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UNIONBANK

UnionBank Trust and Investment Services Group

UBP Philippine Dollar Bond Portfolio
as of May 31, 2012

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	2.52%	3.67%
2011	6.23%	5.54%
2010	8.05%	10.31%
2009	16.24%	25.42%
2008	0.45%	-6.50%
Cumulative Annualized Returns*	Dollar Bond	HSBC USD Bond Index
3yr period	7.61%	10.39%
5yr period	7.30%	7.91%

*Returns are reported net of fees.

	Net Asset Value (NAV)	NAV Per Unit (NAVpu)
Bid[1]	USD 11.437 Million	USD 1.779611
Offer[1]	USD 11.549 Million	USD 1.797031
Mid[1]	USD 11.493 Million	USD 1.788321

Par Value: USD 1.00

Net Asset Value per Unit
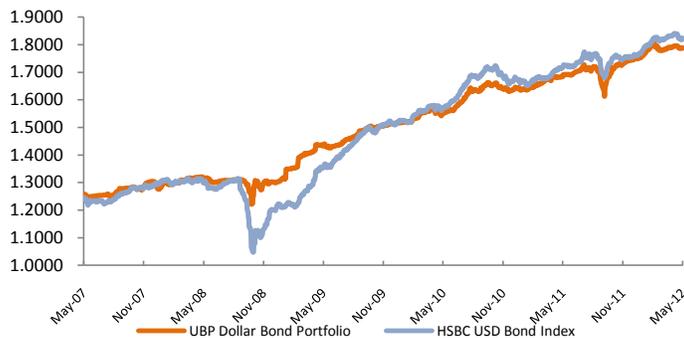
Daily Percentage Change of NAVpu
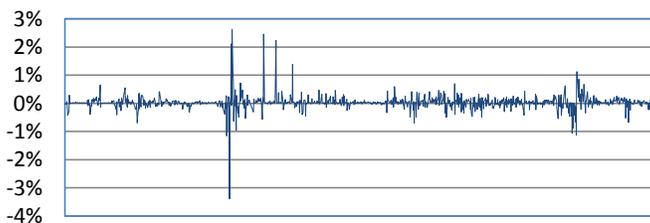
31-May-07   31-May-12

Risk Characteristics:

One day VAR at 3σ:	0.57%
Volatility, Past 360 Days:	3.58%
Duration:	3.92
Sharpe Ratio (Risk Free Rate = 0.158%):	1.98

Volatility is a measure of fluctuation of the NAVpu. Higher volatility means higher potential for gains or losses. 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.
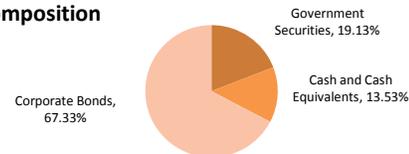
Fund Manager's Report

Eurozone ministers recently had their hands full as fears stemming from the continuing sovereign debt crisis were rekindled. Capital flight to 'safe haven' instruments were likewise becoming more evident. The region felt the negative backlash from Greece's bailout last March, as Greek national elections ended in a stalemate. Spain also had its own share of problems, with Spanish banks being bailed out by the government. Yields across the member countries' benchmark bonds shot up as politicians scrambled for a solution to the crisis, while also trying to avert a contagion in the Eurozone periphery.
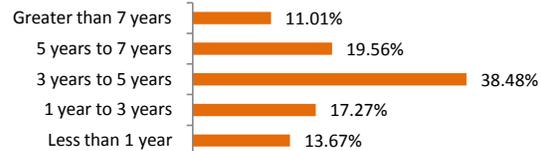
US economic data did not seem to help market sentiment either, as disappointing housing and employment data hampered a strong first quarter. However, the US dollar and US Treasury Bonds were the beneficiaries of a risk-averse market, with the currency strengthening and the 10-year US Treasury Bond rallying.

The Philippine government's dollar-denominated bonds (ROPs) were hammered by sellers, trading lower for the month. Even though the country's GDP growth accelerated by 6.4 percent in the last quarter and speculation of a possible credit ratings upgrade lingered once again, bad news in the Eurozone and the US economy still weighed on market sentiment.

Portfolio Composition

Government Securities, 19.13%
Cash and Cash Equivalents, 13.53%
Corporate Bonds, 67.33%

Maturity Profile

Greater than 7 years	11.01%
5 years to 7 years	19.56%
3 years to 5 years	38.48%
1 year to 3 years	17.27%
Less than 1 year	13.67%

Top 5 Holdings[2]

SM Investment 6.000% 9/22/2014	15.26%
San Miguel Global Power 7.000% 1/28/2016	13.81%
National Power Corp 12/15/2016	13.70%
Alliance Global 6.500% 8/18/2017	11.87%
Rizal Commercial Banking Corp 5.250% 1/31/2017	7.23%

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
Ave. Gross Market Value for the Qtr.	USD 12,182,206.00
Trust Fees[3]:	0.75% per annum; 0.19% for the quarter
Audit Fees[3]:	0.0013% for the quarter
Custodianship Fees[3]:	0.004% for the quarter
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

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FOOTNOTES:

[1]FUND VALUATION

The Dual Pricing Method shall be used in computing the Net Asset Value (NAV) of the fund. Under this method, the **Bid Net Asset Value per Unit (Bid NAVpu)** and the **Offer Net Asset Value per Unit (Offer NAVpu)** shall be calculated.

The **Bid NAVpu** is the redemption price. It is the price used when a client wishes to redeem units from the fund. The Bid NAVpu is calculated using the closing bid prices of the underlying assets of the fund for the day, net of fees and other allowable expenses.

The **Offer NAVpu** is the admission price. It is the price used when a client wishes to contribute to the fund. The Offer NAVpu is calculated using the closing offer prices of the fund's underlying assets for the day, net of fees and other allowable expenses.

The **Mid/Last Net Asset Value per Unit (Mid/Last NAVpu)** shall also be computed for information or reporting purposes only. For client reporting, the Bid/Offer values shall be provided in the financial statement footnotes.

i. The Mid NAVpu shall be computed for UITFs with fixed income assets. It shall be determined from the average of the bid-side and offer-side market yields-to-maturity or prices of the underlying assets of the fund for the day, net of fees and other allowable expenses.

ii. The Last NAVpu shall be computed for all UITFs with equity holdings. It shall be determined from the LAST closing prices of outstanding equity holdings for the day, net of fees and other allowable expenses.

[2]PROSPECTIVE INVESTMENTS

The Fund may be invested and reinvested in:

i. Securities issued by or guaranteed by the Philippine government, or the Bangko Sentral ng Pilipinas;
ii. Exchange-listed securities;
iii. Marketable instruments that are traded in an organized exchange;
iv. Loans traded in an organized market;
v. Savings/Checking accounts and/or time deposits in any bank or financial institution, including UnionBank of the Philippines;
vi. Derivative instruments for the purpose of hedging market risk exposures.
vii. Such other tradable investment outlets/ categories as the BSP may allow.

A complete list of holdings is available upon request.

[3]FEES & EXPENSES

The Trustee shall collect from the Fund trust fees in the amount of THREE-QUARTERS PERCENT (0.75%) per annum based on the Gross Market Value of the Fund which shall be accrued daily and shall be collectible from the Fund at the end of every calendar month.

The Trustee may charge the Fund for special expenses if the same is necessary to preserve or enhance the value of the Fund. Such special expenses shall be payable to pertinent third party or parties covered by separate contract/s, and disclosed to the Participants.

An investor should read the complete details of the fund in the Plan Rules, and should carefully consider the fund's investment objectives, risks, charges and expenses. He then should make his own risk assessment and, when necessary, seek independent/professional opinion before making an investment.