



**UNIONBANK OF THE PHILIPPINES - TRUST AND INVESTMENT SERVICES GROUP**  
**UNIONBANK PHILIPPINE PESO FIXED INCOME PORTFOLIO**  
 KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT  
 As of February 28, 2017

<b>FUND FACTS</b>			
Classification:	Medium-term Bond Fund	Net Asset Value per Unit (NAVPU):	Php 251.803897
Launch Date:	January 12, 2004	Total Fund NAV:	Php 2,018,407,507.74
Minimum Investment:	Php 100,000	Dealing Day:	Up to 2:30 pm, 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
<b>FEES*</b>			
Trust Fees: 0.074%	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 &amp; Arullo</i>	

\*As a percentage of the net fund value for the month valued at Php 2.02 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.

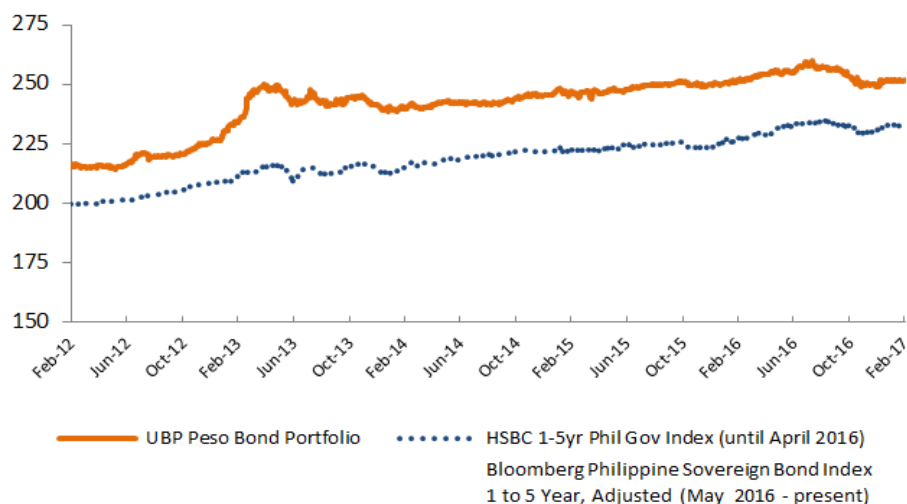
<ul style="list-style-type: none"> <li>❖ <b>THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC)</b></li> <li>❖ <b>RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/FLUCTUATIONS ONLY</b></li> <li>❖ <b>WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES WILL BE SOLELY FOR THE ACCOUNT OF THE CLIENT</b></li> <li>❖ <b>THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE</b></li> </ul>
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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 FEBRUARY 28, 2017

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

### Net Asset Value per Unit



### NAVPU over the past 12 months

<b>Highest</b>	259.723874
<b>Lowest</b>	248.955260

### Statistics

<b>Weighted Ave. Duration</b>	3.0465
<b>Volatility, Past 1 Year*</b>	3.38%
<b>Shape Ratio**</b>	-0.39
<b>Information Ratio***</b>	0.16

\*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 = 1.3371%)

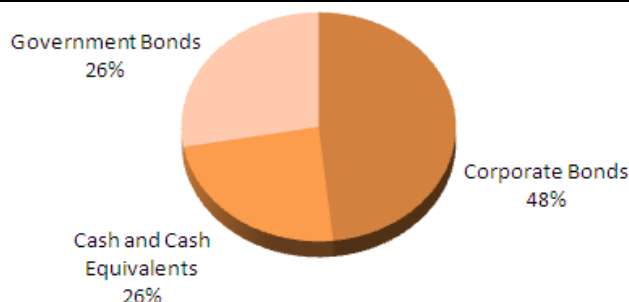
\*\*\*Information Ratio measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

Fund Performance Vs. Benchmark (%)								Top Ten Holdings (%)	
Period	Cumulative Return					Annualized Return		Fund	%
	1mos	3mos	6mos	1yr	3yrs	3yrs	5yrs		
Fund	0.20	0.37	-2.14	0.06	5.12	1.68	3.11	CITY SAVINGS BANK	13.43
Benchmark*	-0.37	1.14	-0.90	2.39	7.83	2.55	3.06	FXTN 10-60 3.625 09/09/2025	13.01
Calendar Year Return								GLOPM 6.000 06/01/2019	12.48
Period	YTD	2011	2012	2013	2014	2015	2016	BANGKO SENTRAL NG PILIPINAS	10.37
Fund	1.11	9.06	6.89	7.09	1.61	2.09	-0.50	FLIPM 6.2731 06/08/2019	7.92
Benchmark*	0.60	6.18	4.41	3.20	3.14	1.34	2.91	FXTN 07-58 3.500 04/21/2023	7.53
								SMBPM 6.600 04/02/2022	6.20
								FMICPM 5.750 08/10/2019	5.37
								FXTN 07-57 3.500 03/20/2021	4.94
								JGSPM 5.2442 02/27/2021	2.76
								<b>Total</b>	<b>84.00</b>

\*HSBC 1-5 Yr Phil Bond Index (until April 2016)

Bloomberg Philippine Sovereign Bond Index 1 to 5 Year, Adjusted (May 2016 – present)

### PORTFOLIO COMPOSITION



### OTHER DISCLOSURES

#### RELATED PARTY TRANSACTIONS

The fund has bond investments with Aboitiz Equity Ventures and time deposits with City Savings Bank amounting to Php 38.15 Mn and Php 268.21 Mn, respectively. These investment outlets were approved by the Trust Committee. Likewise, all related parties transactions are conducted on an arm's length basis.

### OUTLOOK AND STRATEGY

Bangko Sentral ng Pilipinas held its benchmark rate at 3% in its meeting last February 9, 2017. Market widely expected a no change as fiscal conditions were deemed manageable. BSP however revised upward its inflation forecast for 2017 at 3.5% from 3.3% and 3.1% from 3% for 2018.

Meanwhile, Bureau of Treasury fully awarded PHP 15B of its reissuance of FXTN 05-74 at the average rate of 4.03%. Total bids tendered P38.994B as appetite strengthened for short dated notes amid lingering uncertainties offshore. Treasury bills issued for the month of February were partially awarded despite strong demand for all tenors as investors sought higher yields due to offshore market volatility. The treasury bills that were awarded averaged 2.36% for the 91 day tbill, 2.58% for the 182 day tbill and 2.76% for the 364 day tbill.

Local bond yields were on the rise as the yield curve further steepened with local inflation expectations seen on the upside. Furthermore, movements in US treasury yields were tracked by local trades as yields were higher by as much as 15 to 20 bps on benchmark issues especially on the long ends. Yields on FXTN 10-60 (8.5 yrs) rose from 4.30% to 4.45% month on month basis. Market players will remain defensive and cautious ahead of the FOMC decision and will monitor closely changes in inflation expectations that will drive local policy settings.