



UNIONBANK OF THE PHILIPPINES - TRUST AND INVESTMENT SERVICES GROUP
UNIONBANK PHILIPPINE PESO FIXED INCOME PORTFOLIO
 KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
 As of November 27, 2015

| FUND FACTS | | | |
|-------------------------------------|-------------------------------|-----------------------------------|---|
| Classification: | Medium-term Bond Fund | Net Asset Value per Unit (NAVPU): | Php 249.89620870 |
| Launch Date: | January 12, 2004 | Total Fund NAV: | Php 2,222,270,154.59 |
| Minimum Investment: | Php 100,000 | Dealing Day: | Up to 12 noon, any banking day |
| Additional Investment: | Not Applicable | Redemption Settlement: | One (1) banking day after initial notice |
| Minimum Holding Period: | 90 calendar days | Early Redemption Charge: | 0.25% flat on redeemed amount or Php 500, whichever is higher |
| FEES* | | | |
| Trust Fees: | 1.00% per annum | Custodianship Fees: | 0.001% |
| | | Audit Fees: | 0.001% |
| | | Other Fees: | 0.003% |
| <i>UnionBank of the Philippines</i> | <i>HSBC, Ltd. Philippines</i> | <i>Punongbayan & Arullo</i> | |

*As a percentage of the total market value of the fund for the month valued at Php 2.23 Bn

INVESTMENT OBJECTIVE AND STRATEGY

The UnionBank Philippine Peso Fixed Income Portfolio is a peso-denominated bond fund designed to provide investors higher returns than traditional fixed-income savings products.

CLIENT SUITABILITY

A client profiling process should be performed prior to participating in the Fund to guide the prospective investor if the Fund is suited to his/her investment objectives and risk tolerance. Clients are advised to read the Declaration of Trust/Plan Rules of the Fund, which may be obtained from the Trustee, before deciding to invest.

- The UnionBank Philippine Peso Fixed Income Portfolio is suitable only for investors who:
 - Are individuals of legal age and corporations with a medium to long-term investment horizon
 - Have a moderately conservative risk profile
- The principal is at risk. Loss in the original investment may arise due to market fluctuations and price volatility of the securities held by the fund.

KEY RISKS AND RISK MANAGEMENT

You should not invest in this Fund if you do not understand or are comfortable with the accompanying risks.

Some of the key risks associated with this Fund are listed below:

- **Interest Rate Risk:** This is the possibility to experience losses due to changes in interest rates. The purchase and sale of a debt instrument may result in profit or loss because the value of a debt instrument changes inversely with prevailing interest rates.
- **Market/Price Risk:** This is the possibility to experience losses due to adverse changes in market prices of securities. It is the exposure to the uncertain market value of a portfolio due to price fluctuations.
- **Liquidity Risk:** This is the possibility to experience losses due to the fund's inability to sell and convert assets into cash immediately or in instances where conversion to cash is possible but at a highly disadvantageous price.
- **Credit/Default Risk:** This is the possibility for an investor to experience losses due to a borrower's failure to pay principal and/or interest in a timely manner on instruments such as bonds, loans, or other forms of security which the borrower issued.

The Fund invests in quality assets which are evaluated under the Trust Department's accreditation process and BSP regulations. Internal risk limits, together with regulatory exposure limits, are monitored, reviewed and strictly adhered to on a daily basis.

❖ **THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC)**

❖ **RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/FLUCTUATIONS ONLY**

❖ **WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES WILL BE SOLELY FOR THE ACCOUNT OF THE CLIENT**

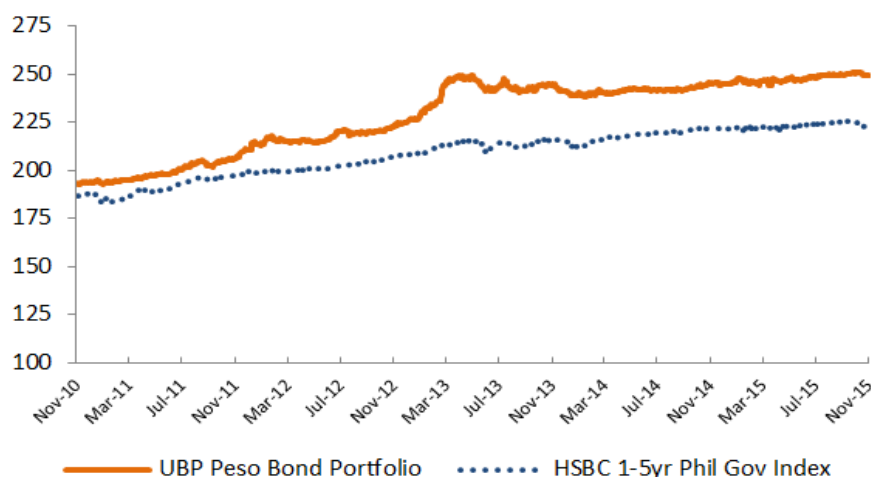
❖ **THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE**

For any queries, you may call UnionBank-Trust and Investment Services Group at 667-6388 or visit our website at www.unionbankph.com.

FUND PERFORMANCE AND STATISTICS AS OF NOVEMBER 27, 2015

(Purely for reference purposes and is not a guarantee of future results)

Net Asset Value per Unit



NAVPU over the past 12 months

| | |
|----------------|-------------|
| Highest | 251.1440183 |
| Lowest | 243.9974513 |

Statistics

| | |
|---------------------------------|--------|
| Weighted Ave. Duration | 2.5795 |
| Volatility, Past 1 Year* | 6.14% |
| Shape Ratio** | 0.04 |
| Information Ratio*** | 0.12 |

*Volatility measures the degree to which the Fund fluctuates vis-a-vis its average return over a period of time.

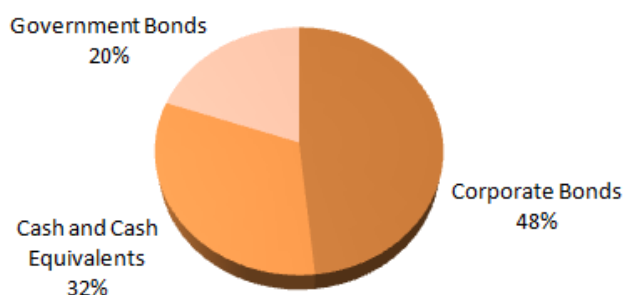
**Sharpe Ratio is used to characterize how well the return of Fund compensates the investor for the level of risk taken. The higher the number, the better. (Risk Free Rate = 1.600%)

***Information Ratio measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

| Fund Performance Vs. Benchmark (%) | | | | | | | Top Ten Holdings (%) | | | |
|------------------------------------|------|-------------------|-------|------|------|-------|----------------------|------|-----------------------------|--------------|
| Period | YTD | Cumulative Return | | | | | Annualized Return | | BSP | 29.81 |
| | | 1mos | 3mos | 6mos | 1yr | 3yrs | 3yrs | 5yrs | | |
| Fund | 1.93 | -0.48 | 0.15 | 0.78 | 1.74 | 11.56 | 3.71 | 5.24 | PSALM 7.750 04/22/2017 | 11.59 |
| Benchmark* | 0.85 | -0.86 | -0.54 | 0.00 | 0.75 | 7.59 | 2.47 | 3.60 | GLOPM 6.000 06/01/2019 | 11.59 |
| | | | | | | | | | FLIPM 6.2731 06/08/2019 | 7.30 |
| | | | | | | | | | SMBPM 6.600 04/02/2022 | 5.79 |
| | | | | | | | | | FMICPM 5.750 08/10/2019 | 4.76 |
| | | | | | | | | | DBP 5.750 09/22/2022 | 4.60 |
| | | | | | | | | | FXTN 25-11 4.625 09/09/2040 | 2.86 |
| | | | | | | | | | ACPM 5.450 11/23/2019 | 2.35 |
| | | | | | | | | | DBP | 2.28 |
| | | | | | | | | | Total | 82.92 |

*HSBC 1-5 Yr Phil Bond Index

Portfolio Composition



OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The fund has bond investments with Aboitiz Equity Ventures amounting to Php 38.45 Mn. This investment outlet was approved by the Trust Committee. Likewise, all related parties transactions are conducted on an arm's length basis.

OUTLOOK AND STRATEGY

Philippines central bank remained its overnight borrowing rate unchanged at 4 percent for the ninth consecutive time on November 12th, as widely expected. Philippines annual inflation rate was at 0.4 percent in October of 2015, the same pace as in the previous month and below market expectations. The Philippines economy grew an annual 6.0 percent in the September quarter of 2015, accelerating from an upwardly revised 5.8 percent expansion in the previous three months but weaker than market consensus. A faster increase in household and government spending and exports offset a slowdown in investment.

The local bond market continued to take a break from trading as volume remained thin. The street was very quiet as players remained sidelined and were very watchful of their marks due to the month-end. We can expect more of sideways trading from the local bond market. We expect market activity to pick up come December as we approach the Fed's decision on policy rates. We also continue to look abroad at economic data for better guidance.

