

## UnionBank Trust and Investment Services Group

### UBP Large Capitalization Philippine Equity Portfolio as of July 31, 2012

#### Investment Objective

The UnionBank Large Capitalization Philippine Equity Portfolio is a peso-denominated fund that seeks long-term capital growth by investing in a diversified portfolio of primarily large capitalization stocks listed in the Philippine Stock Exchange.

#### Fund Performance

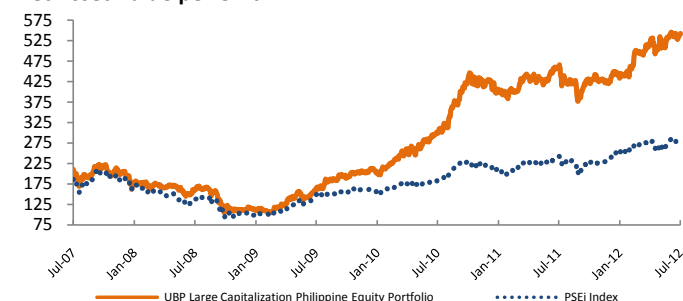
Calendar Absolute Returns*	Large Cap	PSEi Index
YTD	28.22%	19.39%
2011	-1.25%	4.07%
2010	109.32%	37.62%
2009	85.00%	62.99%
2008	-44.93%	-48.29%
2007	23.49%	21.43%
Cumulative Annualized Returns*	Large Cap	PSEi Index
3 Years	48.71%	23.17%
5 Years	20.86%	9.29%

\*Returns are reported net of fees.

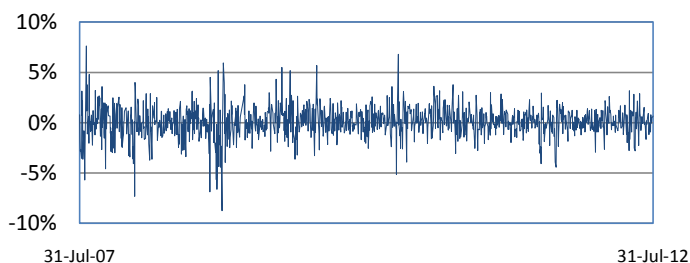
	Net Asset Value (NAV)	NAV Per Unit (NAVpu)
Bid <sup>1</sup>	Php 1.181 Billion	Php 536.457662
Offer <sup>1</sup>	Php 1.187 Billion	Php 544.645968
Mid <sup>1</sup>	Php 1.185 Billion	Php 542.659494

Par Value: Php100.00

#### Net Asset Value per Unit



#### Daily Percentage Change of NAVpu



#### Risk Characteristics:

One day VAR at 3σ:	3.00%
Volatility, Past 360 Days:	18.87%
PSEi Index, Volatility Past 360 days:	19.496%
Sharpe Ratio (Risk Free Rate = 2.460%):	0.82

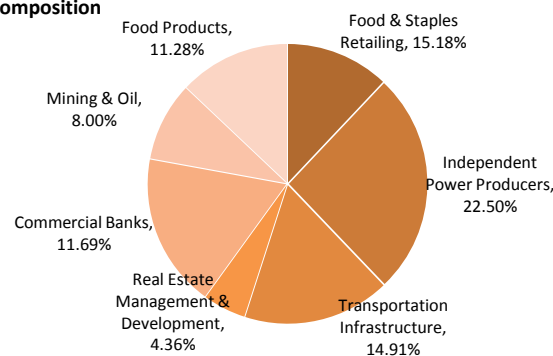
Volatility is a measure of fluctuation of the NAVpu. Higher volatility means higher potential for gains or losses. Duration measures the sensitivity of the portfolio to interest rate movements. The higher the duration, the more the NAVpu will change with interest rate fluctuation. The Sharpe Ratio is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

External uncertainties led to unconvincing trading, with the market swaying in and out of positive territory throughout the month. Trading volumes, excluding one-off block sales and private placements, thinned to 8 percent month-on-month to USD128 million daily. With the central bank cutting policy rates by 25 basis points and economic indicators such as power sales rising 10 percent in the 2<sup>nd</sup> quarter, a re-rating for the equities market should be on the table.

The construction and building material sectors got the biggest lift as the cyclical and structural growth story gained momentum. Utilities, power generation and telecom stocks continued to rally as investors flocked to defensive issues such as PLDT (PSE: TEL), Globe Telecom (PSE: GLO), First Gen Corp. (PSE: FGEN), Manila Electric Co. (PSE: MER), and Manila Water Co. (PSE: MWC). The banking sector started to slow down as most bank stocks were already fully-valued. The property sector's outperformance was led by Robinsons Land Corp. (PSE: RLC), as talks with the Okada group to run the retail operations in the latter's casino project in Pagcor Entertainment City progressed. Meanwhile, the mining sector took a hit as the long-awaited presidential executive order lacked the assurance the market was anticipating, especially on the key issues such as royalty payments on future mining agreements.

#### Portfolio Composition



#### Top 5 Holdings<sup>2</sup>

First Gen Corporation	14.76%
Universal Robina Corporation	10.86%
ICTSI	10.61%
Alliance Global Group Inc.	10.49%
First Philippine Holdings Corp.	7.74%

#### Fund Facts

Classification:	Long-term Philippine Equity Fund
Launch Date:	March 01, 2005
Client Suitability:	Moderately Aggressive risk 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 1,063,748,394.80
Trust Fees <sup>3</sup> :	2% per annum; 0.51% for the quarter
Audit Fees <sup>3</sup> :	0.0012% for the quarter
Custodianship Fees <sup>3</sup>	0.000% per annum
Applicable Tax:	20% on interest income 0.5% 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:	IFDLCP

\* All fees are accrued daily against the fund's total market value.  
Complete list of holdings available upon request

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:**

##### **<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. Large capitalization equity issues listed in the Philippine Stock Exchange;
- iii. Middle capitalization equity issues listed in the Philippine Stock Exchange;
- iv. 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.

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 TWO PERCENT (2%) per annum 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.**