

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

FUND FACTS

Classification:	Medium-term Bond Fund	Net Asset Value per Unit (NAVPU):	Php 251.621907
Launch Date:	January 12, 2004	Total Fund NAV:	Php 941,956,294.05
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 944.12 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.

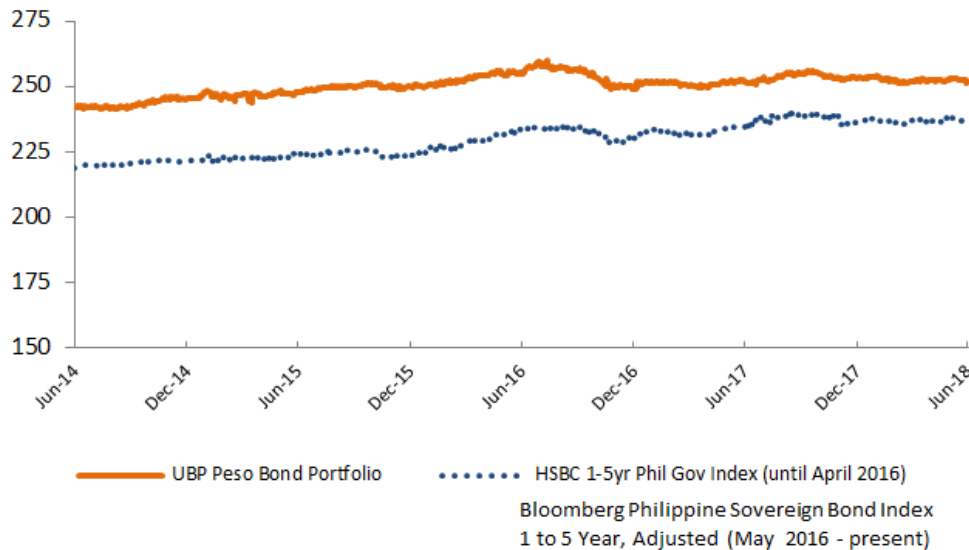
- ❖ **THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC)**
- ❖ **RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/FLUCTUATIONS ONLY**
- ❖ **WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT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

Highest	255.911794
Lowest	250.914490

Statistics

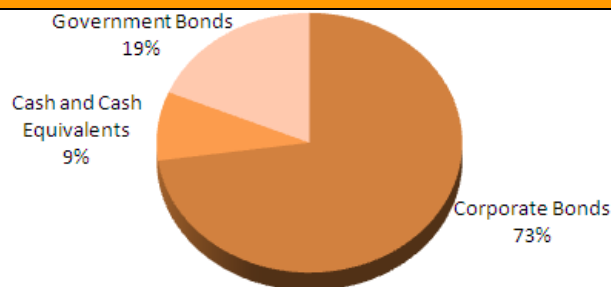
Weighted Ave. Duration	2.3543
Volatility, Past 1 Year*	2.47%
Sharpe Ratio**	-1.08
Information Ratio***	-0.01

*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 = 2.5806 %)

***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	-0.50	-0.11	-0.59	-0.08	1.62	0.54	0.75	GLOPM 6.000 06/01/2019	11.37
Benchmark*	-0.45	-0.05	0.22	0.96	5.89	1.92	2.46	FLIPM 6.2731 06/08/2019	9.79
Period	Calendar Year Return							Fund	Yield
	YTD	2012	2013	2014	2015	2016	2017		
Fund	-0.59	6.89	7.09	1.61	2.09	-0.50	1.65	FMICPM 5.750 08/10/2019	8.73
Benchmark*	0.22	4.41	3.20	3.14	1.34	2.91	2.36	MERPM 4.3750 12/12/2020	5.86
*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								Total	64.12



OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The fund has bond investments with Aboitiz Equity Ventures and time deposits with Unionbank of the Philippines amounting to Php 58.88 Mn, and Php 16.61 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

Philippines headline inflation further accelerated to 4.60% in May 2018 versus 4.50% the previous month and 2.90% the previous year. Alcoholic Beverages and Tobacco maintained as the top contributor with 20.5%, transport seconded with 6.2%, and others: food and non-alcoholic beverages index at 5.7% and restaurant and miscellaneous goods and Services (3.7%).

The Bureau of Treasury capped its 21st retail treasury bond issuance at ₱ 121.765 BN in its public offering from May 30 to June 8. This is higher than its initial issue volume of ₱ 30 BN and more than four times oversubscribed. Previous RTB issuance was a blockbuster 5-year bond with outstanding volume of ₱ 255.4 BN.

BSP raised its policy rates by 25 basis points to 3.5% from 3.25% during their Monetary Board meeting last June 20, citing that this move was brought about by continuous elevated inflation expectations of around 4.3% to 5.1% for the month of June. The MB is also on the keen lookout on the volatility of its currency as it breached its 12-year low last month, reaching 53.53 USD/PHP.

PDST-R2, the country's benchmark rates, increased to an average of c30 basis points across tenors. Most trading activity is seen on the short to belly of the curve throughout the month. 1-year treasury bills increased by as much as 100 basis points from the start of the month while the 3-year (FXTN 7-57) and the 7-year (FXTN 7-61) issues moved up by c22 basis points and c48 basis points, respectively.

Given the persistent inflation woes and geopolitical events, market activity remains to be concentrated on the short tenor papers (T-bills, r3-9, r5-11).