

## UnionBank Trust and Investment Services Group

UBP Philippine Peso Balanced Portfolio  
as of May 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

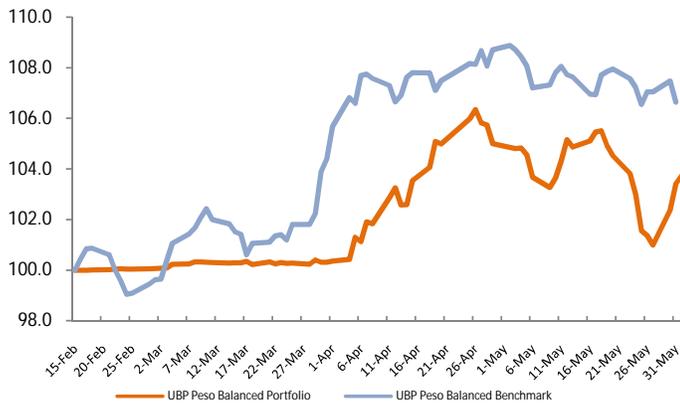
Calendar Absolute Returns*	Peso Balanced	Benchmark**
Since Inception	3.71%	6.64%

\* Returns are reported net of fees.

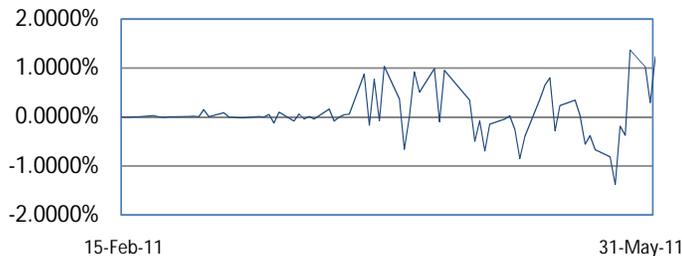
\*\*50% in equities with  $\beta$  of 1 and 50% in the 5-year benchmark bond

Net Asset Value, end-of-period:	Php 151.458 Million
Bid NAV Per Unit (NAVpu)	Php 102.781184
Offer NAV Per Unit (NAVpu)	Php 104.266291

### Net Asset Value per Unit



### Daily Percentage Change of NAVpu



### Risk Characteristics:

One day VAR at 3 $\sigma$ :	1.20%
Volatility, Annualised:	7.57%

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.

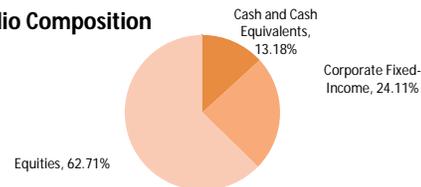
### Fund Manager's Report

The Philippine Stock Exchange Index, losing 1.73 percent or 74.87 points for the month of May, fell to 4,244.64 as risk aversion gripped the markets.

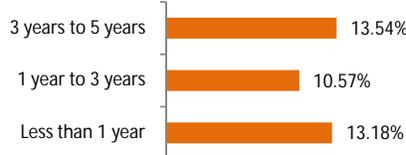
Philippine GDP grew only 4.9 percent in the first quarter, but there is reason to believe that it will pick up as OFW remittances, employment in the BPO sector and domestic consumption remain robust. The Bankers Association of the Philippines is expecting OFW remittances to grow by five to six percent this year from a 2010 level of US\$18.76bn. The country may get a credit rating upgrade from Moody's Investor Services within the year given the country's better fiscal position and rising revenues.

Inflation in the Philippines was 4.5 percent year-on-year in May, up from a revised 4.3 percent in April but lower than the 5.0 percent market expectation. The lower inflation figure was partly due to the drop in crude oil prices. Crude oil price declined 9.86 percent month-on-month amid speculation that fuel demand will falter as Asia's central banks raise interest rates to curb inflation and as the U.S. job market further weakens. The development lessens inflationary pressures in the Philippines where crude oil is mostly imported and represents a large portion of the inflation index.

### Portfolio Composition



### Maturity Profile



### Top 5 Holdings

DMCI	14.13%
Megaworld	13.10%
AGI	12.56%
FPH Preferred Shares	10.57%
URC	9.34%

### 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

\* All fees are accrued daily against the fund's total market value.

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