

UnionBank Trust and Investment Services Group

UBP Large Capitalization Philippine Equity Portfolio
as of December 31, 2011

Investment Objective

The UnionBank Large Capitalization Philippine Equity Portfolio is a peso-denominated fund that seeks long-term capital growth by investing in a diversified portfolio of primarily large capitalization stocks listed in the Philippine Stock Exchange.

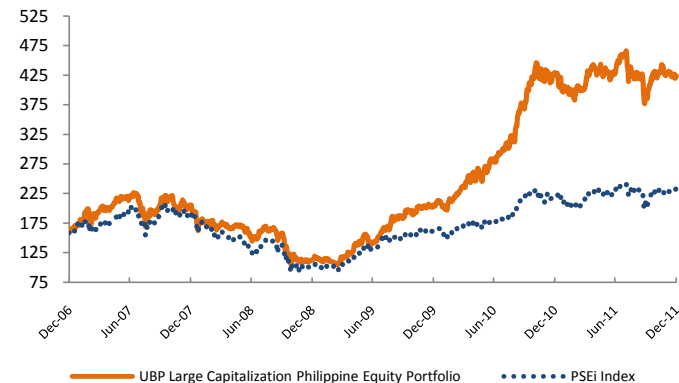
Fund Performance

Calendar Absolute Returns*	Large Cap	PSEI Index
2011	-1.25%	4.07%
2010	109.32%	37.62%
2009	85.00%	62.99%
2008	-44.93%	-48.29%
2007	23.49%	21.43%
2006	51.40%	42.29%
Cumulative Annualized Returns*	Large Cap	PSEI Index
3 Years	55.95%	32.52%
5 Years	21.04%	7.94%

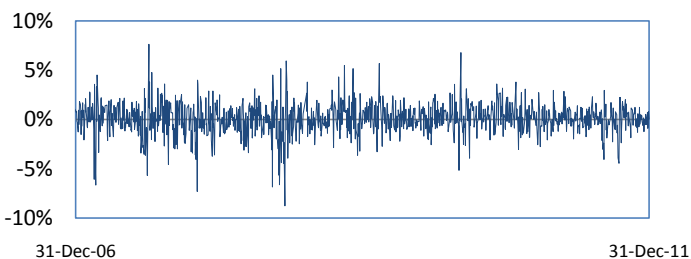
*Returns are reported net of fees.

Net Asset Value, end-of-period: Php 846.528 Million
Bid NAV Per Unit (NAV_{pu}): Php 417.369764
Offer NAV Per Unit (NAV_{pu}): Php 424.466521

Net Asset Value per Unit



Daily Percentage Change of NAV_{pu}



Risk Characteristics:

One day VAR at 3σ: 2.83%
Volatility, Past 360 Days: 17.84%
PSEI Index, Volatility Past 360 days: 18.57%
Sharpe Ratio (Risk Free Rate = 1.96%): -0.19

Volatility is a measure of fluctuation of the NAV_{pu}. 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 NAV_{pu} will change with interest rate fluctuation. The Sharpe Ratio is a measure of risk-adjusted return. The higher the Sharpe Ratio, the higher the return per unit of risk. Risk-free rate used to compute the Sharpe ratio is the 1yr TBill rate.

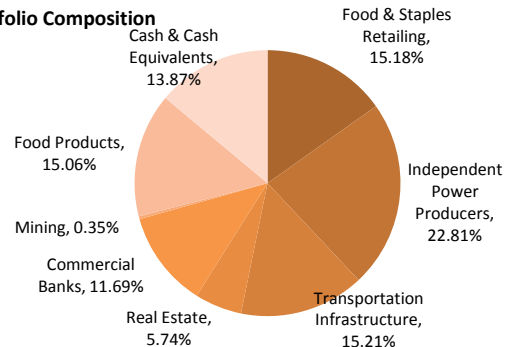
Fund Manager's Report

The Philippine Stock Exchange Index (PSEI) 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.

Philippine Long Distance Telephone Co. was the top index mover, contributing close to a quarter of the PSEI's rise in December. This suggests investor appetite for market proxies. Foreigners were net foreign buyers in December with net inflows of USD241.17 million, predominantly in Philippine Long Distance Telephone Co., Bank of the Philippine Islands, International Container Terminal Services, Inc. and SM Prime Holdings, Inc.

Sectors to watch out for in 2012 are: infrastructure and construction, consumer and banking, and the gaming sector. The Daang-Hari - South Luzon Expressway link project was the first of the government's PPP projects to be bid out and more are expected to follow in 2012. Bank lending in October accelerated to 22.2% Year-on-Year from the 21.7% posted in the previous month. In the latest Consumer Expectations Survey conducted in October, consumer outlook for 2012 increased to +14.6% in the 4th quarter from +11.7% in the 3rd quarter. The favorable outlook came on the back of increased investment, higher salaries and more stable prices. As for the gaming sector, tourist arrivals reached 3.18 million as of end-October. This was better than the government's 7.0% full-year 2011 growth target.

Portfolio Composition



Top 5 Holdings

First Gen Corp	16.07%
ICTSI	15.21%
Alliance Global	15.18%
Universal Robina Corporation	15.06%
First Philippine Holdings	6.74%

Fund Facts

Classification:	Long-term Philippine Equity Fund
Launch Date:	March 01, 2005
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
Custodianship Fees:	0.02% per annum
Applicable Tax:	20% on interest income 0.5% 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:	IFDLCPE
* All fees are accrued daily against the fund's total market value. Complete list of holdings available upon request	

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