

UnionBank Trust and Investment Services Group

UBP Philippine Peso Balanced Portfolio
as of September 30, 2012

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** |
|----------------------------|---------------|-------------|
| YTD | 11.61% | 12.88% |
| Feb-Dec 2011 | 7.51% | 11.86% |

* Returns are reported net of fees.

**50% in the PSEI Index and 50% in the HSBC 1-5 Year Phil Bond Index

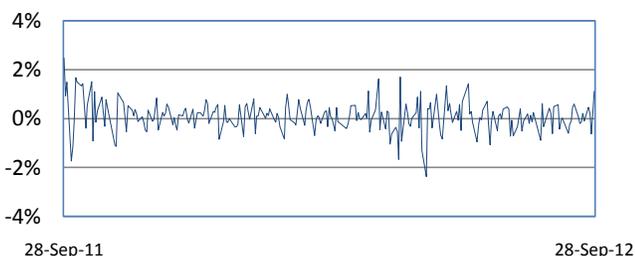
| | Net Asset Value (NAV) | NAV Per Unit (NAVpu) |
|--------------------|-----------------------|----------------------|
| Bid ¹ | Php 182.850 Million | Php 119.556261 |
| Offer ¹ | Php 183.793 Million | Php 120.173491 |
| Mid ¹ | Php 183.500 Million | Php 119.981613 |

Par Value: Php 100.00

Net Asset Value per Unit



Daily Percentage Change of NAVpu



Risk Characteristics:

| | |
|---|-------|
| One day VAR at 3σ: | 1.56% |
| Volatility, Past 360 days | 9.82% |
| Duration: | 0.70 |
| Sharpe Ratio (Risk-Free Rate = 1.180%): | 2.44 |

Volatility is a measure of fluctuation of the NAVpu. Higher volatility means higher potential for gains or losses. 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

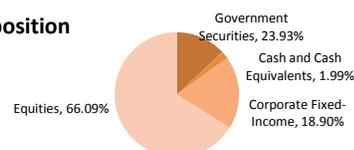
The Philippine Stock Exchange Composite Index (PSEI) rallied 2.88 percent for the month of September led by the banking, property, and conglomerate sectors. Foreigner investors were accumulating again as net foreign inflows reached Php 3.5 Billion in September, and totaled Php 67.2 Billion for the first three quarters of this year. The country's robust macroeconomic fundamentals propelled the market to new highs despite the continued uncertainties hounding the American and European markets.

Index leaders for the month were: Alliance Global Group Inc. (PSE: AGI), up 24.8 percent, Universal Robina Corp. (PSE: URC), up 14.3 percent, and First Gen Corp. (PSE: FGEN), up 7.3 percent. Laggards were: Philex Mining Corp. (PSE: PX), down 24.4 percent, JG Summit Holdings (PSE: JGS), down 2.1 percent, and San Miguel Corp. (PSE: SMC), down 1.5 percent.

The Bureau of the Treasury sold 25-year Retail Treasury Bonds (RTBs) at 6.125 percent and has received more than Php 200bn worth of bids. The government is willing to sell up to PhP 200 billion depending on the demand. So far, there has been strong investor demand due to the high coupon rate.

The yield curve for the month was almost unchanged in the longer end of the curve as the market adopted a wait-and-see strategy on the recent RTB issuance as well as the upcoming debt swap.

Portfolio Composition



Maturity Profile of Fixed-Income Holdings

| | |
|----------------------|--------|
| Greater than 7 years | 2.95% |
| 5 years to 7 years | 12.80% |
| 3 years to 5 years | 10.53% |
| 1 year to 3 years | 5.65% |
| Less than 1 year | 1.99% |

Top 5 Holdings²

| | |
|--|--------|
| San Miguel Purefoods Preferred Shares | 10.53% |
| Fixed Rate Treasury Note 5.000% 08/18/2018 | 10.07% |
| Metro Pacific Investments Co (PSE: MPI) | 8.21% |
| Alliance Global Group Inc (PSE: AGI) | 7.80% |
| Philippine National Bank (PSE: PNB) | 7.57% |

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 |
| Ave. Gross Market Value for the Qtr. | PhP 175,824,989.67 |
| Trust Fees ³ : | 2% per annum on equity holdings 1% per annum on fixed income holdings 0.25% per annum of pooled funds; 0.57% for the quarter |
| Audit Fees ³ : | 0.0016% for the quarter |
| Custodianship Fees ³ : | 0.002% for the quarter |
| Applicable Tax: | 20% on interest income Sales tax on equity sales |
| Custodian: | HSBC, Ltd Philippines |
| External Auditor: | Punongbayan & Araullo |
| Dealing Time: | Daily up to 12noon |
| Available Thru: | Unionbank of the Philippines branches |
| Bloomberg Ticker: | UNPESBA |

This document is for information purposes only and does not constitute an offer or a solicitation to buy or sell any investment referred to in this document. All Unit Investment Trust Funds (UITFs) are regulated by the Bangko Sentral ng Pilipinas. The UITF is not a deposit and is not insured by PDIC. Due to the nature of the investments, yield and potential yields cannot be guaranteed. Any income or loss arising from market fluctuations and price volatility of the securities held by the UITF, even if invested in government securities, is for the account of the investor. As such, units of participation of the investor in the UITF, when redeemed, may be worth more or be worth less than his/her initial investment/contributions. Historical performance, when presented, is purely for reference purposes and is not a guarantee of future results. The Trustee is not liable for losses, unless upon willful default, bad faith or gross

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FOOTNOTES:

¹FUND VALUATION

The Dual Pricing Method shall be used in computing the Net Asset Value (NAV) of the fund. Under this method, the **Bid Net Asset Value per Unit (Bid NAVpu)** and the **Offer Net Asset Value per Unit (Offer NAVpu)** shall be calculated.

The **Bid NAVpu** is the redemption price. It is the price used when a client wishes to redeem units from the fund. The Bid NAVpu is calculated using the closing bid prices of the underlying assets of the fund for the day, net of fees and other allowable expenses.

The **Offer NAVpu** is the admission price. It is the price used when a client wishes to contribute to the fund. The Offer NAVpu is calculated using the closing offer prices of the fund's underlying assets for the day, net of fees and other allowable expenses.

The **Mid/Last Net Asset Value per Unit (Mid/Last NAVpu)** shall also be computed for information or reporting purposes only. For client reporting, the Bid/Offer values shall be provided in the financial statement footnotes.

i. The Mid NAVpu shall be computed for UITFs with fixed income assets. It shall be determined from the average of the bid-side and offer-side market yields-to-maturity or prices of the underlying assets of the fund for the day, net of fees and other allowable expenses.

ii. The Last NAVpu shall be computed for all UITFs with equity holdings. It shall be determined from the LAST closing prices of outstanding equity holdings for the day, net of fees and other allowable expenses.

²PROSPECTIVE INVESTMENTS

The Fund may be invested and reinvested in:

- i. Debt securities issued by or guaranteed by the Philippine government, or the Bangko Sentral ng Pilipinas;
- ii. Unit Investment Trust Funds and Mutual Funds;
- iii. Exchange-listed marketable securities and funds;
- iv. Loans traded in an organized market;
- v. Savings/Checking accounts and/or time deposits in any bank or financial institution, including UnionBank of the Philippines;
- v. Derivative instruments for the purpose of hedging market risk exposures of the existing investments of the Fund in accordance with the Bank's risk management and hedging policy duly approved by the Trust Committee.
- vi. Other such tradable investment outlets/categories as the BSP may allow.

A complete list of holdings is available upon request.

³FEES & EXPENSES

The Trustee shall collect from the Fund trust fees in the amount of ONE-QUARTER PERCENT (0.25%) per annum on pooled funds based on the Gross Market Value of the Fund which shall be accrued daily and shall be collectible from the Fund at the end of every calendar month.

The Trustee may charge the Fund for special expenses if the same is necessary to preserve or enhance the value of the Fund. Such special expenses shall be payable to pertinent third party or parties covered by separate contract/s, and disclosed to the Participants.

An investor should read the complete details of the fund in the Plan Rules, and should carefully consider the fund's investment objectives, risks, charges and expenses. He then should make his own risk assessment and, when necessary, seek independent/professional opinion before making an investment.