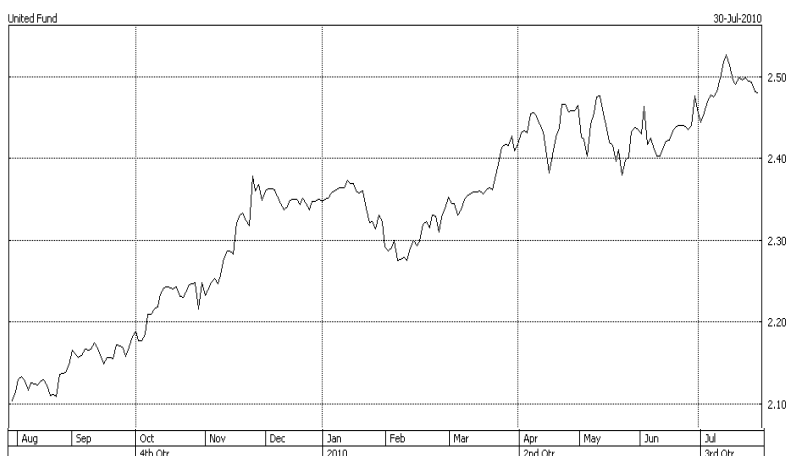


United Fund, Inc. is a growth-oriented mutual fund, which seeks to maximize income, consistent with its policy to preserve capital and to maintain liquidity of investments, through a diversified portfolio of listed equity issues and high-grade fixed income instruments.

FUND FACTS AND FIGURES

Launch Date	1993
Structure	Mutual Fund
Currency	Philippine Peso
Minimum Initial Investment	Php 5,000.00
Minimum Additional Investment	Php 1,000.00
Sales Load	2%
Redemption Fee	
< 1 year from purchase date	3.5% of NAVPS

FUND PERFORMANCE


NAVPS	Year-to-Date Return	One-year Return	Three-year Return	Five-year Return
07/30/2010	6.94%	17.24%	10.70%*	60.95%*
2.4787			3.45%**	9.99%**

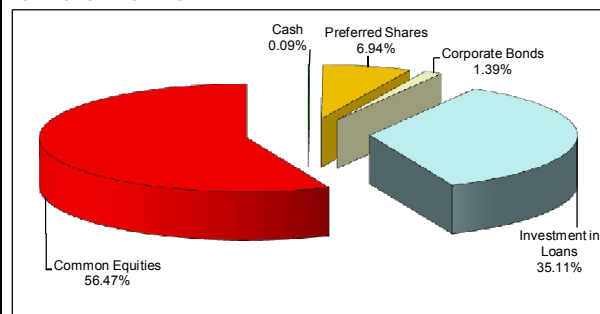
* cumulative return; ** compounding annual return

FUND MANAGER'S REPORT

The Philippine Stock Exchange index (PSEi) performed better month on month as it closed at 3,426.95 last July 30, or a 1.61% increase from the previous month's close which was recorded at 3,372.71. The market has been following the positive performance of the US equities, as well as the strong local economic fundamentals released this month. Monetary authorities believed that the country can attain a 10% GDP growth, while the central bank raised its forecast for exports and imports growth this year. Remittances from OFWs registered a record-high of USD1.578 billion, while robust corporate earnings were posted for the second half of the year.

In turn, the Fund registered a year-to-date return of 6.94%, and year-on-year return of 17.24%.

Despite the strong market performance, however, investors had been keen on profit-taking during the latter part of the month as they cashed-in on their gains. Next month, the market is expected to have a continuous healthy performance as more corporate earnings will be announced. Nevertheless, the rally may be moderate as investors will remain cautious while they observe where the market will head given the sharp increase of the index.

PORTFOLIO ALLOCATION

EQUITIES BY SECTOR

Banks	8.21%
Electricity, Energy, Power & Water	7.51%
Food and Beverage	2.04%
Holding Firms	18.10%
Property	15.43%
Telecommunications	12.12%
Total	63.41%

TOP 10 EQUITY HOLDINGS

Name	Main Business	% of Fund
Phil. Long Distance Telephone Company	Telecommunications	10.00%
Ayala Corporation	Holding Firms	10.00%
SM Prime Holdings	Property	8.85%
Ayala Corporation - Preferred	Holding Firms	5.12%
Bank of the Philippine Islands	Banks	3.96%
Metro Pacific Investments Corporation	Property	2.70%
Robinson Land Corporation	Property	2.59%
Energy Dev't. Corporation	Electricity, Energy, Power & Water	2.46%
Manila Electric Company (Meralco)	Electricity, Energy, Power & Water	2.07%
San Miguel Corporation	Food, Beverage & Tobacco	2.04%

RISK DISCLOSURE

The funds' investments in fixed income and equity securities are exposed to the following risks, a change in any of which may result in a change in the Net Asset Value per Unit.

⊗ **Market Risk.** the risk that the value of an investment will decrease due to movements in market factors, specifically, the following market risk factors:

* **Equity Risk.** This refers to the volatility of stock prices. The daily fluctuations of stock prices are due to reaction to news as well as the number of sellers and buyers in the market. It is also affected by factors associated with the company.

* **Interest Rate Risk.** This refers to the volatility of bond prices that result from changes in interest rates. If bonds are purchased and interest rates subsequently rise, then the market prices of the purchased bonds will decline.

⊗ **Liquidity Risk.** The risk stemming from the lack of marketability of an investment that cannot be sold quickly enough to prevent or minimize a loss.

⊗ **Credit/Default Risk.** This refers to the "creditworthiness" of the bond issuer or its expected ability to pay interest and repay its debt.

⊗ **Call/Prepayment Risk.** The possibility that a bond will be called away from the investors or will be prepaid by the issuer before its maturity date. This usually happens when interest rates drop and the issuer has an opportunity to borrow money at a lower rate than the one currently being paid. As a consequence, the bondholder will not receive any more interest payments from the investment and may be forced to reinvest his money at lower rates.

⊗ **Reinvestment Risk.** This is defined as the risk of having lower returns or earnings when maturing funds or the interest earnings of funds are reinvested.

AWARDS RECEIVED FOR 2009 PERFORMANCE


★ 2nd Place: 3-year return, Equity Fund Category

★ 2nd Place: 10-year return, Equity Fund Category



Inflation. The country's inflation rate for the month of July was steady at 3.9% year-on-year, the same as the rate in June and lower than the market's estimate of 4.1%. This figure brings the year-to-date average to 4.2%, which is still within the government's full year forecast of 3.5% to 5.5%. According to the National Statistics Office (NSO), this was due to the slower increase in fuel prices and utility costs. Price increase of food, light and water (FLW) was at 14.4%, slower than the 16.4% posted in June.

Interest Rates. In a meeting held last June 3, the Monetary Board of the Bangko Sentral ng Pilipinas decided to keep its key policy interest rates steady at 4 percent for the overnight borrowing or reverse repurchase (RRP) facility and 6 percent for the overnight lending or repurchase (RP) facility. The central bank believes that the current monetary policy settings continue to be appropriate, given the manageable inflation outlook.

Yield on benchmark 91-day Treasury bill went up 2.9 basis points to an average of 3.985% in an auction held last July 26. Interest on the 182-day T-bill went up by 6.5 bps to an average of 4.253% while those for the 364-day bill fell by 9 bps to 4.5%. As planned, the government was able to raise a total of Php8 billion. The result of the said auction was due to liquidity in the market rather than sentiments brought about by external factors affecting the market.

In an auction held last July 20, the government was able to raise Php8.5 billion from the sale of seven-year Treasury bonds as buyers wanted to reinvest their money given a very liquid market. Yield on the seven-year T-bonds declined by 22.1 basis points to an average of 6.809%, as buyers flooded the offer with tenders that reached a total of Php13.629 billion.

Money Supply. For the month of June, domestic liquidity or M3 grew by 10.3% year-on-year. On a monthly basis, M3 growth decelerated to 0.3% from 2.2% in the previous month. The continued rise in net foreign assets (NFA) was the main reason for the expansion in domestic liquidity.

Growth in M3, or the amount of money circulating in the domestic economy, indicates an availability of funds for investment and other economic activities despite heightened global economic uncertainty and increasing downside risks to output growth.

Gross Domestic Product. Monetary authorities believe that the Philippines' full-year gross domestic product could register a double-digit growth of at least 10% if the new administration would pursue the development of the country's physical and human infrastructure. Investors will be confident to wager their money in the country once they see that the necessary infrastructure are in place and steady supply of skilled Filipino workers are maintained. Additionally, the National Economic and Development Authority (NEDA) said that country's economy probably performed better in the second quarter of the year compared to the first quarter growth of 7.3%, as leading economic indicators show better-than-expected results.

For the 1st six months of the year, the country's balance of payments (BoP) surplus rose to USD3.235 billion due to strong OFW remittances, as well as investments from abroad. Year-on-year, the figure is higher by 46%, allowing the Bangko Sentral ng Pilipinas (BSP) to meet its BoP surplus forecast of USD3.7 billion for the year. For June alone, the total BoP surplus was USD502 million, or five times higher than the USD73 million registered in the same month last year.

The country's import earnings rose 31.4% to \$4.753 billion in May from the \$3.616 billion registered in the same period last year. The National Statistics Office said that the latest import figure was the highest in 21 months, and it was due to the double-digit growth in electronics, which went up by 17.7% from a year ago to \$1.53 billion after a 63.9% rise in April. The central bank has revised its import growth to 20% in 2010 from a previous estimate of 18%, while it raised export growth expectations to 15% from a forecast of 12%. For the first five months of the year, imports went up by 35% to \$22.02 billion from \$16.27 billion in the same period last year.

Due to the continuous global economic recovery, export earnings in May went up by 37.3% or USD4.239 billion from the USD3.088 billion recorded a year ago. Cumulatively, exports for the first five months of the year grew by 38.7% or USD19.16 billion, due to the strong shipments of electronic products.

Meanwhile, the central bank raised its forecast for exports and imports growth this year due to better-than-expected earnings in the first quarter. BSP said that exports would likely grow by 15%, up from an earlier forecast of 12%, while imports will expand to 20%, also higher than the earlier estimate of 18%.

OFW Remittances. For the month of May, OFW remittances registered a record-high of USD1.578 billion on the back of steady demand for professional and skilled Filipino workers, as well as the expansion of fund transfer services. From January to May, OFW remittances went up by 6.6% to USD7.44 billion. In the first half of the year, approved job orders registered in the Philippine Overseas Employment Agency (POEA) already totaled to 302,844.

Fiscal Position. According to the Bangko Sentral ng Pilipinas (BSP), the country's gross international reserves (GIR) level as of end-July 2010 reached USD48.6 billion, slightly lower than the previous month's level of USD48.7 billion. This was due to the revaluation losses on the BSP's gold holdings and payments by the National Government (NG) for its maturing foreign exchange obligations. The current GIR level could cover 9 months of imports of goods and payments of services and income. It is also equivalent to 9.3 times the country's short-term external debt based on original maturity and 5.1 times based on residual maturity.

The Philippine's budget deficit for the first half of 2010 exceeded market estimates as it reached PHP196.7 billion on the back of failed attempts to privatize government assets and over-spending of the previous administration. However, the government is still positive that the PHP325 billion deficit target for the year would still be met by the current administration.

Foreign Direct Investments. From January to May of 2010, foreign direct investments (FDI) posted a net inflow of USD446 million, or 68% compared to the same period last year. Despite the successful national election held in May, investors still remained on the sidelines as they observe the next things to happen with regard to the Eurozone's sovereign credit problems. For the month of May alone, FDI posted a net outflow of USD35 million. During the review period, inflows came mostly from the U.S., Switzerland, Japan, Netherlands, Singapore and Hong Kong.

Exchange Rate. For the seventh month of the year, the Philippine Peso closed at PHP45.54 against the greenback, or 1.79% lower than the previous month's PHP46.37. This was attributable to the continuous improvements in the global economy, as well as the optimism brought about by the first State of the Nation Address of President Aquino.