

UnionBank Trust and Investment Services Group

UBP Philippine Peso Bond Portfolio
as of November 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.

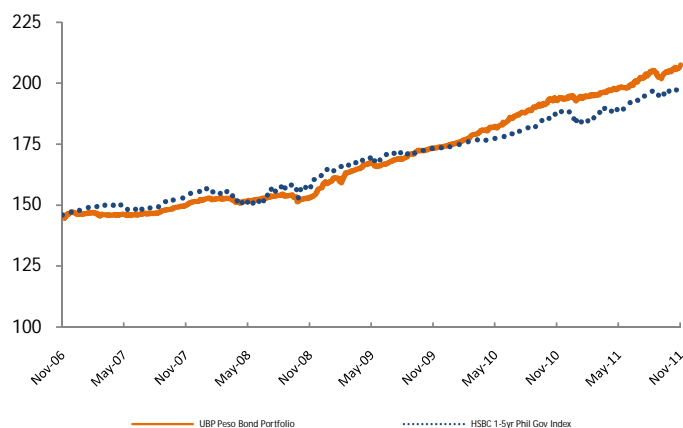
Fund Performance

Calendar Absolute Returns*	Peso Bond	HSBC 1-5 Yr Index
YTD	6.90%	5.48%
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	10.62%	8.03%
5 Years	7.25%	6.29%

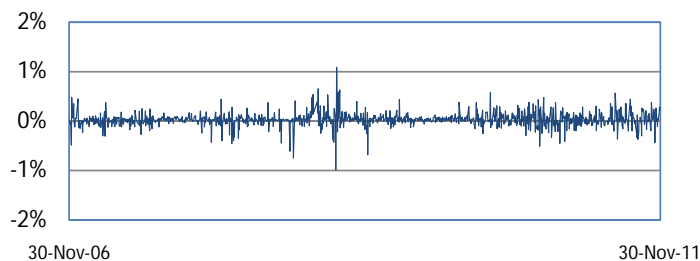
* Returns are reported net of fees.

Net Asset Value, end-of-period: Php 2.990 Billion
Bid NAV Per Unit (NAVpu) Php 206.535659
Offer NAV Per Unit (NAVpu) Php 207.322666

Net Asset Value per Unit



Daily Percentage Change of NAVpu



Risk Characteristics:

One day VAR at 3σ: 0.39%
Volatility, Past 360 Days: 2.45%
Duration: 3.15
Sharpe Ratio (Risk Free Rate = 2.00%): 2.01

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

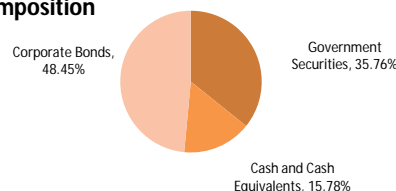
The yield curve flattened in the month of November. Yields in the short-end of the curve rose while that in the long-end fell.

GDP results were quite disappointing coming in at 3.2% year-on-year (vs. 4.1% expectations). Consumption was up 7.1% year-on-year. OFW remittances grew 8.5% in the third quarter, supporting consumption. Government expenditures increased 9.4% year-on-year while investments grew 24.5% year-on-year. Exports continue to be the main drag deteriorating 13.1% on slowing world economy.

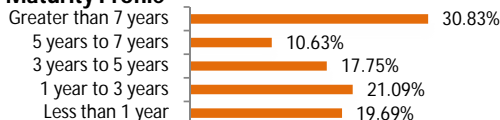
Inflation inched up to 5.2% in October from 4.8% the previous month. Due to higher inflation, the BSP will most likely leave the rates unchanged for a year. Remittances remain resilient rising 8.4% year-on-year and hitting the government's full target of 7% growth. Cumulative budget deficit came in at Php74 billion.

The lower budget deficit and the higher remittances continue to provide support to peso bonds. Prices of bonds are expected to continue its mild rally as we approach the year end.

Portfolio Composition



Maturity Profile



Top 5 Holdings

Fixed Rate Treasury Note 8.000% 7/19/2031	24.82%
FPH Preferred Shares	14.78%
Petron Preferred Shares	9.58%
PSALM 7.75% 4/22/2017	8.69%
San Miguel Purefoods Preferred Shares	3.29%

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