

UnionBank Trust and Investment Services Group

UBP Large Capitalization Philippine Equity Portfolio
as of February 28, 2012

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.

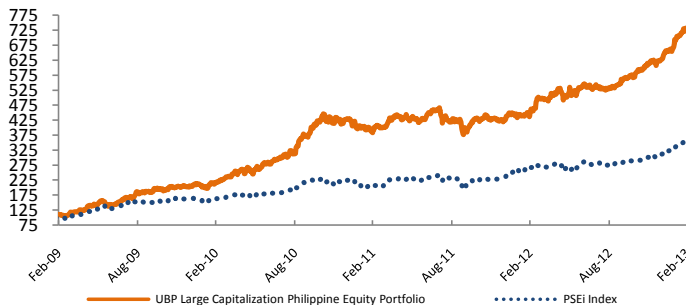
Fund Performance

| Calendar Absolute Returns* | Large Cap | PSEi Index |
|--------------------------------|-----------|------------|
| YTD | 16.88% | 15.63% |
| 2012 | 47.89% | 32.96% |
| 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 | 50.38% | 32.54% |
| 5 Years | 32.52% | 16.37% |

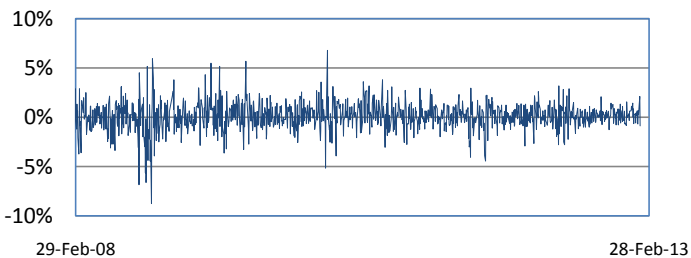
| | Net Asset Value (NAV) | NAV Per Unit (NAVpu) |
|--------------------|-----------------------|----------------------|
| Bid ¹ | Php 2.386 Billion | Php 722.857875 |
| Offer ¹ | Php 2.399 Billion | Php 734.025645 |
| Mid ¹ | Php 2.397 Billion | Php 731.558009 |

Par Value: Php 100.00

Net Asset Value per Unit



Daily Percentage Change of NAVpu



Risk Characteristics:

| | |
|--|---------|
| One day VAR at 3σ: | 2.29% |
| Volatility, Past 360 Days: | 14.40% |
| PSEi Index, Volatility Past 360 days: | 13.853% |
| Sharpe Ratio (Risk Free Rate = 12.054%): | 4.47 |

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

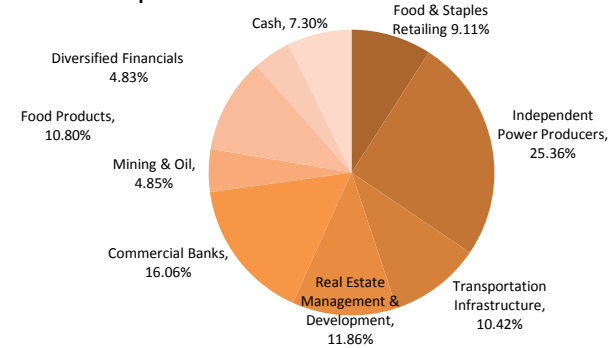
The Philippine Stock Exchange Index (PSEi) ended at 6,721.45 an increase of 15.63% YTD which is a new high for the Index. Macro fundamentals remain intact with February Inflation at 3.4% YoY slightly higher than expectation of 3.3%. This is most likely brought about by higher sin taxes imposed on alcohol and tobacco prices. Overseas worker remittances for the month of December was up 9.7%YoY beating consensus of 7.0%YoY. This is a good showing considering global uncertainties.

There is also a manufacturing sector revival. Exports grew 16.5% to \$3.97Bn in December 2012, bringing full-year 2012 exports to US\$52bn (+7.6% YoY). Export growth was driven nearly entirely by manufacturing, excluding electronics. Manufactured goods excluding electronics is now 42% of exports. Infrastructure spending budget is also up 17% in 2013, excluding PPP.

Market rallied across sectors. The MSCI index rebalancing caused a rally additional weightings (BDO, FLI, DMC, and PNB) and a sell down of those with reduced weightings (AGI).

Keep catalyst for the rest of the year are the PPPs finally pushing thru, possible investment

Portfolio Composition



Top 5 Holdings

| | |
|--------------------------------------|--------|
| First Gen Corporation | 10.37% |
| First Philippine Holdings | 10.78% |
| SM Prime Holdings | 9.32% |
| Metro Pacific Investment Corporation | 9.04% |
| Metrobank | 6.55% |

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 1,926,661,312.82 |
| Trust Fees ³ : | 2% per annum; 0.63% for the quarter |
| Audit Fees ³ : | 0.0013% for the quarter |
| Custodianship Fees ³ : | 0.000% per annum |
| Applicable Tax: | 20% on interest income 0.5% on equity sales |

| | |
|-------------------|---------------------------------------|
| Custodian: | HSBC, Ltd Philippines |
| External Auditor: | Punongbayan & Arullo |
| 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.

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 negligence.

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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. 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.

³FEES & 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.

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.