

UnionBank Trust and Investment Services Group

UBP Philippine Peso Balanced Portfolio as of August 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	2.89%	8.16%

* Returns are reported net of fees.

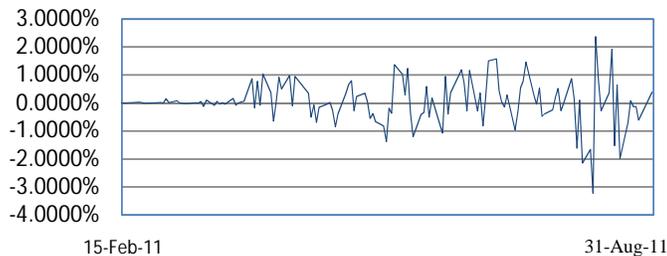
**50% in equities with β of 1 and 50% in the 5-year benchmark bond

Net Asset Value, end-of-period:	Php 168.450 Million
Bid NAV Per Unit (NAVpu)	Php 102.520051
Offer NAV Per Unit (NAVpu)	Php 102.923228

Net Asset Value per Unit



Daily Percentage Change of NAVpu



Risk Characteristics:

One day VAR at 3 σ :	1.45%
Volatility, Annualised:	12.14%

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.

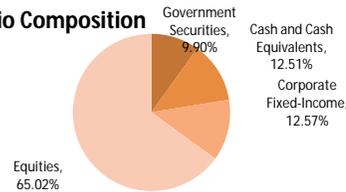
Fund Manager's Report

Government bonds rallied in the month of August on the back of a slowing economy, benign inflation environment, and high liquidity. Yield on the short-end of the curve decreased by as much as 140 basis points (bps) while that of the long-end decreased by around 40 bps. Yield of the 10-year and the 20-year bonds decreased by 44 bps and 39 bps respectively. The Philippine economy grew at a slower pace at 3.4 percent year-on-year in the month of August. The slowdown was due to weak trade and lack-luster investments. Exports fell due to a slump in electronics shipments. Investments declined on slow construction activity. Consumption remained strong rising 5.4 percent. Government spending increased at a faster pace and is expected to continue increasing in the latter half of the year.

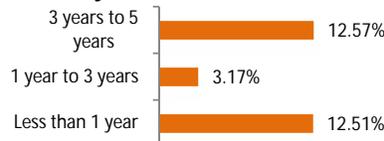
As expected, inflation eased in the month of August because of slowing economy and lower commodity prices. Inflation registered at 4.7 percent year-on-year. Inflation expectations remain muted for the second half of the year. Remittances still continue to increase amidst difficult external markets. OFW remittances climb 7 percent in June, bringing total remittances in the first half of the year to USD9.6Bn. Remittances continue to drive liquidity and sustain a bullish bond market.

The Philippine Stock Exchange Index (PSEI) closed at 4348.50, dropping 201 points or 4.4% percent month-on-month. The market remained weak due to the continuing problems in Europe and fears of a double dip recession in the US. The US Non-farm payrolls were unchanged in August. The data was lower than the 53,000 gain expected by economists and the weakest performance since a decline in September 2010. This over-all negative sentiment in global markets has further weakened the local market and might persist in the short term. Average daily turnover was higher from the previous month, with foreigners selling more than they are buying.

Portfolio Composition



Maturity Profile



Top 5 Holdings

Megaworld	13.78%
DMCI	12.81%
AGI	11.72%
ICTSI	10.82%
Fixed Rate Treasury Note 8.000% 7/19/2031	9.90%

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.
Complete list of holdings available upon request

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