

UnionBank Trust and Investment Services Group

UBP Philippine Peso Balanced Portfolio
as of September 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	-1.75%	3.79%

* Returns are reported net of fees.

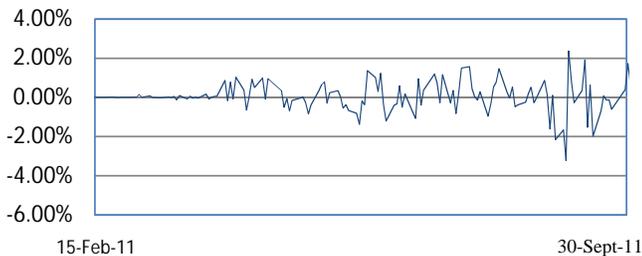
** 50% in equities with β of 1 and 50% in the 5-year benchmark bond

Net Asset Value, end-of-period:	Php 163.059 Million
Bid NAV Per Unit (NAVpu)	Php 98.077425
Offer NAV Per Unit (NAVpu)	Php 98.473916

Net Asset Value per Unit



Daily Percentage Change of NAVpu



Risk Characteristics:

One day VAR at 3 σ :	2.29%
Volatility, Annualised:	14.42%

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

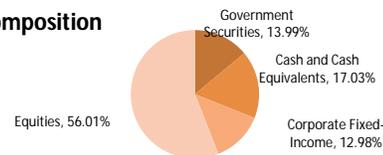
The Philippine Stock Exchange Index (PSEI) closed at 3999.65, dropping 367 points or 8.4% percent month-on-month. There was no single catalyst for the massive sell-off. Rather the persistent troubles in the global economy have dashed sentiment for a recovery anytime soon. The market remained weak due to a persistent European debt crisis and fears of a double dip recession in the US. The massive losses in September have brought the index Year to date down by 4.8%.

Amidst the drop in global equity prices, continued positive developments for the country go largely unnoticed. Philippine inflation eased to 4.7% in August from 5.1% in July while OFW remittances rose 6.1% in July despite a slowing world economy. Central Bank's reserves rose to US\$ 75.6 billion. Consumer confidence rose on benign inflation and business sentiment improved on lower commodity prices and demand recovery.

Fiscal deficit is still contained. The government posted a fiscal surplus of Php 9.2 billion in August from a deficit of Php 26.5 billion in July. The improvement was driven mainly by the 15% year-on-year growth in revenue while expenditures were 9% higher. Fiscal deficit now stands at Php 34.5 billion.

On other hand, the Dept of Transportation & Communication (DOTC) has shifted to a new hybrid version of the public-private partnership (PPP) project. In this version, the government will build the projects by tapping cheap official development assistant loans then auction off Operations & Management contracts to the private sector upon project completion. Considering that most of the PPPs are under the DOTC and given the governments track record (or lack of there-off) in implementing projects, this is definitely a negative development.

Portfolio Composition



Maturity Profile



Top 5 Holdings

Fixed Rate Treasury Note 8.000% 7/19/2031	10.61%
ICTSI	10.37%
Megaworld	9.83%
DMCI	9.73%
URC	9.53%

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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