

UnionBank Trust and Investment Services Group

UBP Philippine Peso Balanced Portfolio
as of July 29, 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	9.80%	9.86%

* Returns are reported net of fees.

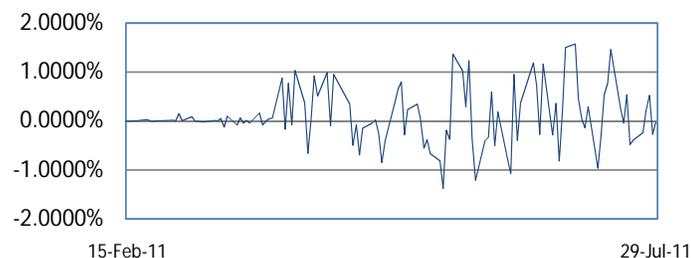
**50% in equities with β of 1 and 50% in the 5-year benchmark bond

Net Asset Value, end-of-period:	Php 178.347 Million
Bid NAV Per Unit (NAVpu)	Php 109.642862
Offer NAV Per Unit (NAVpu)	Php 109.899817

Net Asset Value per Unit



Daily Percentage Change of NAVpu



Risk Characteristics:

One day VAR at 3 σ :	1.45%
Volatility, Annualised:	9.16%

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

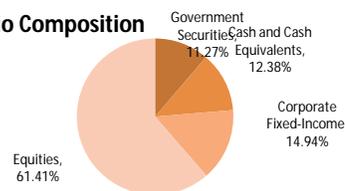
The Philippine Stock Exchange Index rose 152 points or 3.49 percent month-on-month to close at 4503.63. The market was buoyed by significant developments by the debt problems in peripheral Europe and by the debt ceiling issues in the United States. Risk aversion was somewhat eased by the second bail-out package granted to Greece. The agreement to raise the US debt ceiling and to cut spending calmed the market and spurred buying.

Decreased government spending contributed to bullish sentiments on the market. The country's economic fundamentals remain strong and resilient against global pressures. Economic growth is forecasted to grow at 5.4 percent in 2011 and then 5.8 percent in 2012. The 2011 budget deficit on the other hand is expected to stay manageable at around 2 to 3 percent of GDP.

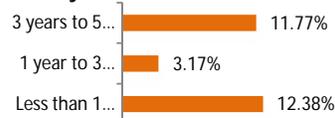
Yields of government securities declined on the back of a significant increase in net portfolio inflows. Longer tenor bonds experienced the largest decline in yields as long-term inflations are expected to be moderate. Inflation may reach around 5 percent in the second half of 2011. Given this economic outlook, the Bangko Sentral ng Pilipinas left overnight rates unchanged at 4.5 percent but has opted to raise the reserve requirement from 20 percent to 21 percent.

Decreased government spending contributed to bullish sentiments on the bond market. The tighter fiscal spending has resulted in lower borrowing cost for the government. The country's economic fundamentals remain strong and resilient against global pressures. Economic growth is forecasted to grow at 5.4 percent in 2011 and then 5.8 percent in 2012. The 2011 budget deficit on the other hand is expected to stay manageable at around 2 to 3 percent of GDP.

Portfolio Composition



Maturity Profile



Top 5 Holdings

DMCI	13.08%
Megaworld	12.85%
AGI	11.84%
Fixed Rate Treasury Note 8.0% 7/19/2031	11.27%
URC	8.60%

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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