

UnionBank Trust and Investment Services Group

UBP Philippine Peso Balanced Portfolio
as of November 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

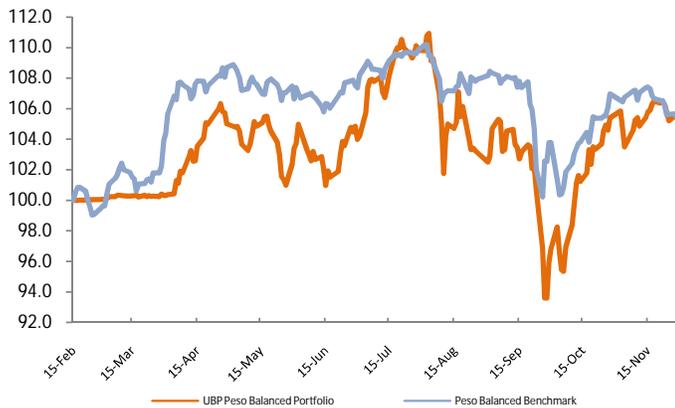
Calendar Absolute Returns*	Peso Balanced	Benchmark**
Since Inception	5.41%	5.30%

* Returns are reported net of fees.

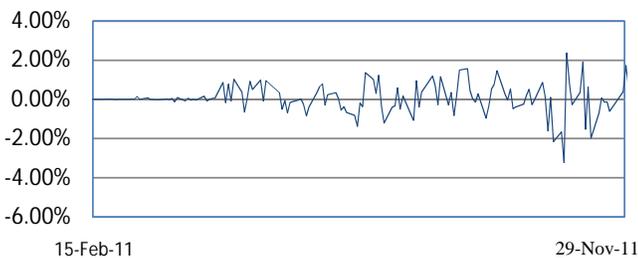
**50% in equities with β of 1 and 50% in the 5-year benchmark bond

Net Asset Value, end-of-period:	Php 175.139Million
Bid NAV Per Unit (NAVpu)	Php 105.265052
Offer NAV Per Unit (NAVpu)	Php 105.777860

Net Asset Value per Unit



Daily Percentage Change of NAVpu



Risk Characteristics:

One day VAR at 3 σ :	2.25%
Volatility, Annualised:	14.14%

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

The yield curve flattened in the month of November. Yields in the short-end of the curve rose while that in the long-end fell.

GDP results were quite disappointing coming in at 3.2% year-on-year (vs. 4.1% expectations). Consumption was up 7.1% year-on-year. OFW remittances grew 8.5% in the third quarter, supporting consumption. Government expenditures increased 9.4% year-on-year while investments grew 24.5% year-on-year. Exports continue to be the main drag deteriorating 13.1% on slowing world economy.

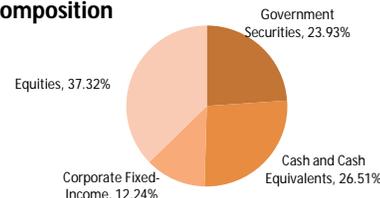
Inflation inched up to 5.2% in October from 4.8% the previous month. Due to higher inflation, the BSP will most likely leave the rates unchanged for a year. Remittances remain resilient rising 8.4% year-on-year and hitting the government's full target of 7% growth. Cumulative budget deficit came in at Php74 billion.

The lower budget deficit and the higher remittances continue to provide support to peso bonds. Prices of bonds are expected to continue its mild rally as we approach the year end.

The Philippine Stock Exchange Index (PSEI) closed at 4211.04 in November, dropping 122.68 points or 2.83% percent month-on-month on the back of external factors namely the uncertainty in Europe and the US budget gridlock.

The MSCI rebalancing caused share price volatility. ICT, URC, and SMC were included while the weightings of MBT, and BPI were reduced. Due to the MSCI related trades, average daily turnover improved to US\$123m, from US\$96m in the previous month. Expect slightly lower volumes in the coming weeks as funds are expected to already be positioned for the MSCI rebalancing.

Portfolio Composition



Maturity Profile



Top 5 Holdings

Fixed Rate Treasury Note 8.125% 12/16/2025	13.40%
Fixed Rate Treasury Note 8.000% 7/19/2031	10.53%
URC	6.80%
AGI	6.58%
ICTSI	6.47%

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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