

## UnionBank Trust and Investment Services Group

UBP Large Capitalization Philippine Equity Portfolio  
as of January 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

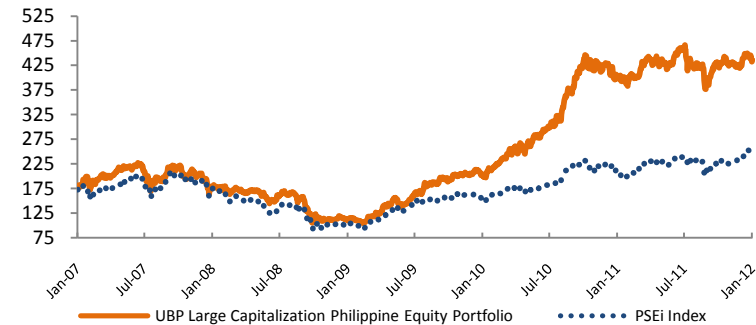
Calendar Absolute Returns*	Large Cap	PSEi Index
YTD	3.06%	7.04%
2011	-1.25%	4.07%
2010	109.32%	37.62%
2009	85.00%	62.99%
2008	-44.93%	-48.29%
2007	23.49%	21.43%
Cumulative Annualized Returns*	Large Cap	PSEi Index
3 Years	58.24%	36.99%
5 Years	20.16%	7.46%

\*Returns are reported net of fees.

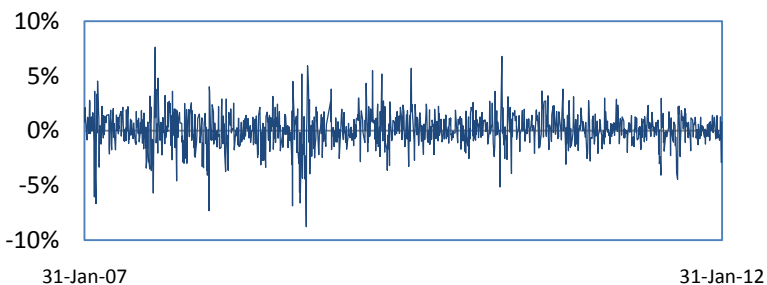
	Net Asset Value (NAV)	NAV Per Unit (NAVpu)
Bid <sup>1</sup>	Php 816.873 Million	Php 431.748857
Offer <sup>1</sup>	Php 820.587 Million	Php 438.242738
Mid <sup>1</sup>	Php 818.886 Million	Php 436.163854

Par Value: Php 100.00

### Net Asset Value per Unit



### Daily Percentage Change of NAVpu



### Risk Characteristics:

One day VAR at 3σ:	2.77%
Volatility, Past 360 Days:	17.43%
PSEi Index, Volatility Past 360 days:	18.21%
Sharpe Ratio (Risk Free Rate = 3.00%):	0.32

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.

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## Fund Manager's Report

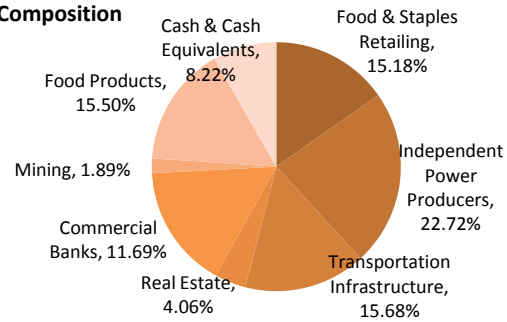
The Philippine Stock Exchange Index (PSEi) increased by 7%, closing the month at 4,682.44 as volumes rose due to the implementation of the full-day trading and foreign inflows. Market volume rose to USD161 million per day, jumping 38% month-on-month and year-on-year driven by both local and foreign fund flows. Foreign participation in the market was at 42%.

GDP growth for 2011 hit 3.7%, which is slightly below analysts' estimate of 3.8%. For 2012, the government is looking at GDP growth rate of at least 5%. The Bangko Sentral ng Pilipinas cut overnight borrowing and lending rates to 4.25% and 6.25%, respectively, on concerns of slow growth and benign inflation.

Remittances hit a record high of USD1.783 billion in November, up by 10.61% year-on-year. Loan demand jumped by 22.5% as of end-November last year to P2.75 trillion. Banks' Non-Performing Loans (NPLs) ratio fell to 2.39% in November as more loans were extended to clients.

The sectors to look out for on the back of positive data releases are the consumption and the banking sectors. The construction and infrastructure sectors are also expected to benefit from the low interest rate environment, the government's efforts on infrastructure spending and its Public-Private Partnership projects.

### Portfolio Composition



### Top 5 Holdings<sup>2</sup>

ICTSI	15.68%
Universal Robina Corporation	15.50%
Alliance Global	15.13%
First Gen Corp	14.34%
First Philippine Holdings	8.38%
Security Bank	5.47%

### Fund Facts

Classification:	Long-term Philippine Equity Fund
Launch Date:	March 01, 2005
Client Suitability:	Moderately aggressive risk 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 900,894,290.11
Trust Fees <sup>3</sup> :	2% per annum; 0.18% for the quarter
Audit Fees <sup>3</sup> :	0.0005% for the quarter
Custodianship Fees <sup>3</sup> :	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:	IFDLCP

\* All fees are accrued daily against the fund's total market value.  
Complete list of holdings available upon request

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**FOOTNOTES:****<sup>1</sup>FUND 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.

**<sup>2</sup>PROSPECTIVE 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. Large capitalization equity issues listed in the Philippine Stock Exchange;
- iii. Middle capitalization equity issues listed in the Philippine Stock Exchange;
- iv. 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.

A complete list of holdings is available upon request.

**<sup>3</sup>FEES & EXPENSES**

The Trustee shall collect from the Fund trust fees in the amount of TWO PERCENT (2%) per annum 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.

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