

UnionBank Trust and Investment Services Group

UBP Philippine Peso Balanced Portfolio
as of June 30, 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	4.17%	7.36%

* Returns are reported net of fees.

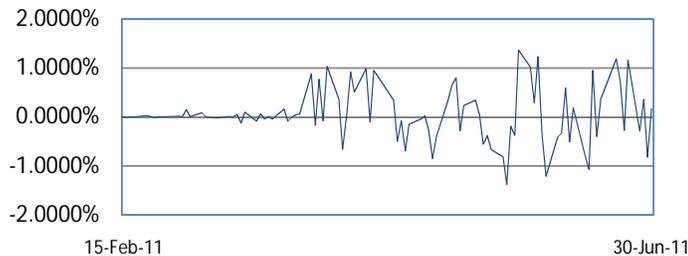
**50% in equities with β of 1 and 50% in the 5-year benchmark bond

Net Asset Value, end-of-period:	Php 158.398 Million
Bid NAV Per Unit (NAVpu)	Php 104.030760
Offer NAV Per Unit (NAVpu)	Php 104.563719

Net Asset Value per Unit



Daily Percentage Change of NAVpu



Risk Characteristics:

One day VAR at 3 σ :	1.38%
Volatility, Annualised:	8.71%

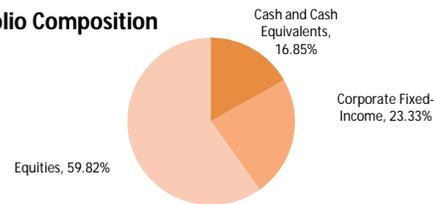
Volatility is a measure of fluctuation of the NAVpu. Higher volatility means higher potential for gains or loss. Duration measures the sensitivity of the portfolio to interest rate movements. The higher the duration, the more the NAVpu will change with interest rate fluctuation. The Sharpe Ratio is a 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

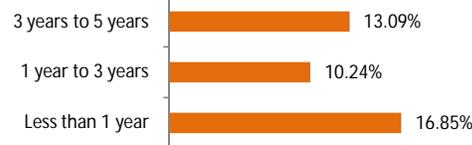
The PSE Index gained 1.1% in June ending the month at 4291.21. The flat performance masked the upward and downward swings of the market during the month as investors lacking conviction reacted to a number of negative and positive news flows. Value turnover dropped to US\$105m, falling from US\$133.8m in the previous month. The Index had been bogged down by the Greek situation, US debt concerns, and constant delays in the government's PPP program. The market managed to recover in the last two weeks, driven by a series of credit upgrades for the Philippines through strength in both the government's fiscal and external payments' positions.

The BSP Monetary Board kept policy rates steady for the month of June after two successive rate hikes of 25bps each in the past two policy rate meetings. The more moderate than expected May inflation, although higher than the downwardly revised April numbers, indicated a slower path of inflation. The government is planning to issue 10-and 20-year Treasury bonds in exchange for shorter-dated bonds. Development Bank of the Philippines and Land Bank of the Philippines will manage the debt swap. The issue size would likely be close to a similar P200bn offer last December 2010. The 10-year bond is said to be issued at 6.375% while the 20-year bond is to be issued at 8.0%.

Portfolio Composition



Maturity Profile



Top 5 Holdings

DMCI	13.95%
AGI	12.62%
Megaworld	11.92%
FPH Preferred Shares	10.24%
URC	8.37%

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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