification:	Medium to Long-term Bond Fund
Launch Date:	February 15, 2011
Client Suitability:	Moderately Aggressive to 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:	Four (4) Banking days after initial notice
Early Redemption Charge:	0.25% or Php 500 whichever is higher
Ave. Gross Market Value for the Qtr. Trust Fees <sup>3</sup> :	Php 167,350,595.65 2% per annum on equity holdings 1% per annum on fixed income holdings
Audit Fees <sup>3</sup> :	0.0017% for the quarter
Custodianship Fees <sup>3</sup> :	0.003% for the quarter
Applicable Tax:	20% on interest income Sales tax on equity sales
Custodian:	HSBC, Ltd Philippines
External Auditor:	Punong-bayan & Araullo
Dealing Time:	Daily up to 12noon
Available Thru:	Unionbank of the Philippines branches
Bloomberg Ticker:	UNPESBA

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.

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**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. Debt securities issued by or guaranteed by the Philippine government, or the Bangko Sentral ng Pilipinas;
- ii. Unit Investment Trust Funds and Mutual Funds;
- iii. Exchange-listed marketable securities and funds;
- 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;
- v. Derivative instruments for the purpose of hedging market risk exposures of the existing investments of the Fund in accordance with the Bank's risk management and hedging policy duly approved by the Trust Committee.
- vi. Other such 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 ONE-QUARTER PERCENT (0.25%) per annum on pooled funds 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.**