



UNIONBANK OF THE PHILIPPINES - TRUST AND INVESTMENT SERVICES GROUP
UNIONBANK PHILIPPINE PESO FIXED INCOME PORTFOLIO
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
As of October 31, 2018

FUND FACTS			
Classification:	Medium-term Bond Fund	Net Asset Value per Unit (NAVPU):	Php 245.054904
Launch Date:	January 12, 2004	Total Fund NAV:	Php 785,020,090.46
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:	0.002%
		Audit Fees:	0.002%
UnionBank of the Philippines	HSBC, Ltd. Philippines	Punongbayan & Arullo	

*As a percentage of the total market value of the fund for the month valued at Php 785.02 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.

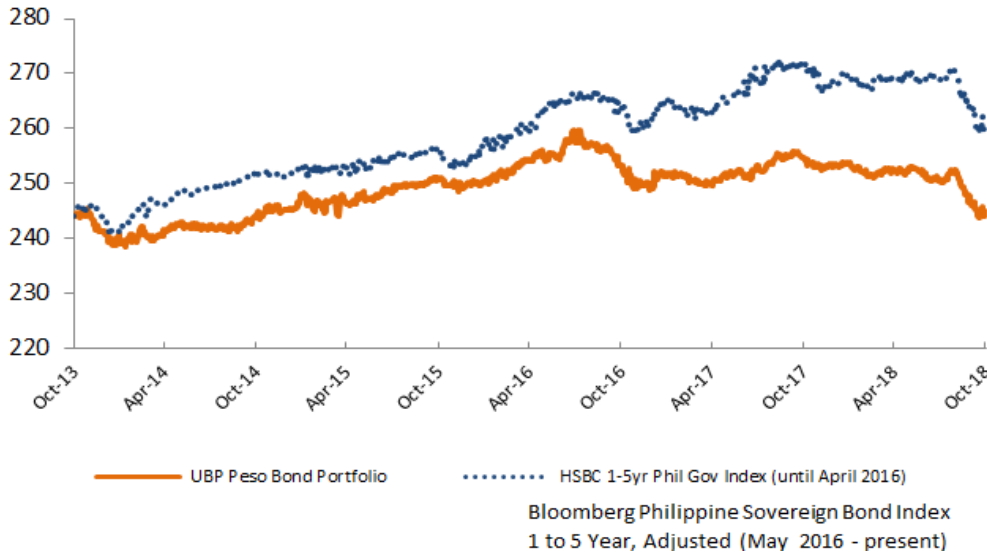
❖ THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC)
❖ RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/FLUCTUATIONS ONLY
❖ WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY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

FIVE-YEAR FUND PERFORMANCE AND STATISTICS AS OF OCTOBER 31, 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	254.779974
Lowest	243.848158

Statistics

Weighted Ave. Duration	1.9331
Volatility, Past 1 Year*	2.50%
Sharpe Ratio**	-2.49
Information Ratio***	0.07

*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 = 2.2918 %)

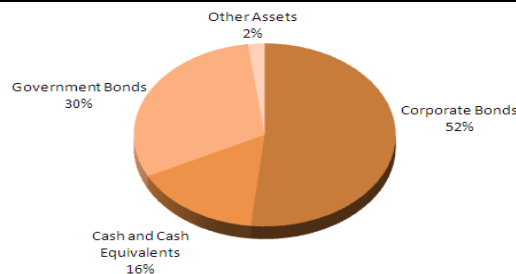
***Information Ratio measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

Fund Performance Vs. Benchmark (%)								Top Ten Holdings (%)	
Period	Cumulative Return					Annualized Return		Fund	Yield
	1mos	3mos	6mos	1yr	3yrs	3yrs	5yrs		
Fund	-1.03	-2.18	-2.97	-3.82	-2.41	-0.81	0.07	FXTN 03-23 4.250 01/25/2021	11.16
Benchmark*	-1.57	-3.56	-3.61	-3.52	1.47	0.49	1.24	CITIBANK/CITIGROUP GLOBAL	8.64
								FMICPM 5.750 08/10/2019	8.39
								MERPM 4.3750 12/12/2020	6.81
Calendar Year Return									
Period	YTD	2012	2013	2014	2015	2016	2017		
Fund	-3.19	6.89	7.09	1.61	2.09	-0.50	1.65	FXTN 07-57 3.500 03/20/2021	5.80
Benchmark*	-3.28	4.41	3.20	3.14	1.34	2.91	2.36	GLOPM 6.000 06/01/2019	5.76
								SMBPM 6.600 04/02/2022	5.19
								SLTCPM 4.9925 08/24/2020	4.94
								VLLPM 5.7512 08/08/2024	4.42
								FLIPM 5.4000 12/04/2021	4.33

*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



Top Ten Holdings (%)

Total 65.43

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The fund has bond investments with Aboitiz Equity Ventures amounting to Php 20.91 Mn. This investment outlets was approved by the Trust Committee. Likewise, all related parties transactions are conducted on an arm's length basis.

OUTLOOK AND STRATEGY

September CPI accelerated further to 6.70%, better than consensus at 6.80% but higher than August's CPI at 6.40%. The uptrend was mainly driven by heavily-weighted food and non-alcoholic beverages which inched up further to 9.70%. Supply of agricultural products was largely affected by the recent typhoon Ompong, damaging Php 26.8 Bn worth of goods and facilities/infrastructure which added pressure for prices to rise.

Following the hike in policy rates at the Monetary Board's September meeting, yield curve gapped up month-on-month at the most 100 basis points with concerns on inflation, currency depreciation of the Peso, and expectation that another policy hike will be possible before the end of the year.

Average rates of the term deposit facility and treasury bill auctions further increased month-on-month. Term deposit auction averages surged around 30 basis points across tenors while treasury bills auction averages rose 60 to 100 basis points with most increase in the 182-day tenor.

There were two scheduled bond auctions (5-year and 7-year) for the month of October: Five-year auction was partially awarded at an average of 7.342%, up 144 basis points compared to previous auction last August. Only Php 9.7Bn out of Php 15Bn issue size was awarded. Seven-year auction was fully rejected with yields possibly reaching an average of 8.284% if awarded. This would have been an increase of 119 basis points from previously partially-awarded auction just last September 25.

With BSP signaling inflation to peak third quarter of this year, market players remain defensive on the sidelines, focusing market activity on treasury bills and short tenored bonds, as they wait for further data.