

## UnionBank Trust and Investment Services Group

### UBP Philippine Dollar Bond Portfolio as of October 28, 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.

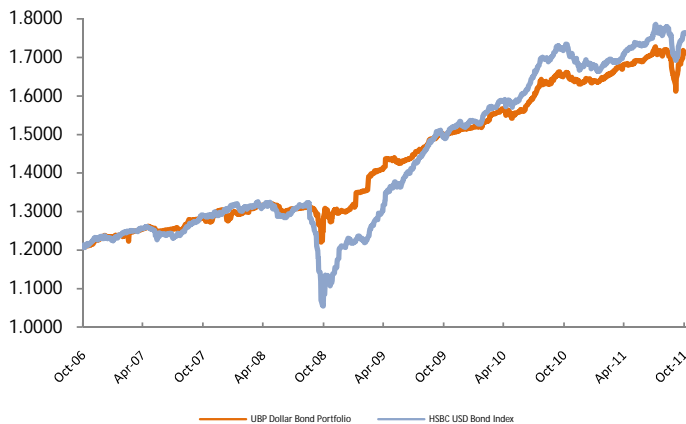
#### Fund Performance

Calendar Absolute Returns*	Dollar Bond	HSBC USD Bond Index
YTD	4.94%	5.03%
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	10.18%	17.61%
5yr period	7.32%	7.88%

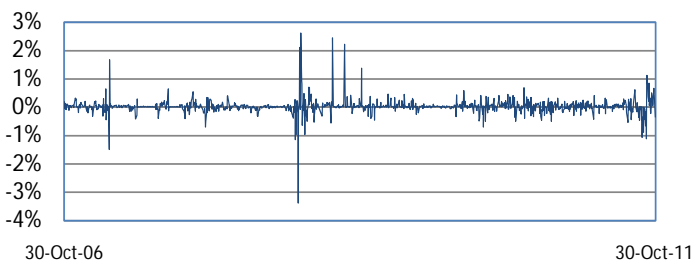
\*Returns are reported net of fees.

Net Asset Value, end-of-period: USD 11.523 Million  
Bid NAV Per Unit (NAVpu) USD 1.703912  
Offer NAV Per Unit (NAVpu) USD 1.731668

#### Net Asset Value per Unit



#### Daily Percentage Change of NAVpu



#### Risk Characteristics:

One day VAR at 3σ: 0.62%  
Volatility, Past 360 Days: 3.89%  
Duration: 4.11  
Sharpe Ratio (Risk Free Rate = 0.20%): 0.95

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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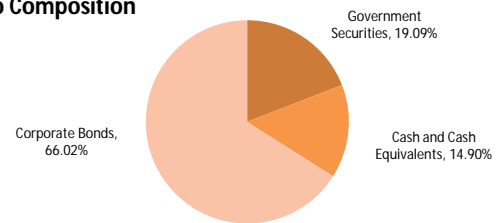
## Fund Manager's Report

Philippine sovereign bonds, together with other bonds in the high yield space, recovered in the month of October as investor breathed a sigh of relief with some perceived resolution on the Greek crisis. Yields of the 10, 15, and 20 year bond declined 33 bps, 43 bps, and 39 bps month-on-month accordingly.

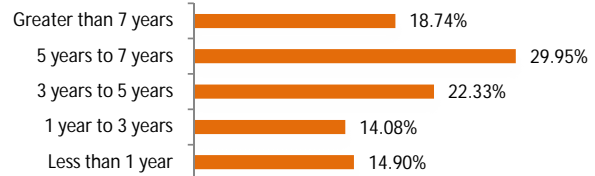
Despite the good performance of high yield bonds, the risk of weakness in prices remains. Italy's debt problems have become the new focus. Yield of Italy's 10-year bond has reached levels beyond that of Greece, Ireland, and Portugal when these countries sought international bailout.

However, local market liquidity is expected to support ROP prices as we near the end of the year. The Philippine government is seen to reduce foreign exchange debt which will be positive for ROPs. The government is also planning another round of debt-buyback initiative in 2012. Philippine fundamentals still remain favorable and supportive of the ROP markets.

## Portfolio Composition



## Maturity Profile



## Top 5 Holdings

SM Investment 6% 9/22/2014	13.95%
National Power Corp 12/15/2016	13.73%
Intl Container Terminal Services 7.375% 3/17/2020	13.39%
Alliance Global 6.5% 8/18/2017	13.08%
San Miguel Global Power 7% 1/28/2016	12.37%

## 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