

Quarterly Investment Disclosure Statement - 31 December 2013

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

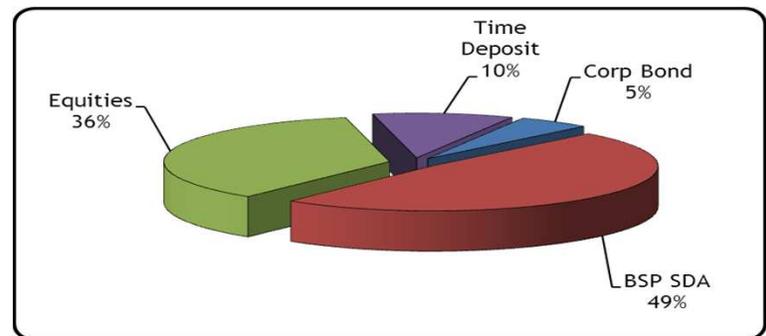
Php 9,170,347.55

Net Asset Value Per Unit

Php 95.44734



Outstanding Investments



Market Update and Outlook

The local equities market ended the year on the positive note closing at the PSE at 5,889.83 levels compared to the previous day of 5,878.32 levels. After rallying at the middle of year having peaked at 7,392.20 level last May, closing the year seemed to wiped out most of the investor's confidence, Positive US economic developments have shifted most of the investor's appetite towards the US. However, range trading seem to dominate the local equities market for the rest of the year.

Investor confidence would still remain having acknowledged the Philippines as an emerging market. However, range trading will continue to dominate taking advantage of bargain prices and taking profits on gains early next year.

Prices for GS were left steady the past few weeks as most of the market remained in the sidelines

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.