



**UNIONBANK OF THE PHILIPPINES - TRUST AND INVESTMENT SERVICES GROUP**  
**UNIONBANK PHILIPPINE PESO FIXED INCOME PORTFOLIO**  
 KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT  
 As of April 30, 2018

<b>FUND FACTS</b>			
Classification:	Medium-term Bond Fund	Net Asset Value per Unit (NAVPU):	Php 252.556430
Launch Date:	January 12, 2004	Total Fund NAV:	Php 946,376,522.57
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:	1.00% per annum	Custodianship Fees:	0.002%
		Audit Fees:	0.002%
<b>UnionBank of the Philippines</b>	<b>HSBC, Ltd. Philippines</b>	<b>Punongbayan &amp; Arullo</b>	

\*As a percentage of the total market value of the fund for the month valued at Php 948.90 Mn

**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.

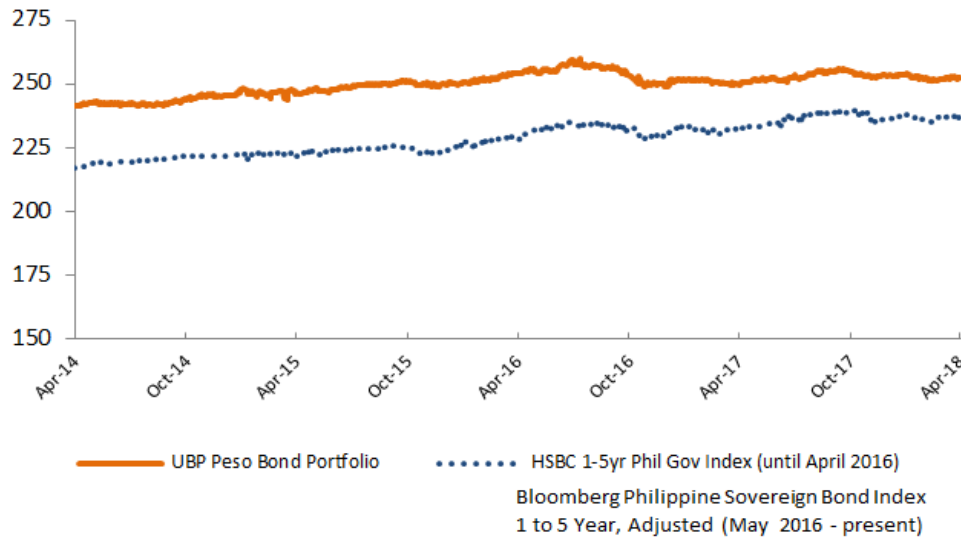
❖ <b>THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC)</b>
❖ <b>RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/FLUCTUATIONS ONLY</b>
❖ <b>WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES WILL BE SOLELY FOR THE ACCOUNT OF THE CLIENT</b>
❖ <b>THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE</b>

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 APRIL 30, 2018**

(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>	255.911794
<b>Lowest</b>	249.775530

**Statistics**

<b>Weighted Ave. Duration</b>	2.4747
<b>Volatility, Past 1 Year*</b>	2.53%
<b>Sharpe Ratio**</b>	-0.51
<b>Information Ratio***</b>	0.04

\*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 = 2.3572 %)

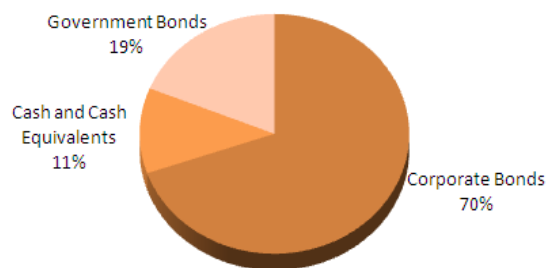
\*\*\*Information Ratio measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

Fund Performance Vs. Benchmark (%)								Top Ten Holdings (%)	
Period	Cumulative Return					Annualized Return		Fund	Yield
	1mos	3mos	6mos	1yr	3yrs	3yrs	5yrs		
Fund	0.26	-0.48	-0.87	1.06	2.52	0.83	0.32	GLOPM 6.000 06/01/2019	11.18
Benchmark*	0.07	-0.26	0.09	2.11	7.08	2.30	1.95	FLIPM 6.2731 06/08/2019	8.61
Calendar Year Return									
Period	YTD	2012	2013	2014	2015	2016	2017	Fund	Yield
Fund	-0.23	6.89	7.09	1.61	2.09	-0.50	1.65	FMICPM 5.750 08/10/2019	8.42
Benchmark*	0.34	4.41	3.20	3.14	1.34	2.91	2.36	MERPM 4.3750 12/12/2020	5.75
								CITY SAVINGS BANK	5.54
								SLTCPM 4.9925 08/24/2020	5.14
								FLIPM 5.4000 12/04/2021	4.76
								VLLPM 5.7512 08/08/2024	4.67
								RTB 10-04 3.250 08/15/2023	4.53
								JGSPM 5.2442 02/27/2021	4.40
								<b>Total</b>	<b>63.02</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 and Unionbank of the Philippines amounting to Php 60.11 Mn, Php 53.35 Mn, and Php 26.48 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**

March CPI came out at 4.3% YoY (prev. 3.8%), 1st quarter CPI ended at 3.80% (Philippine Statistic Authority's 2012 base year). Recent uptick is mostly contributed by alcoholic beverages and tobacco (18.6%) and the steady increase in food prices (5.7%, previous month at 3.1%). Increase in food prices may be caused by the supply issues on rice both on the wholesale and retail space.

The Bureau of Treasury had four scheduled auctions. Of which, the 3-year (FXTN 3-23, re-issue) and 10-year (FXTN 10-63, re-issue) were both fully awarded at 10BN auction size each. Meanwhile, the 7-year (FXTN 7-61) and 20-year (FXTN 20-22, re-issue) were both partially awarded. FXTN 3-23 received two times bid to cover and was awarded higher than expected, with an average of 4.632%. The 10-year auction, likewise, was oversubscribed at 1.7 times bid to cover, and was fully awarded at an average of 6.213%. Bids for the 7-year new issuance reached a high of 5.75% and awarded partially with coupon of 5.75%, filling only 8BN out of the 10BN offering. Lastly, the almost twice oversubscribed 20-year auction was partially awarded 4.5BN out of the 10BN and awarded at a high of 6.95% and averaged at 6.85% given that market remain cautious on the back of geopolitical and inflationary concerns. BTr is said to adjust their loan ratio sourcing only 65% from local (from 80%) and 35% from foreign (from 20%) in 2018 and 75% local, 25% foreign in the next 2 years.

On its scheduled Monetary Board meeting, the Bangko Sentral ng Pilipinas maintained its key policy rate at 3.00% and raised their 2012-based inflation forecast to print higher at 3.9% - 4.7% range. This is higher than the 3.8% - 4.6% prediction for the previous month. The adjustment in expectations may be attributed by the depreciation of the Peso and the spike in international commodity market given all the noise in geopolitical events and trade war noise

The Philippine local benchmark bond yields still tracked movements in US treasury market (UST10Y hitting 3%) and shifted upwards 20 basis points mostly from the short to the belly of the curve. After which, local yields reached its support as market saw a correction and recovered 7-10 basis points across the curve, in lieu with S&P raising the outlook for the Philippines from "positive" to "stable". Market activity still focused on the short to the belly, mostly on treasury bills, 3-years and the 5-years papers. Long end of the curve still remained unchanged with inflationary concerns.