

UnionBank Trust and Investment Services Group

UBP Philippine Peso Bond Portfolio as of August 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.

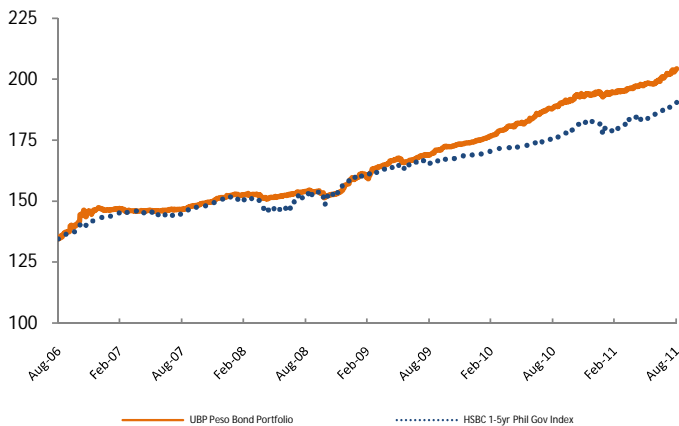
Fund Performance

Calendar Absolute Returns*	Peso Bond	HSBC 1-5 Yr Index
YTD	5.38%	4.53%
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	9.83%	7.71%
5 Years	8.70%	7.22%

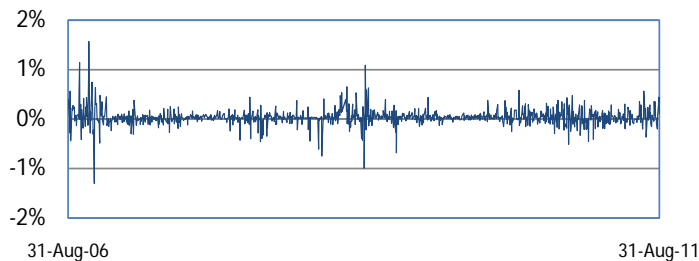
* Returns are reported net of fees.

Net Asset Value, end-of-period: Php 2.982 Billion
Bid NAV Per Unit (NAVpu) Php 203.319829
Offer NAV Per Unit (NAVpu) Php 204.547519

Net Asset Value per Unit



Daily Percentage Change of NAVpu



Risk Characteristics:

One day VAR at 3σ:	0.40%
Volatility, Past 360 Days:	2.50%
Duration:	2.58
Sharpe Ratio (Risk Free Rate = 3.62%):	1.95

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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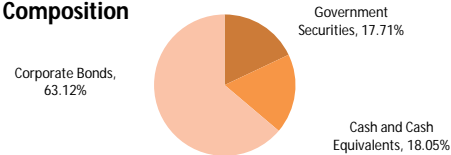
Fund Manager's Report

Government bonds rallied in the month of August on the back of a slowing economy, benign inflation environment, and high liquidity. Yield on the short-end of the curve decreased by as much as 140 basis points (bps) while that of the long-end decreased by around 40 bps. Yield of the 10-year and the 20-year bonds decreased by 44 bps and 39 bps respectively. The Philippine economy grew at a slower pace at 3.4 percent year-on-year in the month of August. The slowdown was due to weak trade and lack-luster investments. Exports fell due to a slump in electronics shipments. Investments declined on slow construction activity. Consumption remained strong rising 5.4 percent. Government spending increased at a faster pace and is expected to continue increasing in the latter half of the year.

As expected, inflation eased in the month of August because of slowing economy and lower commodity prices. Inflation registered at 4.7 percent year-on-year. Inflation expectations remain muted for the second half of the year.

Remittances still continue to increase amidst difficult external markets. OFW remittances climb 7 percent in June, bringing total remittances in the first half of the year to USD9.6Bn. Remittances continue to drive liquidity and sustain a bullish bond market.

Portfolio Composition



Maturity Profile

Greater than 7 years	14.40%
5 years to 7 years	21.36%
3 years to 5 years	21.18%
1 year to 3 years	21.54%
Less than 1 year	20.40%

Top 5 Holdings

FPH Preferred Shares	14.55%
Petron Preferred Shares	11.45%
Alliance Global 6.50% 8/18/2017	10.20%
PSALM 7.75% 4/22/2017	7.12%
Fixed Rate Treasury Note 8.000% 7/19/2031	5.43%

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