

UnionBank Trust and Investment Services Group

UBP Peso Balanced Portfolio

as of September 30, 2013

Investment Objective

The UnionBank 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

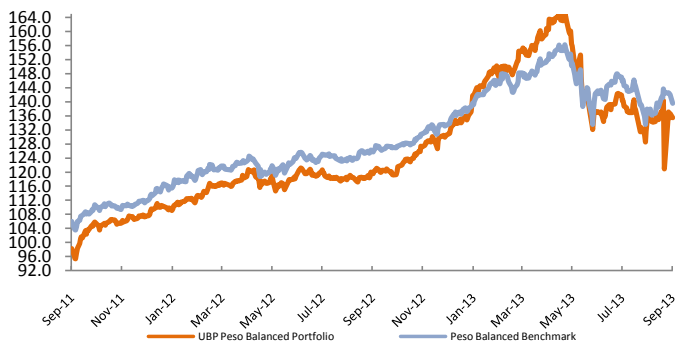
Calendar Absolute Returns*	Peso Balanced	Benchmark**
YTD	3.91%	4.76%
2012	21.29%	19.10%
Feb-Dec 2011	7.44%	1.86%

* Returns are reported net of fees.

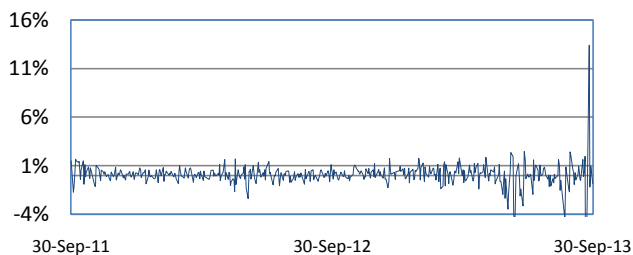
Net Asset Value (NAV)	NAV Per Unit (NAVpu)	Par
Php 702.810 Million	Php 135.494844	Par

Value: Php 100.00

Net Asset Value per Unit



Daily Percentage Change of NAVpu



Risk Characteristics:

One day VAR at 3σ:	4.09%
Volatility, Past 360 days	25.79%
Duration:	1.9267
Sharpe Ratio (Risk-Free Rate = 1.160%):	0.46

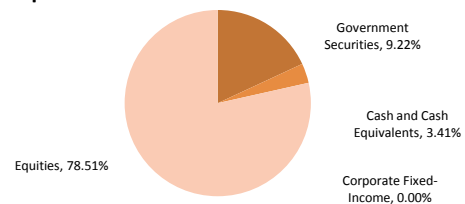
Volatility is a measure of fluctuation of the NAVpu. Higher volatility means higher potential for gains or losses. Duration measures the sensitivity of the portfolio to interest rate movements. The higher the duration, the more the NAVpu will change with interest rate fluctuation. The Sharpe Ratio is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

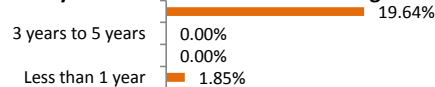
The Philippine peso denominated government bonds traded defensively in September prior to the FOMC "no taper" announcement. After the FOMC meeting, yields started to tighten but still traded sideways with the 25 year benchmark was still booked a yield slightly above 5%. Relatively no change in yields across the peso yield curve month on month. Inflation for September 2013 came out slightly higher than expected at 2.7% versus 2.4% but still below BSP target range of 3%-5%. BSP Monetary Board opted to keep benchmark rates unchanged in its September meeting. Bond market players are expected to remain on the sidelines on the back of external overhang caused by issues on the US fiscal budget and debt ceiling.

In equities, the PSEi closed at 6,191.80 in September which translates to a 1.9% gain from previous month. The market was caught flat footed as it expected the US central bank to cut the pace of purchases given the progress of recovery of the US economy. For October, the equity markets will still be taking its queue from the Budget and Debt ceiling overhang in the US.

Portfolio Composition



Maturity Profile of Fixed-Income Holdings



Top 5 Holdings

Emperador Inc.	14.98%
R 10-04	12.37%
Universal Robina Corp	8.86%
Rizal Banking Corp	8.48%
San Miguel Purefoods	7.67%

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 711,616,917.89
Trust Fees ³ :	2% per annum on equity holdings 1% per annum on fixed income holdings 0.25% per annum of pooled funds; 0.46% for the quarter

Audit Fees ³ :	0.0018% for the quarter
Custodianship Fees ³ :	0.0043% 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 negligence.

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FOOTNOTES:

¹FUND 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.

²PROSPECTIVE 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.

³FEES & 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.