

## UnionBank Trust and Investment Services Group

### UBP Peso Balanced Portfolio

as of July 31, 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.

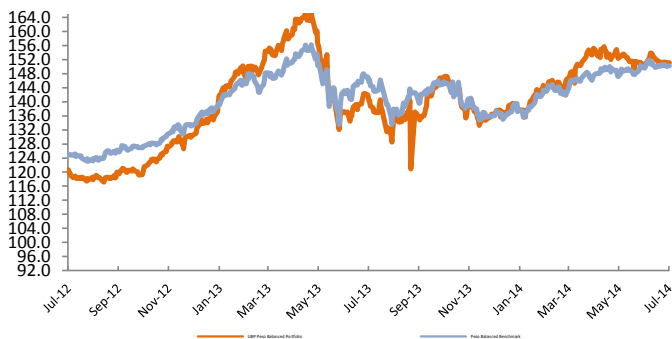
#### Fund Performance

Calendar Absolute Returns*	Peso Balanced	Benchmark**
YTD	10.72%	9.3919%
2013	4.67%	2.26%
2012	21.29%	19.10%
Feb-Dec 2011	7.44%	1.86%

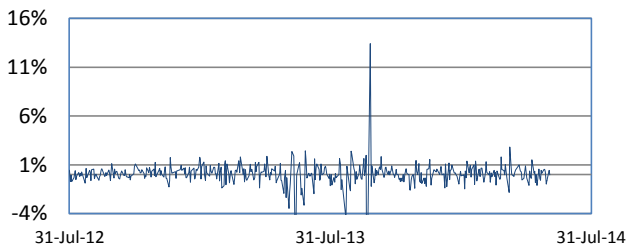
\* Returns are reported net of fees.

\*\*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 654.774 Million	Php 151.091406
Par Value:	Php 100.00



#### Daily Percentage Change of NAVpu



#### Risk Characteristics:

One day VAR at 3σ:	3.60%
Volatility, Past 360 days	22.6576%
Duration:	0.9505
Sharpe Ratio (Risk-Free Rate = 1.080%):	.29

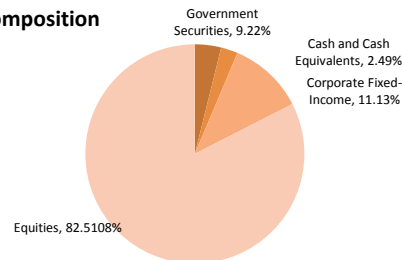
Volatility is a measure of fluctuation of the NAVpu. Higher volatility means higher potential for gains or losses. Duration measures the sensitivity of the portfolio to interest rate movements. The higher the duration, the more the NAVpu will change with interest rate fluctuation. The Sharpe Ratio is 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 Stock Exchange Index (PSEI) barely moved last month as July reflected a 0.3% gain after breaking the 7,000 threshold before its consolidation later in the month. The average trading volumes were low this month heading into the ghost month as there were no major catalysts that pushed Philippine equities to have a sustained climb. The telcos were up as Globe and PLDT reach their dividend ex-dates. June inflation had a slight decline to 4.4% from the 4.5% in May and infrastructure spending is up 25% YoY as the government attempts to address the delays in their projects.

The property sector continued its decline from last month (-1.44%) along with holding firms (-1.04%) while the four remaining sectors of Services (+2.29%), Industrial (+1.28%), Mining and Oil (1.06%), and Financials (+0.17%) buoyed the index.

#### Portfolio Composition



#### Maturity Profile of Fixed-Income Holdings

Greater than 7 years	3.87%
3 years to 5 years	0.00%
1 year to 3 years	0.00%
Less than 1 year	2.49%

#### Top 5 Holdings

PIP	14.94%
Emperador Distillery Inc	14.89%
San Miguel Purefoods	14.23%
Rizal Banking Corp	11.36%
Megawide Construction	8.70%

#### 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 <sup>3</sup> :	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 <sup>3</sup> :	0.0018% for the quarter
Custodianship Fees <sup>3</sup> :	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
Bloomberg Ticker:	UNPESBA
* All fees are accrued daily against the fund's total market value.	

## **UnionBank Trust and Investment Services Group**

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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.**