

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

FUND FACTS			
Classification:	Medium-term Bond Fund	Net Asset Value per Unit (NAVPU):	Php 253.957957
Launch Date:	January 12, 2004	Total Fund NAV:	Php 1,730,546,945.38
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 1.74 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.

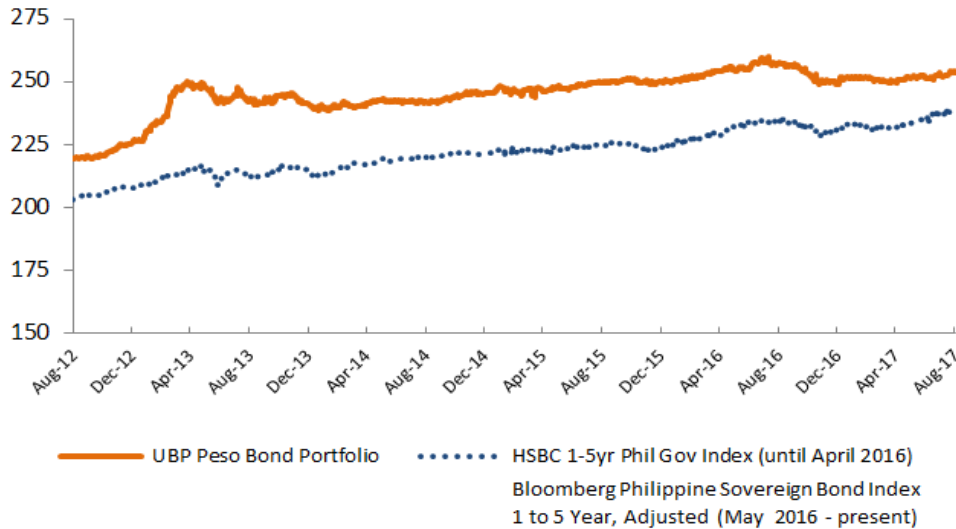
The Fund invests in quality assets which are evaluated under the Trust Department's accreditation process and BSP regulations. Internal risk limits, together with regulatory exposure limits, are monitored, reviewed and strictly adhered to on a daily basis.

❖ 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 AUGUST 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	257.418229
Lowest	248.955260

Statistics

Weighted Ave. Duration	2.9872
Volatility, Past 1 Year*	2.8063%
Sharpe Ratio**	-1.21
Information Ratio***	-0.01

*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 = 2.1000%)

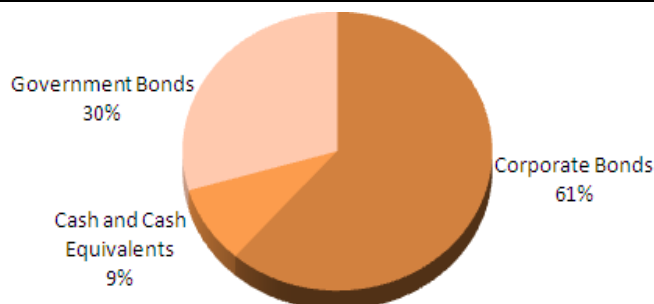
***Information Ratio measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

Fund Performance Vs. Benchmark (%)								Top Ten Holdings (%)		
Period		Cumulative Return				Annualized Return		Fund	Value	
		1mos	3mos	6mos	1yr	3yrs	5yrs			
Fund		0.23	1.03	0.86	-1.30	4.99	1.64	2.96	GLOPM 6.000 06/01/2019	12.67
Benchmark*		0.26	0.81	1.56	0.65	7.13	2.32	3.03	FLIPM 6.2731 06/08/2019	9.22
Period		Calendar Year Return						Fund	Value	
		YTD	2011	2012	2013	2014	2015			2016
Fund		1.98	9.06	6.89	7.09	1.61	2.09	-0.50	CITY SAVINGS BANK	7.01
Benchmark*		2.17	6.18	4.41	3.20	3.14	1.34	2.91	FMICPM 5.750 08/10/2019	6.42
									FXTN 07-58 3.500 04/21/2023	6.20
									FXTN 10-60 3.625 09/09/2025	6.02
									SMBPM 6.600 04/02/2022	5.18
									PCORPM 7.00 11/10/2017	5.02
									FXTN 07-57 3.500 03/20/2021	4.66
									JGSPM 5.2442 02/27/2021	3.11
								Total	65.52	

*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 61.18 Mn, Php and Php 117.69 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

As expected, BSP kept its policy steady in its August 10th meeting stating that inflation expectations remain firm close to mid-point of the target inflation range of 2% to 4%. However it raised its 2017 average inflation forecast to 3.2% from the previous 3.1%, the 2018 forecast to 3.2% from 3% and 2019 to 3.1% from 3%. Revisions are made in consideration of higher commodity prices.

BTR's 7Y (FXTN 07-59 Reissuance) auction printed in line with expectations, the average at 4.51%, high 4.53%, low 4.40%, bid-to-cover ratio at 2.26, and the auction being fully awarded (PHP 15B). Latter part of the month saw the 10Y (FXTN 10-61 Reissuance) auction printing at 4.718% on the average. It reached a high of 4.745% and a low of 4.65%. Total tenders almost reached double its scheduled borrowing of PHP 15B.

Local bond market continued its demand for short-dated securities, as it took its cue from global developments. The month started off slow with light volume coming into the ghost month. However, market players strengthened demand for paper on the latter part as UST yields move on a downward bias. Relatively dovish statements from the FED and the BSP expected to keep its monetary policy steady, drove demand from the short end to the belly of the local bond curve.