

UNIONBANK OF THE PHILIPPINES - TRUST AND INVESTMENT SERVICES GROUP
UNIONBANK PHILIPPINE PESO FIXED INCOME PORTFOLIO
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
 As of December 28, 2018

FUND FACTS			
Classification:	Medium-term Bond Fund	Net Asset Value per Unit (NAVPU):	Php 246.587011
Launch Date:	January 12, 2004	Total Fund NAV:	Php 783,228,118.80
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%
<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 784.03 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.

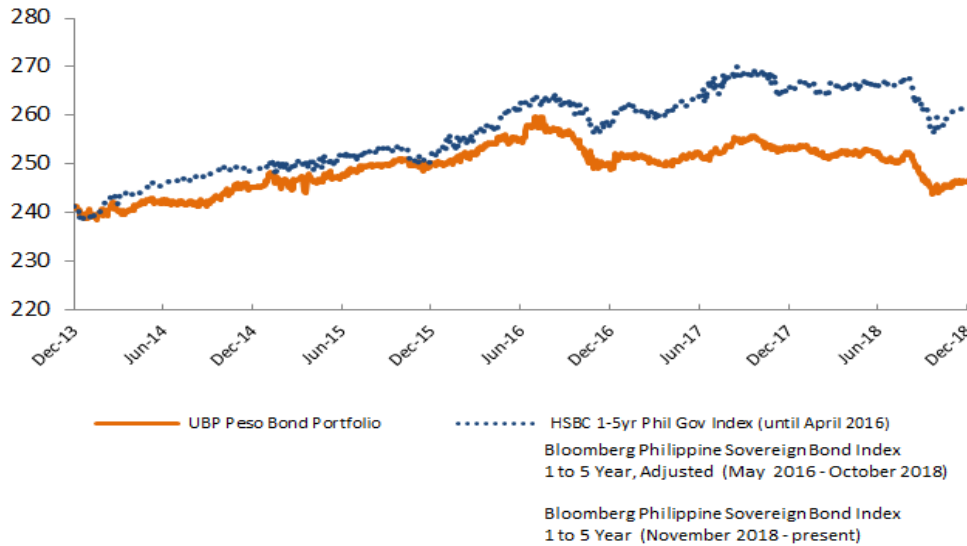
❖ THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC)
❖ RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/FLUCTUATIONS ONLY
❖ WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY 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 DECEMBER 28, 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

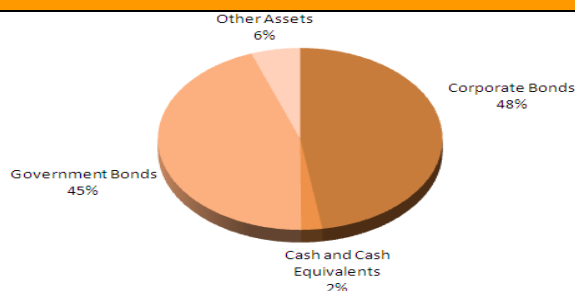
Weighted Ave. Duration	3.2962
Volatility, Past 1 Year*	2.45%
Sharpe Ratio**	-2.05
Information Ratio***	-0.08

*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 = 2.4256 %)

***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	19.65
	1mos	3mos	6mos	1yr	3yrs	3yrs	5yrs		
Fund	0.10	-0.41	-2.00	-2.58	-1.48	-0.49	0.44	FXTN 05-75 5.500 03/08/2023	14.85
Benchmark*	0.25	1.91	-0.07	0.15	5.48	1.80	1.97	FMICPM 5.750 08/10/2019	8.40
Calendar Year Return								FXTN 10-63 6.250 03/22/2028	5.82
Period	YTD	2012	2013	2014	2015	2016	2017	SMBPM 6.600 04/02/2022	5.16
Fund	-2.58	6.89	7.09	1.61	2.09	-0.50	1.65	SLTCPM 4.9925 08/24/2020	4.95
Benchmark*	0.15	4.41	3.20	3.14	1.34	2.91	2.36	VLLPM 5.7512 08/08/2024	4.57
*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)								FLIPM 5.4000 12/04/2021	4.24
								AC 6.875 05/11/2027	3.72
PORTFOLIO COMPOSITION								Total	78.11



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 20.83 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

November Philippine Consumer Price Index (CPI) slid to a four-month low to 6.00%, beating surveys at 6.30%. This brings the year-to-date average to 5.20%. Slower annual increases are observed from food and non-alcoholic beverages, housing, water, electricity and other gas fuels. Seasonally adjusted inflation was also lowered by 0.3% from October. Despite these, core inflation persists on its uptrend, accelerating to 5.1% from 4.9%. With the ease in inflationary pressures since October peak, the Banko Sentral ng Pilipinas maintained their policy rate at 4.750% in their December 13 meeting. Year-to-date, the Central Bank has raised a total of 175 basis points.

Scheduled bond auctions are well received by market players both for the 7-years and 10-years issuances which prompted the Bureau of Treasury (BTr) to open the tap facilities for both issuances. BTr raised a total of Php 17.4BN from the 7-years, yielding at an average of 7.090% and Php 38.13BN from the 10-year re-issuance, yielding at an average of 6.975%.

Philippine local yields performed sideways this month. Market players repositioned from the short to the belly of the curve. Month-on-month BVAL yields on the short end inched up 10 to 15 basis points while the belly ended 3-6 basis points higher.