

## UnionBank Trust and Investment Services Group

UBP Philippine Peso Balanced Portfolio  
as of December 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

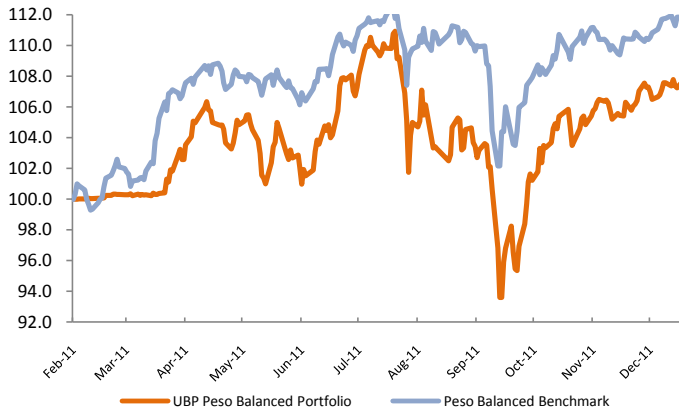
Calendar Absolute Returns*	Peso Balanced	Benchmark**
Since Inception	7.51%	11.86%

\* Returns are reported net of fees.

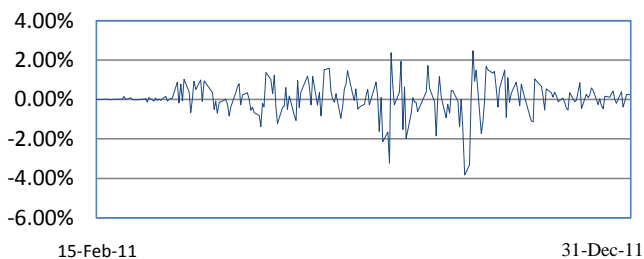
\*\*50% in equities with  $\beta$  of 1 and 50% in the HSBC 1-5 Year Phil Bond Index

Net Asset Value, end-of-period:	Php 177.107Million
Bid NAV Per Unit (NAVpu)	Php 107.252272
Offer NAV Per Unit (NAVpu)	Php 107.698150

### Net Asset Value per Unit



### Daily Percentage Change of NAVpu



### Risk Characteristics:

One day VAR at 3 $\sigma$ :	2.15%
Volatility, Annualised:	13.53%

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.

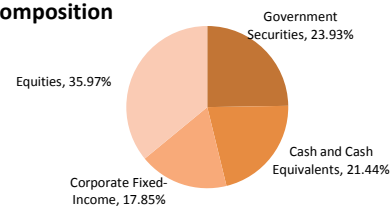
## Fund Manager's Report

Government securities rallied on the last month of the year with yields declining by an average of 30 basis points across the curve. Investors remained bullish on the back of positive economic news. The November budget deficit of Php22 billion brought the total to Php96 billion, representing 32% of the 2011 target. Inflation eased to 4.8% in November as food inflation softened. As expected, the Monetary Board kept overnight rates unchanged with a manageable inflation outlook.

S&P raised the Philippines' ratings outlook to "positive" from "stable" due to the country's strong external liquidity and improving fiscal position. The credit ratings agency indicated that the country's rating may be due for an upgrade this coming year.

The Philippine Stock Exchange Index (PSEi) delivered a strong finish in December. The Philippine market was the best performer in the region for 2011, with performance up 4.1%. The next top performer was Indonesia, which was up 2.4% in 2011, and was the only other market in the region to end the year in positive territory.

### Portfolio Composition



### Maturity Profile

Greater than 7 years	24.74%
5 years to 7 years	5.72%
3 years to 5 years	12.13%
Less than 1 year	21.44%

### Top 5 Holdings

Fixed Rate Treasury Note 8.125% 12/16/2025	13.72%
Fixed Rate Treasury Note 8.000% 7/19/2031	11.03%
AGI	6.63%
DMCI	6.59%
Cash	21.44%

### 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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