

UNIONBANK OF THE PHILIPPINES - TRUST AND INVESTMENT SERVICES GROUP
UNIONBANK PHILIPPINE PESO FIXED INCOME PORTFOLIO
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
As of July 31, 2017

FUND FACTS

Classification:	Medium-term Bond Fund	Net Asset Value per Unit (NAVPU):	Php 253.371703
Launch Date:	January 12, 2004	Total Fund NAV:	Php 1,763,188,102.08
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

FEES*

Trust Fees:	1.00% per annum	Custodianship Fees:	0.001%	Audit Fees:	0.002%	
<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 1.76 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.

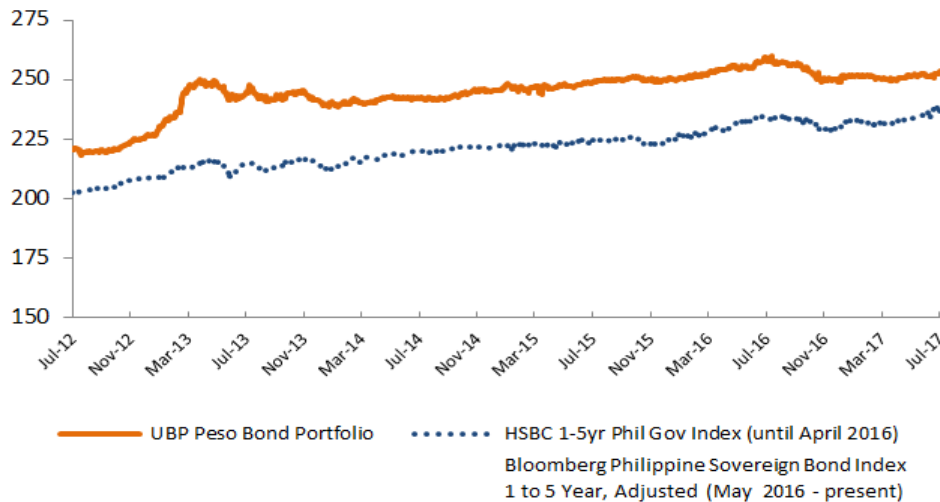
- ❖ **THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC)**
- ❖ **RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/FLUCTUATIONS ONLY**
- ❖ **WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT 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 JULY 31, 2017

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

Net Asset Value per Unit



NAVPU over the past 12 months

Highest	259.723874
Lowest	248.955260

Statistics

Weighted Ave. Duration	2.8094
Volatility, Past 1 Year*	3.13%
Sharpe Ratio**	-1.29
Information Ratio***	0.06

*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 = 1.6226%)

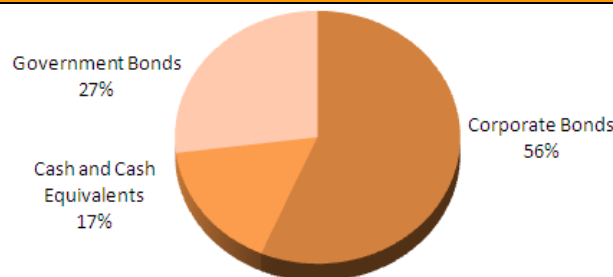
***Information Ratio measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

Fund Performance Vs. Benchmark (%)								Top Ten Holdings (%)	
Period	Cumulative Return					Annualized Return		Fund	Yield
	1mos	3mos	6mos	1yr	3yrs	3yrs	5yrs		
Fund	0.61	1.39	0.82	-1.54	4.78	1.57	2.82	GLOPM 6.000 06/01/2019	12.18
Benchmark*	0.29	1.31	0.92	0.69	7.20	2.35	3.03	FLIPM 6.2731 06/08/2019	8.90
								FXTN 10-60 3.625 09/09/2025	7.25
Calendar Year Return									
Period	YTD	2011	2012	2013	2014	2015	2016	FMICPM 5.750 08/10/2019	6.15
Fund	1.74	9.06	6.89	7.09	1.61	2.09	-0.50	FXTN 07-58 3.500 04/21/2023	5.91
Benchmark*	1.91	6.18	4.41	3.20	3.14	1.34	2.91	CITY SAVINGS BANK	5.74
								SMBPM 6.600 04/02/2022	4.94
								PCORPM 7.00 11/10/2017	4.83
								FXTN 07-57 3.500 03/20/2021	4.49
								JGSPM 5.2442 02/27/2021	3.16
								Total	63.57

*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 and UnionBank of the Philippines amounting to Php 55.12 Mn, Php 100.59 Mn and Php 12.02 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

Philippine CPI rose 2.8% for the month of July. Inflation reading was in line with market expectations following the revised CPI reading last June at 2.7%.

BTR re-issued FXTN 05-74 with total bids reaching PHP 21.1B. The 5 yr re issue has successfully filled the PHP 15B scheduled borrowing with an average rate of 4.226%. On the other hand, FXTN 20-21 re -issuance was fully rejected with bids only amounting to PHP 11.2B. Bids reached as high as 5.5% and a low of 5.10% which averaged 5.2445%.

Local bond market yields still continue to take its cue from US Treasury benchmark bonds. As US treasuries eased from month highs of 2.38% to 2.23%, local government securities followed suit as yields on the short end eased. Demand for the short dated tenor bonds were also boosted by the lack of issuance of short dated bonds in the 3rd quarter. With local inflation outlook still benign and market consensus of a steady monetary policy at least for the 3rd quarter, we expect yields to stay within range as we enter the ghost month.