

## UnionBank Trust and Investment Services Group

### UBP Philippine Peso Balanced Portfolio

as of July 31, 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

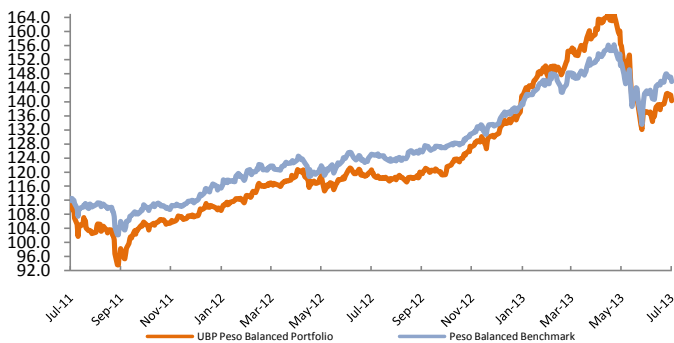
Calendar Absolute Returns*	Peso Balanced	Benchmark**
YTD	5.08%	9.43%
2012	21.29%	19.10%
Feb-Dec 2011	7.44%	1.86%

\* Returns are reported net of fees.

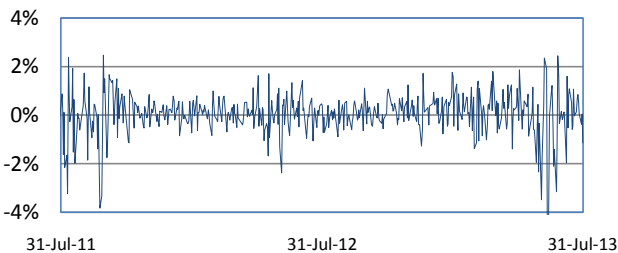
Net Asset Value (NAV)	NAV Per Unit (NAVpu)
Php 728.070 Million	Php 140.267469

Par Value: Php 100.00

#### Net Asset Value per Unit



#### Daily Percentage Change of NAVpu



#### Risk Characteristics:

One day VAR at 3σ:	2.28%
Volatility, Past 360 days	14.336%
Duration:	0.92
Sharpe Ratio (Risk-Free Rate = 1.831%):	1.01

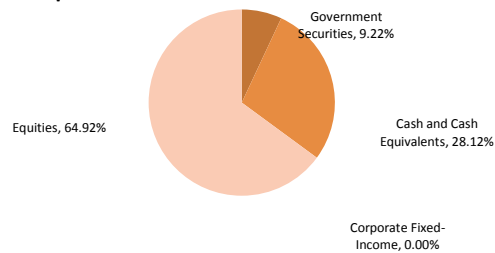
Volatility is a measure of fluctuation of the NAVpu. Higher volatility means higher potential for gains or losses. Duration measures the sensitivity of the portfolio to interest rate movements. The higher the duration, the more the NAVpu will change with interest rate fluctuation. The Sharpe Ratio is 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

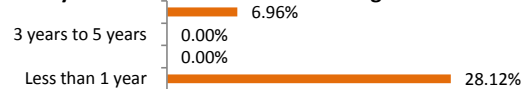
The local bond market saw a different story after the grueling month of June as yields went down all across the curve. A change of sentiment occurred as Federal Reserve Chairman Ben Bernanke calmed the market by implying no change on monetary policy and that QE tapering will be dependent on the pace of economic data improvement. Liquidity coming from Special Deposit Facility of the Central Bank (SDA) and a benign inflation outlook also helped drive confidence in the local bond market. Yields on the 25 yr benchmarks went down roughly 100bp (MoM basis) and an average of 50bp (MoM basis) on the belly to the short end of the curve. The Bureau of Treasury announced the newly issued Retail Treasury Bond RTB 10-4 which was awarded below market's expectations with a coupon of 3.25%.

The PSEi rose by 2.7% in July from a 7.9% decline the previous month. The locals lead much of the buying leading into a market rally on the back of Bernanke's statements that the US Fed will still maintain its accommodative monetary policy and the current pace of bond purchases until the US economy shows sign of persistent economic recovery.

#### Portfolio Composition



#### Maturity Profile of Fixed-Income Holdings



#### Top 5 Holdings

MBTC	6.41%
San Miguel Purefoods	5.82%
First Gen	5.18%
SM Prime Holdings	4.49%
PNB	4.41%

#### 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 793,256,123.99
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; 0.31% for the quarter
Audit Fees <sup>3</sup> :	0.0009% for the quarter
Custodianship Fees <sup>3</sup> :	0.0015% 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

\* All fees are accrued daily against the fund's total market value.

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

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### **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. 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.**