

UNIONBANK OF THE PHILIPPINES - TRUST AND INVESTMENT SERVICES GROUP
UNIONBANK PHILIPPINE PESO FIXED INCOME PORTFOLIO
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
As of November 29, 2018

FUND FACTS			
Classification:	Medium-term Bond Fund	Net Asset Value per Unit (NAVPU):	Php 246.341920
Launch Date:	January 12, 2004	Total Fund NAV:	Php 789,596,642.67
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:	0.003%
<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 790.41 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 NOVEMBER 29, 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	253.889824
Lowest	243.848158

Statistics

Weighted Ave. Duration	2.9852
Volatility, Past 1 Year*	2.47%
Sharpe Ratio**	-2.25
Information Ratio***	-0.33

*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 = 2.7289 %)

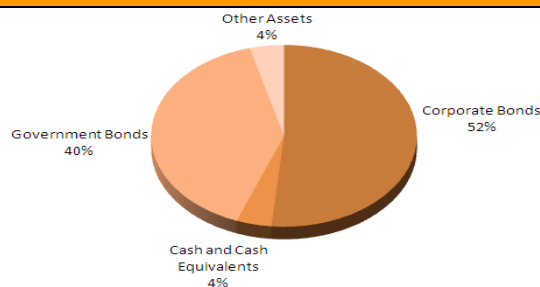
***Information Ratio measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

Fund Performance Vs. Benchmark (%)								Top Ten Holdings (%)	
Period	Cumulative Return					Annualized Return		FXTN 07-61 5.750 04/12/2025	18.10
	1mos	3mos	6mos	1yr	3yrs	3yrs	5yrs		
Fund	0.53	-2.40	-2.59	-2.82	-1.42	-0.48	0.14	FXTN 05-75 5.500 03/08/2023	17.76
Benchmark*	1.31	-0.97	-0.77	0.15	5.71	1.87	1.73	FMICPM 5.750 08/10/2019	8.34
Calendar Year Return									
Period	YTD	2012	2013	2014	2015	2016	2017	GLOPM 6.000 06/01/2019	5.74
Fund	-2.68	6.89	7.09	1.61	2.09	-0.50	1.65	SMBPM 6.600 04/02/2022	5.13
Benchmark*	-0.11	4.41	3.20	3.14	1.34	2.91	2.36	SLTCPM 4.9925 08/24/2020	4.91
								VLLPM 5.7512 08/08/2024	4.40
								FLIPM 5.4000 12/04/2021	4.33
								JGSPM 5.2442 02/27/2021	3.61
PORTFOLIO COMPOSITION								Total	79.10

*HSBC 1-5 Yr Phil Bond Index (until April 2016)

Bloomberg Philippine Sovereign Bond Index 1 to 5 Year, Adjusted (May 2016 – October 2018)

Bloomberg Philippine Sovereign Bond Index 1 to 5 Year (November 2018 – present)



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 20.80 Mn, and 5.05 Mn, respectively. These investment outlets were approved by the Trust Committee. Likewise, all related parties transactions are conducted on an arm's length basis.

OTHERS

Beginning November 2018, the benchmark that will be used is the BPHIL Index gross until the adjusted benchmarks are published.

OUTLOOK AND STRATEGY

Philippine Consumer Price Index (CPI) remained elevated at 6.7% for the month of October. Although there has been mixed movements among commodity groups, the persistent elevated levels are attributable to transportation at 8.8%, health at 4.3% and housing, electricity, gas and other fuels at 4.8%. According to the The Bangko Sentral ng Pilipinas (BSP), inflation is expected to taper down to 5.8% to 6.6% for the month of November due to the sharp decline in petroleum prices, normalization of supply conditions in commodities and peso appreciation.

Following the release of inflation data, BSP raised key interest rates by 25 basis points to 4.75% during the Monetary Board meeting last November 15, 2018. Short term rates remained elevated with treasury bill auction results mixed week-on-week. On the other hand, buying activity was seen on the belly to the long end of the curve due to the tapering inflation outlook. Market players stayed on the side line as they waited for the scheduled 10 year and 5-year auctions. Large demand was seen as both scheduled 10-year and 5-year re-issuances were fully awarded (15B each). The Bureau of Treasury also announced that the 7-year re-issuance will be offered earlier (November 21, 2018) than the scheduled date of December 4, 2018. Since interest was seen on the 5-year and 7-year issues (around 3

to 4 times oversubscribed), the TAP facility was consequently opened to accommodate further demand. Total re-issuance for the 5-year and 7-year was 30 Billion, each. From the belly to the long end of the curve, yields bull flattened and have gone down to an average of around 50-80 basis points month-on-month.

We remain cautious as we wait for inflation data and other macroeconomic indicators and signals that will support the market outlook for inflation.