

UnionBank Trust and Investment Services Group

UBP Philippine Peso Balanced Portfolio
as of March 31, 2011

Investment Objective

The UnionBank Philippine Peso Balanced Portfolio is a peso-denominated fund that provides investors access to a diversified set of investment instruments in both equities and fixed income markets.

Fund Performance

Calendar Absolute Returns*
Since Inception

0.36%

Net Asset Value, end-of-period: Php 119.426 Million
Bid NAV Per Unit (NAVpu) Php 100.262038
Offer NAV Per Unit (NAVpu) Php 100.670913

Net Asset Value per Unit



Daily Percentage Change of NAVpu



Risk Characteristics:

One day VAR at 3σ: 0.18%
Volatility, Annualised: 0.95%
Duration: 0.31

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 TBill rate.

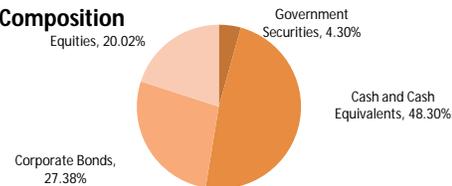
Fund Manager's Report

The Philippine Stock Exchange index closed strong at 4055.14 and increased 7.16% March due to continued foreign buying and quarter-end window dressing. Concern regarding the tragedy in Japan and its resulting economic effects on the country were outweighed by the general bullish sentiment beginning to build in the market. Year-to-date, the bourse is still down 3.48% and foreigners are still net sellers at Php3.25bn.

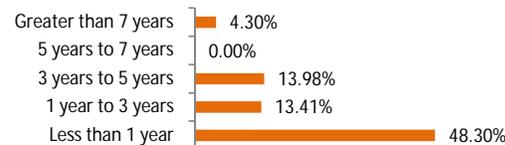
The Philippine economy continues to remain robust due to strong domestic consumption, continued overseas remittances and government initiatives. Furthermore, the Bangko Sentral ng Pilipinas (BSP) has mitigated inflation concerns by raising rates by 25 bps. Overnight borrowing rate is now at 4.25% while overnight lending is unchanged at 6%. Pressure to tighten rates began when inflation hit a nine-month high of 4.3% year-on-year in February. March inflation came in also at 4.3% year-on-year, lower than market expectation of 4.6%.

Data from the Finance Department showed that the government is targeting a lower debt-to-GDP ratio in the Medium-Term Fiscal Program. The initial target is 55% by the end of 2011, to be lowered to 43% by the end of the Aquino administration in 2016. The government is hopeful that the country will qualify for a credit rating upgrade if it can sufficiently manage its debt.

Portfolio Composition



Maturity Profile



Top 5 Holdings

FPH Preferred Shares	13.41%
Petron Preferred Shares	8.54%
DMCI	8.12%
ICTSI	6.34%
San Miguel Purefoods Preferred Shares	5.43%

Fund Facts

Classification:	Medium to Long-term Bond Fund
Launch Date:	February 15, 2011
Client Suitability:	Moderately aggressive to aggressive risk tolerance
Base currency:	Philippine Peso
Initial Investment:	Php 100,000
Minimum Additional Investment:	Not Applicable
Minimum Holding Period:	90 calendar days
Settlement Period:	Four (4) Banking days after initial notice
Early Redemption Charge:	0.25% or Php 500 whichever is higher
Trust Fees:	2% per annum on equity holdings 1% per annum on fixed income holdings 0.25% per annum of pooled funds
Custodianship Fees:	0.02% per annum
Applicable Tax:	20% on interest income Sales tax on equity sales
Custodian:	HSBC, Ltd Philippines
External Auditor:	Punong-bayan & Araullo
Dealing Time:	Daily up to 12noon
Available Thru:	Unionbank of the Philippines branches
Bloomberg Ticker:	UNPESBA

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