

UnionBank Trust and Investment Services Group

UBP Peso Balanced Portfolio

as of June 30, 2014

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	10.40%	10.08%
2013	4.67%	2.26%
2012	21.29%	19.10%
Feb-Dec 2011	7.44%	1.86%

* Returns are reported net of fees.

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

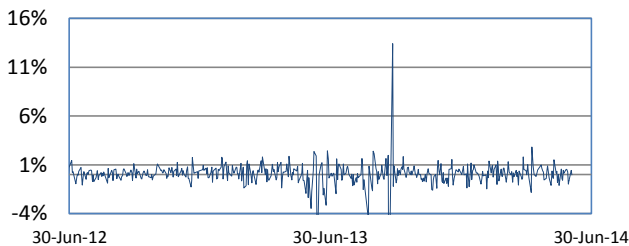
Net Asset Value (NAV)	NAV Per Unit (NAVpu)
Php 686.626 Million	Php 150.655807

Par Value: Php 100.00

Net Asset Value per Unit



Daily Percentage Change of NAVpu



Risk Characteristics:

One day VAR at 3σ:	3.72%
Volatility, Past 360 days	23.4579%
Duration:	0.9287
Sharpe Ratio (Risk-Free Rate = 1.600%):	.36

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

BTR successfully issued short term Treasury Bills reaching tendered amounts up to Php 62.4B which was more than three times the aggregate offer. The 91 day T-bill was awarded at an average of 1.035%, the 182 day at 1.481% and the 364 day at 1.754%. Auction was 20bp to 30bp lower compared to previous auction. Meanwhile, the reissuance of FXTN 7-56 (5.5 yrs) did not reach its targeted Php 25B offer. The auction fetched an average rate of 3.511% with only Php 18.845B in accepted bids.

Philippine CPI grew 4.5% in June. Inflation figure was up vs. April's 4.1% reading.

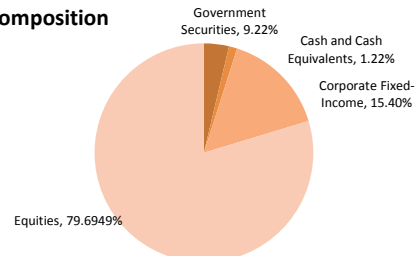
BSP held its overnight rate at 3.5% but raised SDA rate to 2.25% (from 2%).

The month of June, saw yields adjusting upwards to 15bp to 20bp for the long dated debt, 10bp to 15bp on the medium term bonds and 30bp to 40bp on the short end. As CPI figures came out, looming inflationary jitters were digested hence market players anticipated a form of tightening from the Central Bank as early as the 3rd quarter of the year.

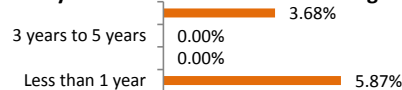
Philippine equities began to rally after last month's sell down as the PSEI marked up 2.87%.

The property sector was the only one to close in the red this month by giving up 0.92%.

Portfolio Composition



Maturity Profile of Fixed-Income Holdings



Top 5 Holdings

MERPM 4.3750 12/12/2020	10.76%
SMCP2A preferred	4.59%
FX 25-06	2.22%
R 10-04	1.46%
MEGW1 warrant	0.06%

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 730,821,933.78
Trust Fees ³ :	2% per annum on equity holdings 1% per annum on fixed income holdings 0.25% per annum of pooled funds; 0.45% for the quarter
Audit Fees ³ :	0.0018% for the quarter
Custodianship Fees ³ :	0.0045% 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

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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.