

UnionBank Trust and Investment Services Group

UBP Philippine Peso Bond Portfolio as of January 31, 2011

Investment Objective

The UnionBank Philippine Peso Bond Portfolio is a peso-denominated fund that seeks capital preservation and the total return of a diversified portfolio of primarily investment-grade fixed-income instruments.

Fund Performance

Calendar Absolute Returns*

YTD	-0.05%
2010	11.35%
2009	12.93%
2008	1.49%
2007	3.14%
2006	23.77%

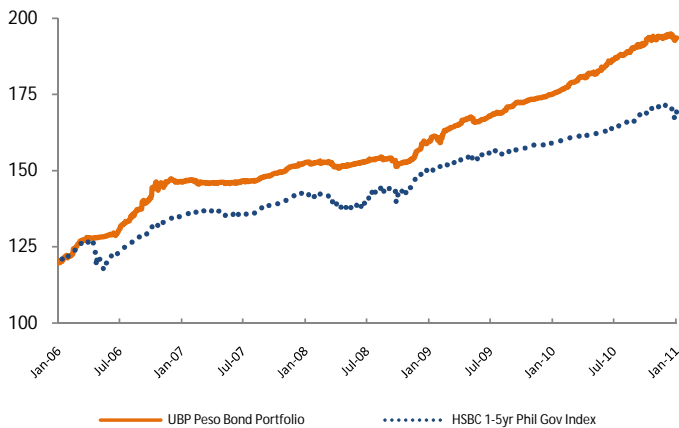
Cumulative Annualized Returns*

3 Years	8.21%
5 Years	10.03%

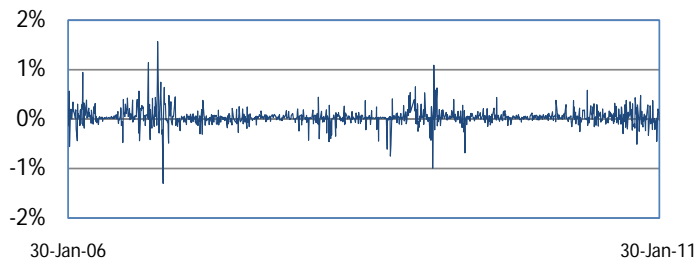
* Returns are net of fees

Net Asset Value, end-of-period:	Php 2.852 Billion
Bid NAV Per Unit (NAVpu)	Php 193.246039
Offer NAV Per Unit (NAVpu)	Php 194.816473

Net Asset Value per Unit



Daily Percentage Change of NAVpu



Risk Characteristics:

One day VAR at 3σ:	0.41%
Volatility, Past 360 Days:	2.33%
Duration:	3.10
Sharpe Ratio:	2.79

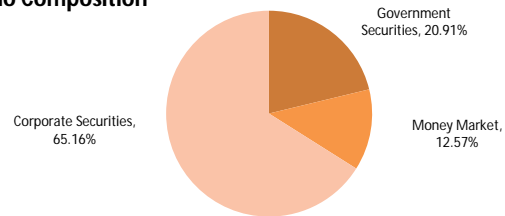
Volatility is a measure of fluctuation of the NAVpu. Higher volatility means higher potential for gains or loss. Duration measures the sensitivity of the portfolio to interest rate movements. The higher the duration, the more the NAVpu will change with interest rate fluctuation. The Sharpe Ratio is a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

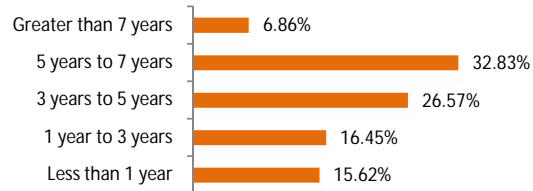
The country's January inflation jumped to a four-month high of 3.5% year-on-year, slightly above expectations but still within the government's target of 3%-5%. There is lingering concerns on increasing inflation due to fares hikes and with the economy growing 7.3% in 2010, the highest growth since 1976. Investors are also worried about the mounting unrest in Egypt which could disrupt oil traffic in the critical Suez Canal and cause speculation on oil prices and inflation. Nevertheless, the Bangko Sentral ng Pilipinas (BSP) maintains that inflation is well managed and well within the government's target despite strong inflows of foreign funds and increases in domestic prices. This view is supported Moody's Investor Services who sees further improvement in the country's inflation which could go as low as 2.3% this year.

Yields increased across the curve, with the short end rising by about 155bps and the long end increasing by 50bps for the month of January. The Bureau of the Treasury's full rejection of high bids in the latest Treasury bill auction sends a message that the government would not allow rates to spike up given its still benign inflation outlook.

Portfolio Composition



Maturity Profile



Top 5 Holdings

Petron Preferred Shares	14.33%
Alliance Global 6.50% 8/18/2017	13.18%
FPH Preferred Shares	9.80%
Landbank of the Phil 7.25% 10/19/2016	9.51%
Fixed Rate Treasury Note 8.125% 12/16/2025	6.03%

Fund Facts

Classification:	Medium-term Bond Fund
Launch Date:	January 12, 2004
Client Suitability:	Moderately conservative to Moderately 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:	One (1) Banking day after initial notice
Early Redemption Charge:	0.25% or Php 500 whichever is higher
Trust Fees:	1% per annum
Custodianship Fees:	0.02% per annum
Applicable Tax:	20% on interest income
Custodian:	HSBC, Ltd Philippines
External Auditor:	Punong-bayan & Araullo
Dealing Time:	Daily up to 12noon
Available Thru:	Unionbank of the Philippines branches
Bloomberg Ticker:	IFDPPBP

* All fees are accrued daily against the fund's Net Asset Value.
Complete list of holdings available upon request

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