

UnionBank Trust and Investment Services Group

UBP Philippine Dollar Bond Portfolio as of July 29, 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.

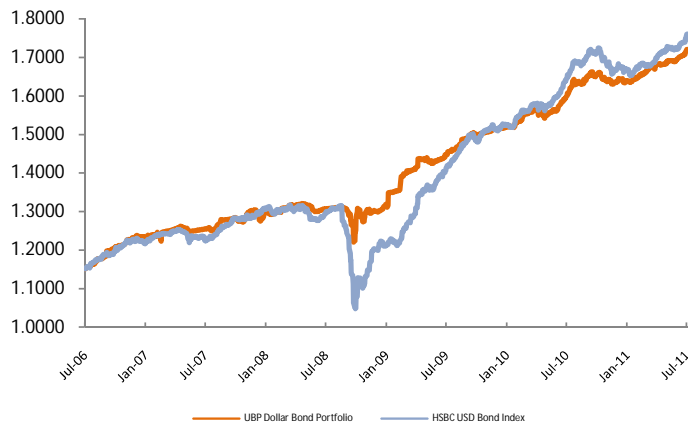
Fund Performance

Calendar Absolute Returns*	Dollar Bond	HSBC USD Bond Index
YTD	4.89%	5.07%
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	9.53%	10.64%
5yr period	8.32%	8.77%

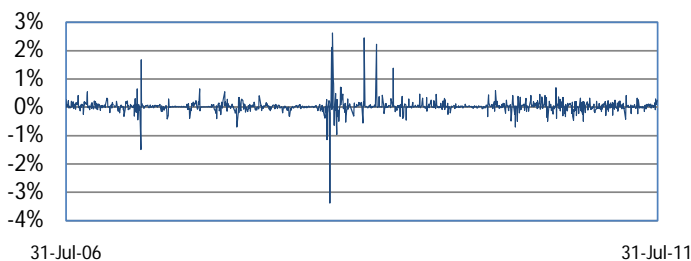
*Returns are reported net of fees.

Net Asset Value, end-of-period: USD 12.776Million
Bid NAV Per Unit (NAVpu) USD 1.710689
Offer NAV Per Unit (NAVpu) USD 1.723390

Net Asset Value per Unit



Daily Percentage Change of NAVpu



Risk Characteristics:

One day VAR at 3σ: 0.44%
Volatility, Past 360 Days: 2.78%
Duration: 4.21
Sharpe Ratio (Risk Free Rate = 0.27%): 2.61

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.

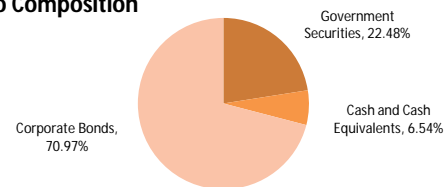
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Fund Manager's Report

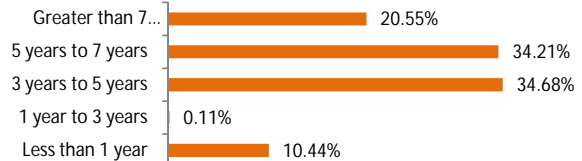
Dollar-denominated Republic of the Philippine (ROP) Bonds rallied for the month of July. Yield of the 10-year ROP declined by 36 basis points while that of the 15-year ROP declined by 50 basis points. The market was buoyed by significant developments by the debt problems in peripheral Europe and by the debt ceiling issues in the United States. Risk aversion was somewhat eased by the second bail-out package granted to Greece. The agreement to raise the US debt ceiling and to cut spending calmed the market and spurred buying.

While US Treasuries is still viewed as a safe haven, the US may have a credit rating downgrade that may cause yields to increase. The Philippines, however, is not likely to be affected. The country's economic fundamentals remain strong and resilient against global pressures. Economic growth is forecasted to grow at 5.4 percent in 2011 and then 5.8 percent in 2012. The 2011 budget deficit on the other hand is expected to stay manageable at around 2 to 3 percent of GDP.

Portfolio Composition



Maturity Profile



Top 5 Holdings

SM Investment 6% 9/22/2014	13.69%
Intl Container Terminal Services 7.375% 3/17/2020	12.95%
National Power Corp 12/15/2016	12.22%
Alliance Global 6.5% 8/18/2017	11.98%
Banco De Oro 3.875% 04/22/2016	11.07%

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.

Complete list of holdings available upon request