

## UnionBank Trust and Investment Services Group

### UBP Philippine Peso Bond Portfolio as of May 31, 2012

#### 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

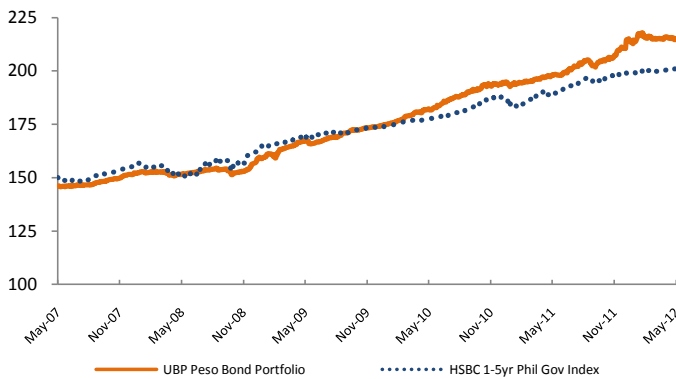
Calendar Absolute Returns*	Peso Bond	HSBC 1-5 Yr Index
YTD	2.02%	0.88%
2011	9.06%	6.18%
2010	11.35%	8.13%
2009	12.93%	6.99%
2008	1.49%	4.35%
2007	3.14%	5.66%
Cumulative Annualized Returns*	Peso Bond	HSBC 1-5 Yr Index
3 Years	8.67%	5.79%
5 Years	8.02%	6.05%

\* Returns are reported net of fees.

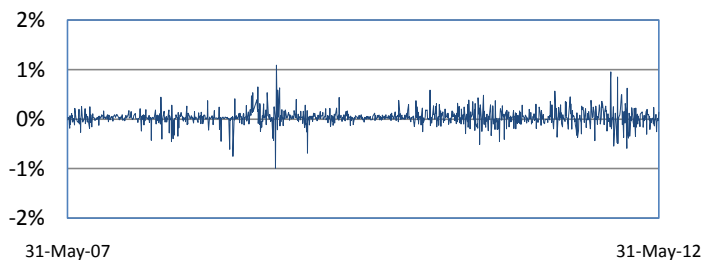
	Net Asset Value (NAV)	NAV Per Unit (NAVpu)
Bid <sup>1</sup>	Php 3.465 Billion	Php 214.366300
Offer <sup>1</sup>	Php 3.482 Billion	Php 215.434315
Mid <sup>1</sup>	Php 3.476 Billion	Php 215.079501

Par Value: Php 100.00

#### Net Asset Value per Unit



#### Daily Percentage Change of NAVpu



#### Risk Characteristics:

One day VAR at 3σ:	0.52%
Volatility, Past 360 Days:	3.26%
Duration:	3.45
Sharpe Ratio (Risk Free Rate = 2.145%):	1.97

Volatility is a measure of fluctuation of the NAVpu. Higher volatility means higher potential for gains or losses. 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.

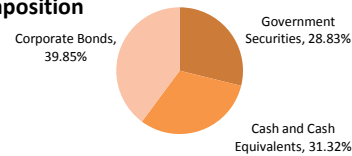
## Fund Manager's Report

The country's Gross Domestic Product (GDP) grew by 6.4 percent year-on-year, on the back of an 8.5 percent growth from the services sector. The growth was also supported by strong household consumption, which grew by 6.6 percent. The GDP figure was much better than the widely-expected 4.3 percent. Increased fiscal spending to spur growth, as well as the government's budget surplus, boosted renewed speculation on the country's possible credit ratings upgrade. This follows Moody's Investors Service's recent upgrade of its economic outlook on the Philippines from 'Stable' to 'Positive.'

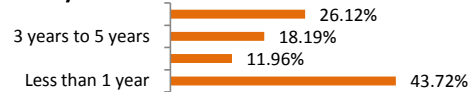
Inflation ranged from 2.9 to 3.0 percent despite crude prices trading down due to negative sentiment from the Eurozone and the US economy. While the recent GDP growth might indicate inflationary pressure, the BSP is still likely to keep rates unchanged.

Peso bond yields steepened last May. Short-term papers traded higher, pushing yields down by an average of 3 to 4 basis points, while longer-term securities actually had higher yields.

## Portfolio Composition



## Maturity Profile



## Top 5 Holdings<sup>2</sup>

Fixed Rate Treasury Note 8.000% 07/19/2031	17.84%
First Philippine Holdings Preferred Shares	11.03%
Petron Preferred Shares	7.31%
PSALM 7.750% 04/22/2017	7.13%
Energy Development Corp 8.6418% 06/04/2015	5.31%

## 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
Ave. Gross Market Value for the Qtr.	Php 3,387,479,424.41
Trust Fees <sup>3</sup> :	1% per annum; 0.26% for the quarter
Audit Fees <sup>3</sup> :	0.0013% for the quarter
Custodianship Fees <sup>3</sup> :	0.003% for the quarter
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.

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