

UnionBank Trust and Investment Services Group

UBP Philippine Peso Bond Portfolio as of February 28, 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.

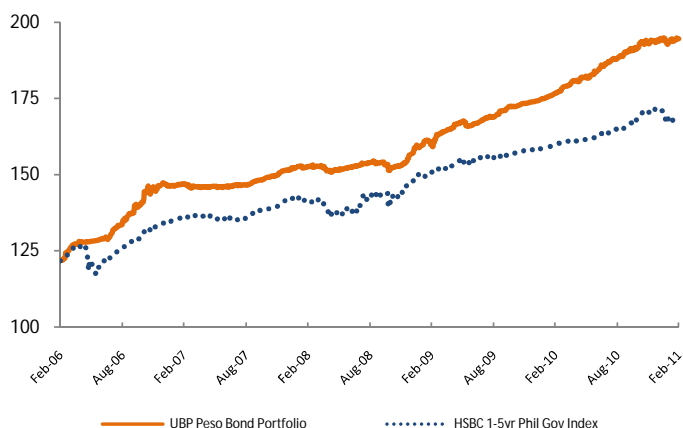
Fund Performance

Calendar Absolute Returns*	Peso Bond	HP15TR Index
YTD	0.48%	-1.89%
2010	11.35%	8.13%
2009	12.93%	6.99%
2008	1.49%	4.35%
2007	3.14%	5.66%
2006	23.77%	13.52%
Cumulative Annualized Returns*	Peso Bond	HP15TR Index
3 Years	8.45%	5.90%
5 Years	9.82%	6.60%

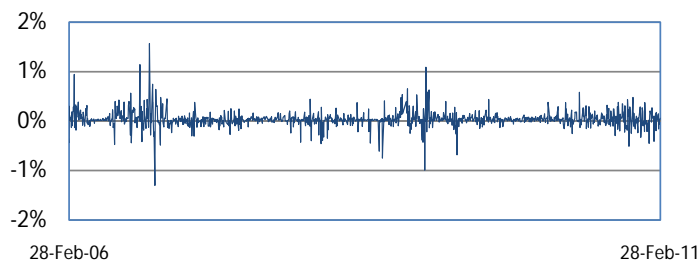
* Returns are net of fees

Net Asset Value, end-of-period:	Php 2.868 Billion
Bid NAV Per Unit (NAVpu)	Php 194.187814
Offer NAV Per Unit (NAVpu)	Php 195.613240

Net Asset Value per Unit



Daily Percentage Change of NAVpu



Risk Characteristics:

One day VAR at 3σ:	0.41%
Volatility, Past 360 Days:	2.58%
Duration:	2.78
Sharpe Ratio:	3.05

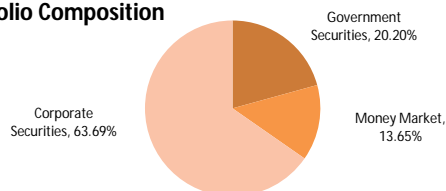
Volatility is a measure of fluctuation of the NAVpu. Higher volatility means higher potential for gains or loss. Duration measures the sensitivity of the portfolio to interest rate movements. The higher the duration, the more the NAVpu will change with interest rate fluctuation. The Sharpe Ratio is a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

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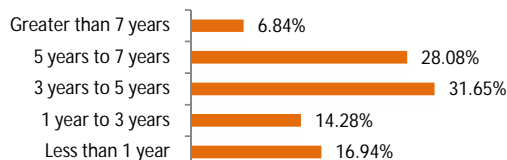
Fund Manager's Report

The price of an oil barrel reached a record high of USD102 this month as the continuing saga in the Middle East and North Africa (MENA) fueled concerns on inflation and sustainability of global recovery. Investors are worried that the escalating political tension in Libya will lead to further destabilization in the region. Libya is the third nation, following Tunisia and Egypt, in the region that staged a revolution against existing governments. Libya has already shut down oil production in many parts of the country. Analysts are concerned that the rebellion will endanger Libya's oil fields which produce 1.6 million barrels per day representing about 2 percent of global demand. More importantly, concerns as mounting on which country will revolt next. In the local setting, the BSP has begun signaling that it may raise rates in the near future in response to external threats to Philippines inflation. Yields rose an average of 53 bps month-on-month with the 5 year tenor taking the most hit. The Philippine government successfully auctioned 5 year and 10 year Retail Treasury Bonds for 6% and 7.375% respectively. The market is still very liquid with Php 1.35 trillion of SDAs parked in the Central Bank.

Portfolio Composition



Maturity Profile



Top 5 Holdings

Petron Preferred Shares	14.19%
Alliance Global 6.50% 8/18/2017	12.64%
FPH Preferred Shares	10.15%
Landbank of the Phil 7.25% 10/19/2016	9.27%
Fixed Rate Treasury Note 8.125% 12/16/2025	6.02%

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