

UnionBank Trust and Investment Services Group

UBP Philippine Dollar Bond Portfolio as of August 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.

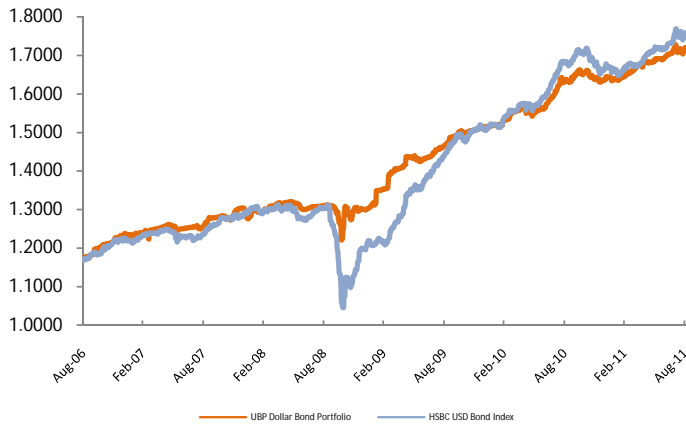
Fund Performance

Calendar Absolute Returns*	Dollar Bond	HSBC USD Bond Index
YTD	4.88%	5.48%
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	9.42%	10.44%
5yr period	8.01%	8.48%

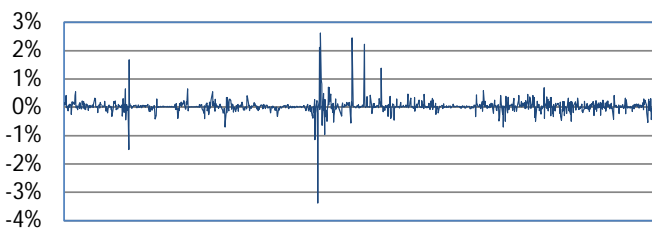
*Returns are reported net of fees.

Net Asset Value, end-of-period: USD 12.119 Million
Bid NAV Per Unit (NAVpu) USD 1.708653
Offer NAV Per Unit (NAVpu) USD 1.725182

Net Asset Value per Unit



Daily Percentage Change of NAVpu



31-Aug-06

31-Aug-11

Risk Characteristics:

One day VAR at 3σ:	0.42%
Volatility, Past 360 Days:	2.65%
Duration:	4.15
Sharpe Ratio (Risk Free Rate = 0.23%):	1.91

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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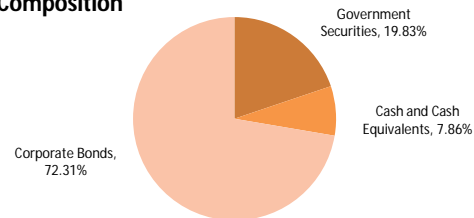
Fund Manager's Report

Yields of Philippine Government dollar-denominated sovereign bonds (ROPs) Returned mixed results in the month of August. Yields in the short-end of the curve increased while that in the long-end decreased. Yield of the 2-year ROP increased by 31 bps while yield of the 20 year ROP decreased by 27 bps.

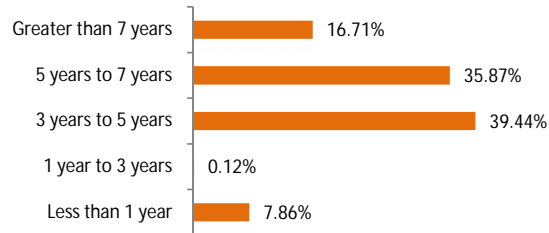
The market's shift in preference to the long-end of the curve may be seen as an expression of their confidence in the Philippine economy. The economy seems fundamentally sound even with slowing GDP at 3.4 percent year-on-year in the month of August. Economic indicators are positive-inflation remains benign, remittances are still strong, and budget deficit is contained. As expected, inflation eased in the month of August on a slowing economy and lower commodity prices. Inflation registered at 4.7 percent year-on-year. Inflation expectations remain muted for the second half of the year.

Remittances still continue to increase amidst difficult external markets. OFW remittances climb 7 percent in June bringing total remittances in the first half of the year to USD9.6Bn. Remittances continue to drive liquidity and keep the peso strong. Budget deficit reached PHP43.7Bn as of end-July, still far from the PHP191Bn planned for the period. Revenue collections improved by 3.9 percent year-on-year. Government spending is expected to increase in the second half of the year.

Portfolio Composition



Maturity Profile



Top 5 Holdings

SM Investment 6% 9/22/2014	14.53%
National Power Corp 12/15/2016	13.07%
Alliance Global 6.5% 8/18/2017	12.22%
Banco De Oro 3.875% 04/22/2016	11.78%
Intl Container Terminal Services 7.375% 3/17/2020	8.83%

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