

UnionBank Trust and Investment Services Group

UBP Philippine Peso Bond Portfolio as of March 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.

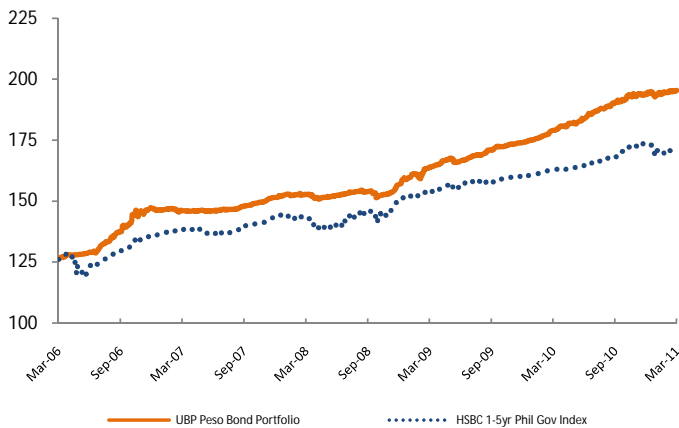
Fund Performance

Calendar Absolute Returns*	Peso Bond	HSBC 1-5 Yr Index
YTD	0.92%	-0.47%
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	HSBC 1-5 Yr Index
3 Years	8.55%	6.27%
5 Years	9.14%	6.39%

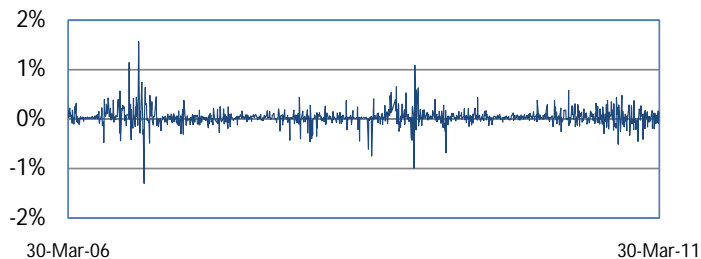
* Returns are net of fees

Net Asset Value, end-of-period: Php 2.832 Billion
Bid NAV Per Unit (NAVpu) Php 194.834800
Offer NAV Per Unit (NAVpu) Php 196.420849

Net Asset Value per Unit



Daily Percentage Change of NAVpu



Risk Characteristics:

One day VAR at 3σ:	0.24%
Volatility, Past 360 Days:	2.52%
Duration:	2.52
Sharpe Ratio (Risk Free Rate = 3.52%):	2.24

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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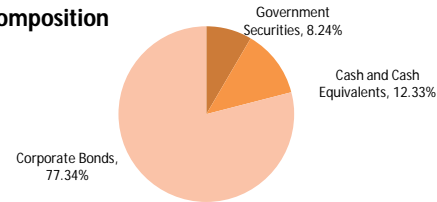
Fund Manager's Report

The Bangko Sentral ng Pilipinas (BSP) hiked rates by 25 bps in its last policy rate meeting. Pressure to tighten rates began when inflation hit a nine-month high of 4.3% year-on-year in February. March inflation came in also at 4.3% year-on-year, lower than market expectation of 4.6%. The BSP is looking out for the second round effects arising from the Japanese earthquake before making further decisions on interest rates.

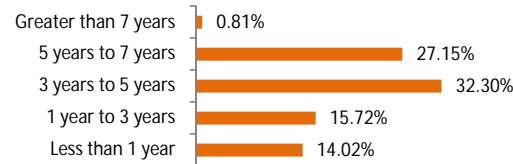
Data from the Finance Department showed that the government is targeting a lower debt-to-GDP ratio in the Medium-Term Fiscal Program. The initial target is 55% by the end of 2011, to be lowered to 43% by the end of the Aquino administration in 2016. The government is hopeful that the country will qualify for a credit rating upgrade if it can sufficiently manage its debt.

The Asian Development Bank upgraded its 2011 growth outlook for the Philippines, but cautioned against the risk of mounting inflationary pressures. The bank's 2011 growth forecast is higher than the earlier 4.60% growth outlook released in September. The figure, however, is still lower than the government's growth target of 7 to 8 percent for the year.

Portfolio Composition



Maturity Profile



Top 5 Holdings

Petron Preferred Shares	14.42%
Alliance Global 6.50% 8/18/2017	12.84%
FPH Preferred Shares	11.52%
Landbank of the Phil 7.25% 10/19/2016	8.91%
SM Investments 6% 9/22/2014	5.40%

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