

## UnionBank Trust and Investment Services Group

### UBP Philippine Peso Balanced Portfolio

as of June 30, 2013

#### 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

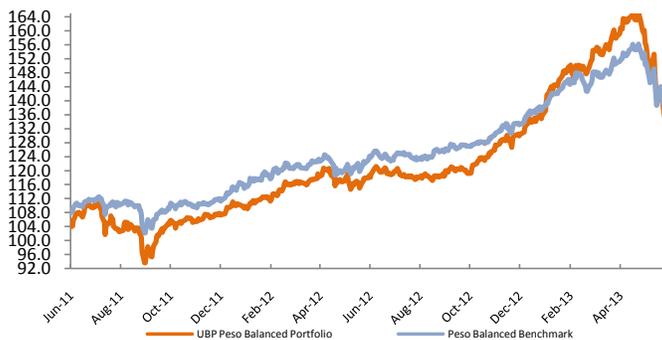
Calendar Absolute Returns*	Peso Balanced	Benchmark**
YTD	5.08%	6.81%
2012	21.29%	19.10%
Feb-Dec 2011	7.44%	1.86%

\* Returns are reported net of fees.

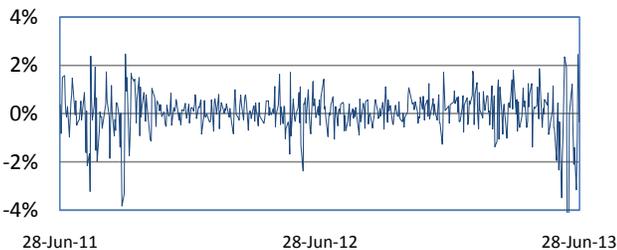
	Net Asset Value (NAV)	NAV Per Unit (NAVpu)
Bid <sup>1</sup>	Php 700.727 Million	Php 136.926103
Offer <sup>1</sup>	Php 703.600 Million	Php 137.487403
Mid <sup>1</sup>	Php 701.235 Million	Php 137.025362

Par Value: Php 100.00

#### Net Asset Value per Unit



#### Daily Percentage Change of NAVpu



#### Risk Characteristics:

One day VAR at 3σ:	2.24%
Volatility, Past 360 days	14.0121%
Duration:	1.3504
Sharpe Ratio (Risk-Free Rate = 1.976%):	1.00

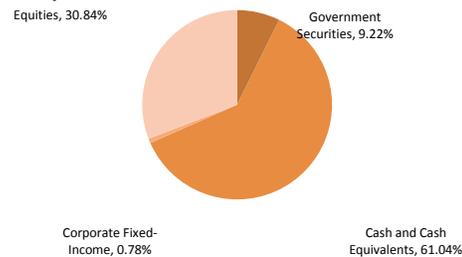
Volatility is a measure of fluctuation of the NAVpu. Higher volatility means higher potential for gains or losses. Duration measures the sensitivity of the portfolio to interest rate movements. The higher the duration, the more the NAVpu will change with interest rate fluctuation. The Sharpe Ratio is 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 month of June saw local bond market yields rise on the average of 100 basis points across the yield curve on concerns that the FED may start tapering one of the most aggressive policy easing in US history. Pessimism dominated most of the activity as the 25-year bonds reached a nine-month low of 6.0%. It was only when the Philippine's Bureau of Treasury released their 3rds quarter borrowing schedule that market saw a breather from bid hitting as bottom fishers came out to take in some paper. The Bureau of Treasury announced that the incoming issuance of RTB targeted by the end of July will only be 10 years. This was against market expectations of 20 to 25 year bond issuances. In addition to the RTB, only 5 and 7 year Fixed Rate Treasury Notes will be issued.

The PSEi plunged 7.9% marking its worst month since September 2011 reaching its lowest level at 5,678 on June 25. Flows dominated market direction, as PHP positions unwound and equity and fixed income assets were sold off. Large Cap and index stocks dragged the market down lead by the following names Ayala Land, PLDT, Metrobank, JG Summit, Manila Water and Metro Pacific. Gains were only experienced in 3 index stocks namely Jollibee, Globe Tel and San Miguel Corp.

#### Portfolio Composition



#### Maturity Profile of Fixed-Income Holdings



#### Top 5 Holdings

SM Prime Holdings	4.73%
First Generation Corporation	3.59%
Philippine National Bank	3.58%
Puregold	3.54%
FX 20-19	3.50%

#### 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.	Php 573,087,671.90
Trust Fees <sup>3</sup> :	2% per annum on equity holdings 1% per annum on fixed income holdings 0.25% per annum of pooled funds; 0.44% for the quarter

Audit Fees <sup>3</sup> :	0.0008% for the quarter
Custodianship Fees <sup>3</sup> :	0.0007% for the quarter
Applicable Tax:	20% on interest income Sales tax on equity sales
Custodian:	HSBC, Ltd Philippines
External Auditor:	Punongbayan & 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.

**UnionBank Trust and Investment Services Group**

UBP Philippine Peso Balanced 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. 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.**