

UnionBank Trust and Investment Services Group

UBP Philippine Dollar Bond Portfolio as of May 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.

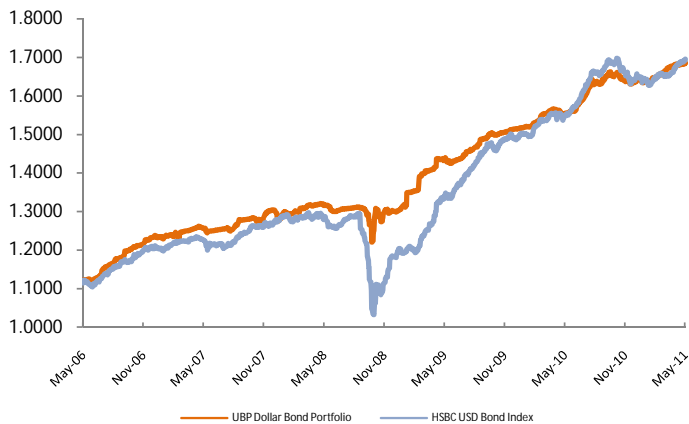
Fund Performance

Calendar Absolute Returns*	Dollar Bond	HSBC USD Bond Index
YTD	2.86%	3.00%
2010	8.05%	10.31%
2009	16.24%	25.42%
2008	0.45%	-6.50%
2007	5.89%	5.51%
2006	12.90%	7.19%
Cumulative Annualized Returns*	Dollar Bond	HSBC USD Bond Index
3yr period	8.56%	9.74%
5yr period	8.49%	8.69%

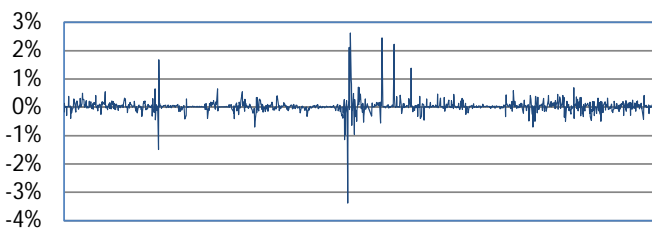
*Returns are reported net of fees.

Net Asset Value, end-of-period: USD 11.879 Million
Bid NAV Per Unit (NAVpu) USD 1.683325
Offer NAV Per Unit (NAVpu) USD 1.695076

Net Asset Value per Unit



Daily Percentage Change of NAVpu



31-May-06

31-May-11

Risk Characteristics:

One day VAR at 3σ:	0.43%
Volatility, Past 360 Days:	2.69%
Duration:	4.25
Sharpe Ratio (Risk Free Rate = 0.32%):	3.14

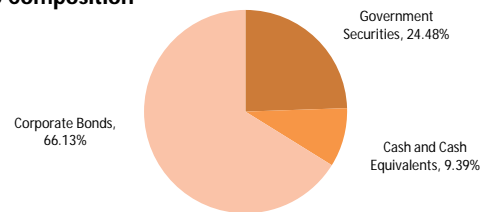
Volatility is a measure of fluctuation of the NAVpu. Higher volatility means higher potential for gains or loss. Duration measures the sensitivity of the portfolio to interest rate movements. The higher the duration, the more the NAVpu will change with interest rate fluctuation. The Sharpe Ratio is a 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

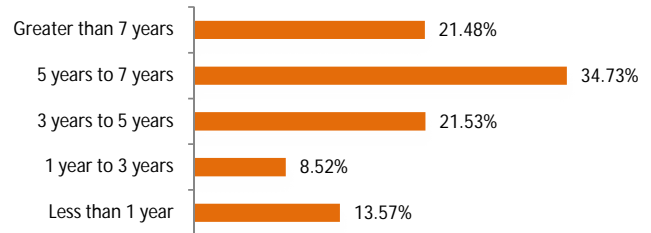
Prices of Republic of the Philippines (ROP) dollar-denominated benchmark bonds increased month-on-month. The increase was caused by the positive developments in Greece and the softer than expected US economic outlook. There was an improved risk appetite to high yielding emerging market debt due to anticipation of a second bail out for Greece coupled with additional austerity measures and Greek government asset sales.

In the United States, investors remain focused on the grim unemployment report. Hiring has slowed at the same time that unemployment benefits have remained at elevated levels. The unemployment rate is now at 9.1 percent. In addition, consumer spending remains low due to high gas and food prices. The delay of supplies from Japan due to the earthquake and tsunami is hurting U.S. manufacturers. This collection of weak economic data has prompted fears of a double-dip U.S. recession.

Portfolio Composition



Maturity Profile



Top 5 Holdings

Intl Container Terminal Services	7.375%	3/17/2020	13.45%
National Power Corp	12/15/2016		13.41%
Alliance Global	6.5%	8/18/2017	11.61%
SM Investment	6%	9/22/2014	10.60%
JG Summit	8%	1/18/2013	8.52%

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 total market value.

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