

**Quarterly Investment Disclosure Statement - 31 March 2014**

**Short Description**

Sterling Balanced Fund ("Fund") aims to achieve long term capital and income growth as the Fund will be invested in a combination of select equities or stocks and fixed-income securities over a medium to long term investment period. Investing will try to strike a balance of 60-40 on both securities, subject to the approval by the Trust Committee.

It is suited for professionals, corporations, high-salaried OFWs, and other individuals or corporations who are aware of the opportunity for high yields that stock market investments may provide but also understand the higher risk involving volatility of returns and even possible loss of investment in return for the potential higher long term results.

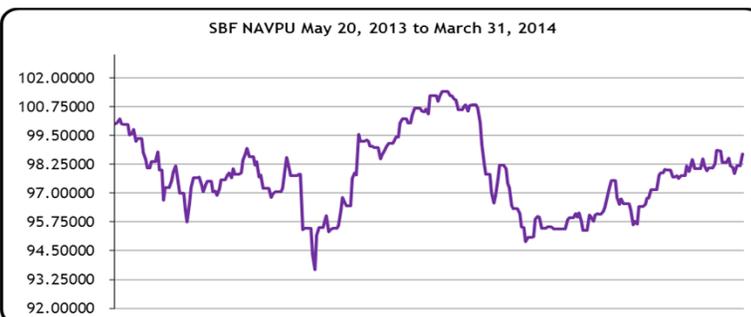
The Fund aims to achieve a rate of return based on the applicable Three-Year PDST-R2 rate plus 0.25% to 1% (gross of fees) or HSBC Philippines Total Return Bond Index for the fixed income investments; and One-Year return in the Philippine Stock Exchange Index (PSEI) for the equities investments.

Net Asset Value, end of quarter

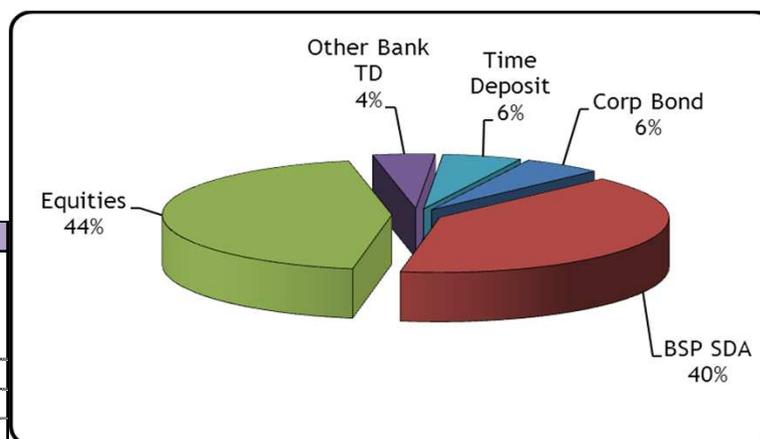
Php 9,183,406.07

Net Asset Value Per Unit

Php 98.71557



**Outstanding Investments**



**Market Update and Outlook**

The local equities market closed on a positive note. Having breached the 6,400.00 mark again given in part by the quarter end window dressing of corporations and the comment of the US Federal Reserve's Head Janet Yellen with regard to their "accommodative" monetary policies.

Investor confidence would still remain having acknowledged the Philippines as an emerging market having taken into consideration the crisis in eastern Europe and concerns over China's economic woes.

Range trading will continue to dominate taking advantage of bargain prices and taking profits on gains.

**Investment Strategy**

Sterling Trust will continue to focus on the top performing issues on the PSEI with consideration to the technical and fundamental performance and diversification of industries and ownership. We will also be on the look out for better opportunities with higher returns

Focus should be on the Fixed Income outlets that will have an average duration of 3-years which maximize opportunities in the Stock Market

Participation / Redemption Conditions	
Transaction Hours	9:00 AM to 11:30 AM Daily. Participation received after the cut-off shall be value dated the next banking day
Allowed Fund for Participation	Cleared Fund Only
Documentation Deliverables	
Prior to Acceptance of Participation	Client Suitability Assessment Form
Upon Acceptance of Participation	Participating Trust Agreement, Risk Disclosure Statement
One Banking Day After Acceptance of Participation	Confirmation of Participation (COP)
Redemption Conditions	
Notice of Redemption	Three Days Notice Is Required
Documentation Required for Redemption	Confirmation of Participation
Allowed Redemption	Full Redemption Per COP. No partial redemption is allowed in one (1) COP
Penalty on Early Redemption	0.50% of the Net Proceeds
Mode of Payment	Credit to Account, Cash/Peso Notes, Manager's Check, RTGS

Administrative Details	
Trust Fee	1.25% per annum
Minimum Investment	Php 100,000.00
Holding Period	Thirty (30) Calendar Days

Special Expenses		
Nature of Expenses	Name of Third Party	Amount Per Quarter
Custodianship Fees	Phil Depository & Trust Corp	Php 2,565.95
External Audit Fees	Sycip Gorres & Velayo	Php 0.00

The UIT Fund is NOT a DEPOSIT and 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 UIT Fund, even if invested in government securities, is for the account of the investor. As such, units of participation of the investor in the UIT Fund, when redeemed, may be worth more or be worth less than his/her initial investments/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.

**Quarterly Investment Disclosure Statement - 30 June 2014**

**Short Description**

Sterling Balanced Fund ("Fund") aims to achieve long term capital and income growth as the Fund will be invested in a combination of select equities or stocks and fixed-income securities over a medium to long term investment period. Investing will try to strike a balance of 60-40 on both securities, subject to the approval by the Trust Committee.

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Net Asset Value, end of quarter

Php 5,464,144.89

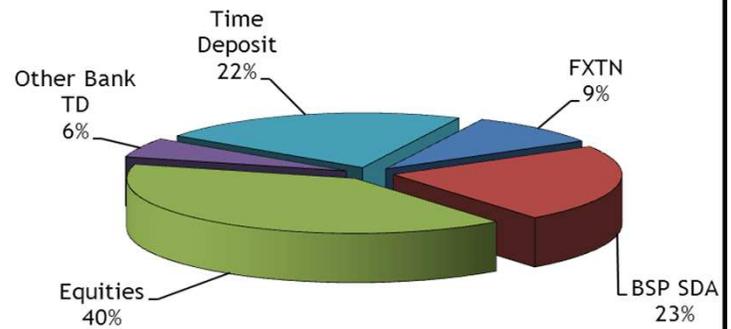
Net Asset Value Per Unit

Php 101.08784

SBF NAVPU May 20, 2013 to June 30, 2014



**Outstanding Investments**



**Market Update and Outlook**

The local equities market fared lower due to slight profit taking activities of some market players on the last day of the second quarter. Said movement took advantage of the window dressing activities of some blue chip corporations to lighten up their quarter-end figures.

The Monetary Board, in anticipation to a higher inflation numbers, has made some rate adjustments particularly on the BSP's SDA facility by increasing it to 25 bps. Higher inflation is being expected due to food price hikes brought about by last year's calamities and fuel price increase due to the ongoing turmoil in the middle east and eastern Europe.

Investors remain very optimistic on the Philippine Market, having achieved its highest credit rating in history from the previous BBB- to BBB (S&P) brought about by the Aquino administration's economic reforms that would be sustainable in the years to come.

**Investment Strategy**

The inflationary environment and projected slower than expected growth provides some negative sentiment on investors. Thus, the fund shall remain defensive in terms of positioning in the bond market. On the Equities portion, the release of the inflation data as well as the 2Q14 earnings results shall be the basis of the fund's strategy. Should the PSEi breach the 7,000 level, this will be an opportunity to take in gains on stock positions.

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External Audit Fees	Sycip Gorres & Velayo	Php 0.00

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**Quarterly Investment Disclosure Statement - 30 September 2014**

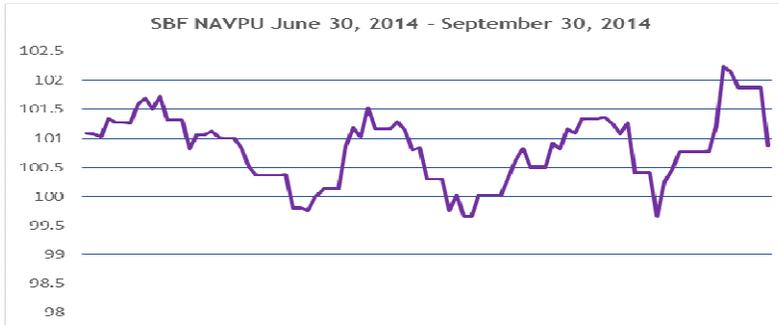
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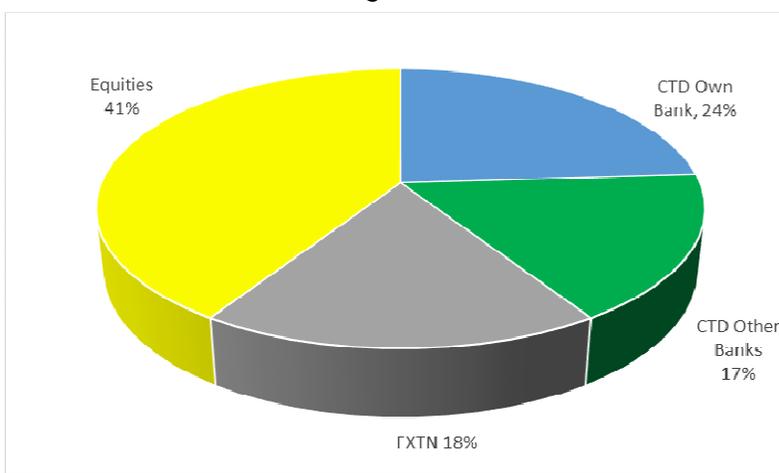
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Net Asset Value, end of quarter **Php 2,704,190.51**  
Net Asset Value Per Unit **100.8733**



**Outstanding Investments**



**Market Update & Outlook**

There was a rally in the local government securities (GS) market as inflation remain within forecast and on expectation that there will be no interest hike from the BSP until the end of the year. In the last Monetary Board meeting, policy remained unchanged in line with expectations. Players will continue to track U.S. Treasury yields in the near term while keeping an eye on updates and guidance on global growth, particularly China and the Eurozone.

PSEi climbs back to 7,000 level amid remittances growth. Overseas remittances grew 7.2% in August. Remittances is an integral component of the Philippine economy as it promotes domestic consumption, one of its largest driver and keeps us insulated from external shocks abroad.

**Investment Strategy**

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**STERLING BANK OF ASIA**  
**STERLING BALANCED FUND**  
**KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT**  
**AS OF DECEMBER 31, 2014**

**FUND FACTS**

<b>Classification:</b>	Balanced Fund	<b>Net Asset Value per Unit (NAVPU):</b>	100.12640
<b>Launch Date:</b>	May 20, 2013	<b>Total Fund NAV:</b>	PHP3,496,142.58
<b>Minimum Investment:</b>	PHP10,000.00	<b>Dealing Day:</b>	Daily up to 11:30 am
<b>Additional Investment:</b>	PHP5,000.00	<b>Redemption Settlement:</b>	After the 3rd banking day (T+3)
<b>Minimum Holding Period:</b>	30 calendar days	<b>Early Redemption Charge:</b>	0.50% of redemption proceeds

**FEES**

<b>Trust Fee:</b> 1.25% p.a. Sterling Bank of Asia - Trust Group	<b>Custodianship Fee:</b> 4Q14 = P542.85 PDTC and BTr - ROSS	<b>External Auditor Fees:</b> 0.00% p.a. Reyes Tacandong & Company
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**INVESTMENT OBJECTIVE AND STRATEGY**

The Fund aims to achieve long-term capital appreciation and income growth over a medium to long-term investment period.

Investments will be in a combination of select equities (a maximum of 60% of the total portfolio) and fixed-income securities with an average duration of three years or less.

**CLIENT SUSTAINABILITY**

**A client profiling should be performed prior to participating in the Fund to guide prospective investor if the Fund is suited to his/her investment objectives and risk tolerance. Clients are advised to read the Declaration of Trust/ Plan Rules of the Fund, which may be obtained from the Trustee, before deciding to invest.**

The **STERLING BALANCED FUND** is suitable only for investors who:

- Have an aggressive risk profile
- Have an investment horizon of at least three (3) years
- Are willing to be exposed to greater price volatility and risk of a balanced investment
- Are looking for long term capital appreciation and income growth through price appreciation and through a regular stream of income from fixed rate securities

**KEY RISK AND RISK MANAGEMENT**

**You should not invest in this Fund if you do not understand or are not comfortable with the accompanying risks.**

- **Interest Rate Risk** - This is the possibility for an investor to experience losses due to changes in interest rates.
- **Market/Price Risk** - This is the possibility for an investor to experience losses due to changes in market prices of securities.
- **Liquidity Risk** - This is the possibility for an investor to experience losses due to the inability to sell or convert assets into cash immediately or in instances where conversion to cash is possible but at a loss.
- **Credit/ Default Risk** - This is the possibility for an investor to experience losses due to a borrower's failure to pay principal and/or interest in a timely manner on instruments such as bonds, loans, or other forms of security which the borrower issued.
- **Related Party Risk** - This is the possibility for an investor to experience losses due to potential conflict of interest in a related party transaction.

**THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC)**

**RETURNS CAN NOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/FLUCTUATIONS ONLY**

**WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES WILL BE SOLELY FOR THE**

**THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE**

Sterling Bank of Asia - Trust Group, 3/F Sterling Bank Corporate Center, Ortigas Avenue, Greenhills, San Juan City  
(+632) 535-6168 local 6173, 6148, 1321, 1323, 1324, 1325. [www.sterlingbankasia.com](http://www.sterlingbankasia.com)

STERLING BANK OF ASIA  
STERLING BALANCED FUND  
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT  
AS OF DECEMBER 31, 2014

**FUND PERFORMANCE AND STATISTICS**

(Purely for reference purposes and is not a guarantee of future results)

**NAVPU GRAPH**



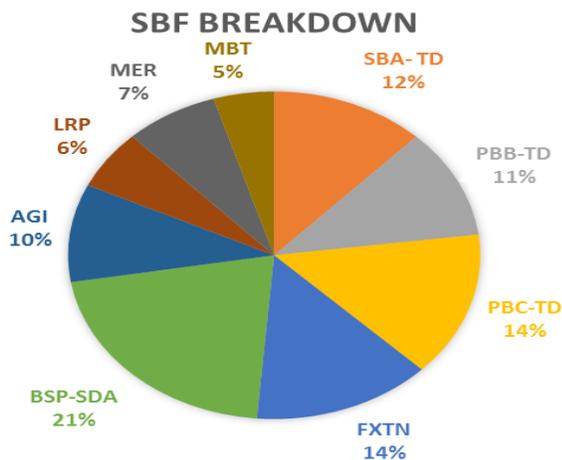
**NAVPU OVER PAST 12 MONTHS**

Highest	September 24, 2014	102.23014
Lowest	January 12, 2014	95.38481

**YIELD**

DATE	YTD	YOY
31-Dec-14	4.9022%	4.9022%

**PORTFOLIO COMPOSITION**



**TOP HOLDINGS (% TO NAV)**

AGI	14%
MER	8%
LRP	7%
MBT	6%

**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS.** The Fund has deposits with the Bank Proper amounting to PHP423,246.33, which was approved by the Trust Committee. Likewise, all related parties transactions are conducted on an arm's length basis.

**OUTLOOK AND STRATEGY.** Inflation fell to its lowest for the year in November 2014, at 3.7%, on the back of declining fuel prices. Lower fuel prices may have a positive effect on the local economy as it can drive consumer spending and possibly delay any interest rate hikes. Moody's Investors Service on December 12, 2014 raised the Philippines's credit rating to Baa2 with a stable outlook. The ratings agency cited the country's ongoing debt reduction and improvements in fiscal management, continued favorable prospects for strong economic growth and limited vulnerability to the common risks currently affecting emerging markets. The PSEi declined by 0.87%, month on month, to close the year at 7,230. We expect market to remain susceptible to any swing in risk sentiment, mainly driven by oil price movements and concern on global growth.