



UNIONBANK OF THE PHILIPPINES – TRUST AND INVESTMENT SERVICES GROUP
UNIONBANK DOLLAR BOND PORTFOLIO
 KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
 As of July 31, 2016

FUND FACTS			
Classification:	Medium-term Dollar Bond Fund	Net Asset Value per Unit (NAVPU):	USD 2.135604
Launch Date:	January 12, 2004	Total Fund NAV:	USD 10,354,619.65
Minimum Investment:	USD 2,000	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 Usd 10, whichever is higher
FEES*			
Trust Fees: 0.057%	Custodianship Fees: 0.001%	Audit Fees: 0.001%	Other Fees: 0.003%
<i>UnionBank of the Philippines</i>	<i>HSBC, Ltd. Philippines</i>	<i>Punongbayan & Arullo</i>	

*As a percentage of the net fund value for the month valued at USD 10.91 Mn

INVESTMENT OBJECTIVE AND STRATEGY

The UnionBank Dollar Bond Portfolio is a US Dollar-denominated bond fund designed to provide investors with higher returns than traditional fixed-income savings products. Earnings volatility is kept at moderate levels, through disciplined investment selection and tenor diversification.

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 Dollar Bond 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**

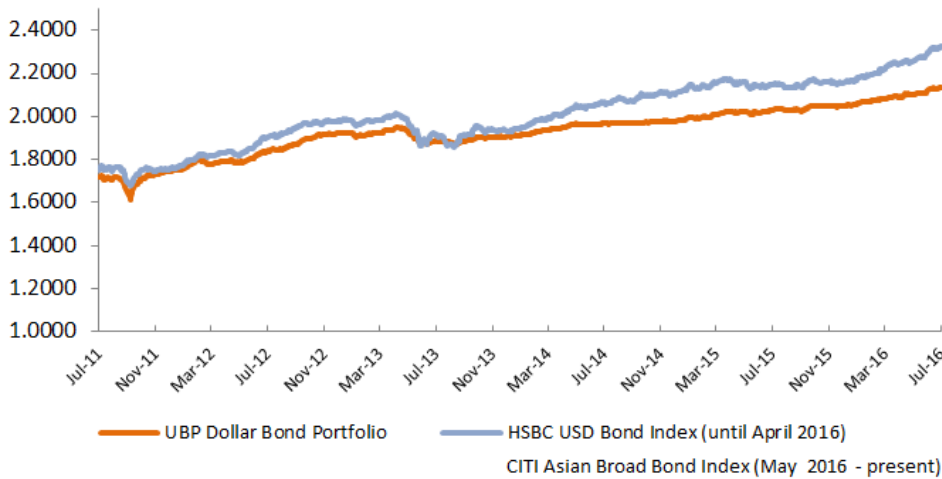
❖ **THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE**

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 JULY 31, 2016

(Purely for reference purposes and is not a guarantee of future results)

Net Asset Value per Unit



NAVPU over the past 12 months

Highest	2.1356040
Lowest	2.0231184

Statistics

Weighted Ave. Duration	3.2846
Volatility, Past 1 Year*	1.27%
Shape Ratio**	3.95%
Information Ratio***	-0.26

*Volatility measures the degree to which the Fund fluctuates vis-a-vis its average return over a period of time.

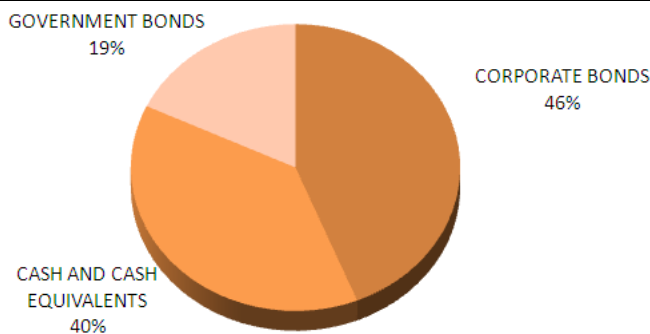
**Sharpe Ratio is used to characterize how well the return of Fund compensates the investor for the level of risk taken. The higher the number, the better. (Risk Free Rate = 0.2527%)

***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		Security	Yield	
	1mos	3mos	6mos	1yr	3yrs	3yrs	5yrs			
Fund	0.66	2.10	6.91	5.15	13.34	4.26	4.46	SECURITY BANK	12.48	
Benchmark*	1.45	3.70	4.26	4.37	16.52	5.23	4.91	ROBINSONS BANK CORPORATION	11.05	
Calendar Year Return										
Period	YTD	2011	2012	2013	2014	2015				
Fund	4.25	6.23	10.19	-0.82	3.80	3.51	VLLPM 6.750 10/04/2018		10.07	
Benchmark*	4.00	5.54	12.73	-2.39	8.86	2.12	ANZ BANK		9.58	
							AGIPM 6.500 08/18/2017		8.11	
							TRAVPH 6.900 11/03/17		7.88	
							ROP 37 USD 5.000 01/13/2037		7.75	
							UNIONBANK OF THE PHILIPPINES		7.18	
							ROP 24NEW USD 4.200 01/21/2024		5.62	
							ROP 41 USD 3.700 03/01/2041		5.59	
							Total		85.32	

*HSBC USD Bond Index (until April 2016)
CITI Asian Broad Bond Index (May 2016 – present)

Portfolio Composition



OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The fund has time deposits with UnionBank of the Philippines amounting to USD 736,277.84. This investment outlet was approved by the Trust Committee. Likewise, all related parties transactions are conducted on an arm's length basis.

OUTLOOK AND STRATEGY

The month of July was focused mostly on two central banks. The US FED and the BOJ were the most anticipated policy makers as market players try to gain direction from a consolidating market. The FOMC kept its rate unchanged and indicated that there was no rush to tighten however FOMC still stuck with its stance on the gradual pace of tightening. BOJ doubled its ETF purchases to target JPY 6 Trillion and doubled its USD lending program to USD24 billion. Most market players were anticipating more from the BOJ including a possibility of a rate cut.

The 10 Yr US Treasuries touched all time low of 1.3759% for the month of July post Brexit jitters. The ROP prices were mostly supported and were buoyed by investor demand for yields as negative rates plagued developed markets. ROP 41's reached as low as 2.71% (117). With US benchmark yields remaining low due to the market pricing in lower chances of FED rate hike this year, we anticipate ROP yields to be well supported as hunt for yields persist.