

## UnionBank Trust and Investment Services Group

### UBP Philippine Dollar Bond Portfolio as of March 31, 2011

#### Investment Objective

The UnionBank Philippine Dollar Bond Portfolio is a US Dollar-denominated fund that seeks the total return of a diversified portfolio of foreign currency fixed-income instruments.

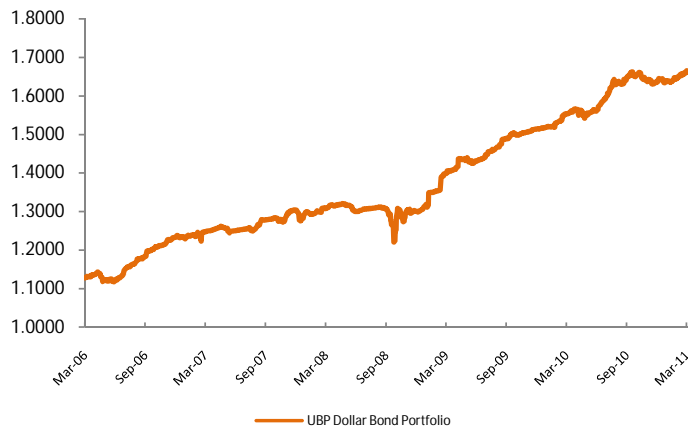
#### Fund Performance

Calendar Absolute Returns*	Dollar Bond
YTD	1.75%
2010	8.05%
2009	16.24%
2008	0.45%
2007	5.89%
2006	12.90%
Cumulative Annualized Returns*	Dollar Bond
3yr period	8.51%
5yr period	8.11%

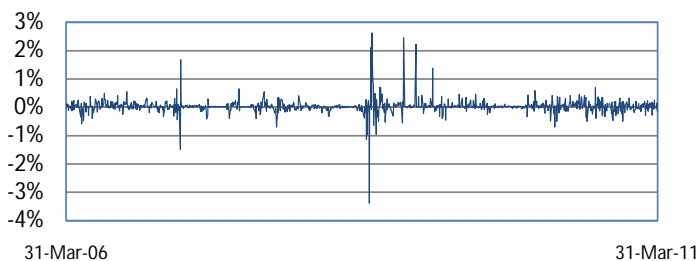
\*Returns are reported Net of Fees.

Net Asset Value, end-of-period:	USD 9.303 Million
Bid NAV Per Unit (NAVpu)	USD 1.661291
Offer NAV Per Unit (NAVpu)	USD 1.670116

#### Net Asset Value per Unit



#### Daily Percentage Change of NAVpu



#### Risk Characteristics:

One day VAR at 3σ:	3.67%
Volatility, Past 360 Days:	2.96%
Duration:	4.16
Sharpe Ratio (Risk Free Rate = 0.38%):	2.30

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 US TBill rate.

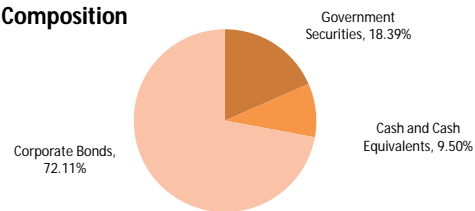
#### Fund Manager's Report

Yields on the Republic of the Philippines (ROP) dollar-denominated bonds increased month-on-month across the curve as investors worried about the impact of external events to the Philippine bond market. The Department of Foreign Affairs warned that almost 3 million Overseas Filipino Workers (OFW) may be displaced by escalating conflicts in Middle-East and North African (MENA) countries. Credit rating downgrades of both Greece and Spain also caused some apprehension, leading investors to take a cautious stance.

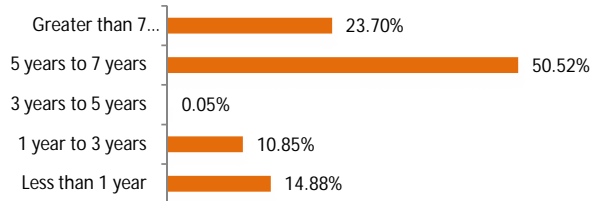
The market is on a wait-and-see attitude towards events in Japan, with impacts assessed to be negative in the short-term. Remittances from OFWs in Japan amounted to around Usd883mn in 2010, around 4.7% of total remittances of the same year. Reports say that Japan provides almost a third of the Philippines' Overseas Development Assistance funds. Exports to Japan account for 15% of total exports as of October of 2010.

In the local setting, the BSP hiked policy rates by 25 bps to 4.25% as a preemptive move against higher inflation. Remittances for January grew by 7.6% month-on-month to Usd1.47bn. Liquidity of the market remains high as total Special Deposit Accounts (SDAs) is now at a record high of Php1.5 trillion.

#### Portfolio Composition



#### Maturity Profile



#### Top 5 Holdings

San Miguel Global Power 7% 1/28/2016	15.39%
Alliance Global 6.5% 8/18/2017	14.61%
Intl Container Terminal Services 7.375% 3/17/2020	13.32%
JG Summit 8% 1/18/2013	10.80%
PT Adaro Indonesia 7.625% 10/22/2019	10.35%

#### Fund Facts

Classification:	Medium-term Dollar Bond Fund
Launch Date:	January 12, 2004
Client Suitability:	Moderately conservative to Moderately aggressive risk tolerance
Base currency:	United States Dollar
Initial Investment:	Usd 2,000
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 Usd 10 whichever is higher
Trust Fees:	0.75% per annum
Custodianship Fees:	0.02% per annum
Applicable Tax:	7.5% on interest income
Custodian:	HSBC, Ltd Philippines
External Auditor:	Punong-bayan & Araullo
Dealing Time:	Daily up to 12 noon
Available Thru:	Unionbank of the Philippines branches
Bloomberg Ticker:	IFPHDLB

\* All fees are accrued daily against the fund's Net Asset Value.  
Complete list of holdings available upon request

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