

UnionBank Trust and Investment Services Group

UBP Philippine Peso Bond Portfolio as of July 29, 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.

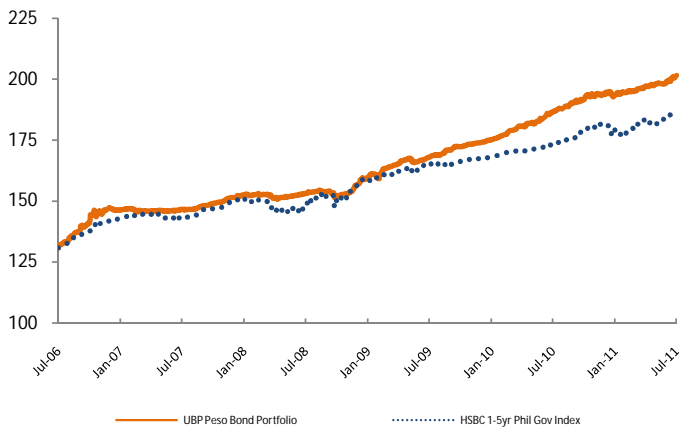
Fund Performance

Calendar Absolute Returns*	Peso Bond	HSBC 1-5 Yr Index
YTD	3.91%	2.83%
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	9.55%	7.31%
5 Years	8.99%	7.90%

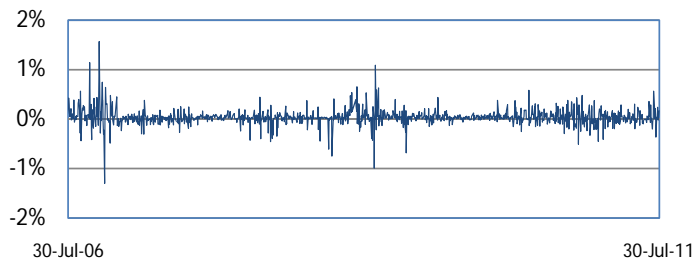
* Returns are reported net of fees.

Net Asset Value, end-of-period: Php 3.119 Billion
Bid NAV Per Unit (NAVpu) Php 200.870107
Offer NAV Per Unit (NAVpu) Php 201.961134

Net Asset Value per Unit



Daily Percentage Change of NAVpu



Risk Characteristics:

One day VAR at 3σ:	0.38%
Volatility, Past 360 Days:	2.39%
Duration:	2.54
Sharpe Ratio (Risk Free Rate = 3.68%):	1.76

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.

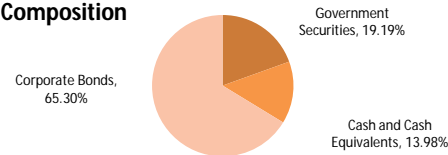
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Fund Manager's Report

Yields of government securities declined on the back of a significant increase in net portfolio inflows. Longer tenor bonds experienced the largest decline in yields as long-term inflations are expected to be moderate. Inflation may reach around 5 percent in the second half of 2011. Given the this economic outlook, the Bangko Sentral ng Pilipinas left overnight rates unchanged at 4.5 percent but has opted to raise the reserve requirement from 20 percent to 21 percent.

Decreased government spending contributed to bullish sentiments on the bond market. The tighter fiscal spending has resulted in lower borrowing cost for the government. The country's economic fundamentals remain strong and resilient against global pressures. Economic growth is forecasted to grow at 5.4 percent in 2011 and then 5.8 percent in 2012. The 2011 budget deficit on the other hand is expected to stay manageable at around 2 to 3 percent of GDP.

Portfolio Composition



Maturity Profile



Top 5 Holdings

FPH Preferred Shares	13.61%
Alliance Global 6.50% 8/18/2017	11.91%
Petron Preferred Shares	10.86%
PSALM 7.75% 4/22/2017	5.89%
Landbank of the Phil 7.25% 10/19/2016	5.10%

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 total market value.
Complete list of holdings available upon request