



UNIONBANK OF THE PHILIPPINES – TRUST AND INVESTMENT SERVICES GROUP
UNIONBANK DOLLAR BOND PORTFOLIO
 KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
 As of January 31, 2017

FUND FACTS			
Classification:	Medium-term Dollar Bond Fund	Net Asset Value per Unit (NAVPU):	USD 2.087841
Launch Date:	January 12, 2004	Total Fund NAV:	USD 8,527,816.73
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: 0.067%	Custodianship Fees: 0.001%	Audit Fees: 0.001%	Other Fees: 0.002%
<i>UnionBank of the Philippines</i>	<i>HSBC, Ltd. Philippines</i>	<i>Punongbayan & Araullo</i>	

*As a percentage of the net fund value for the month valued at USD 8.53 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.

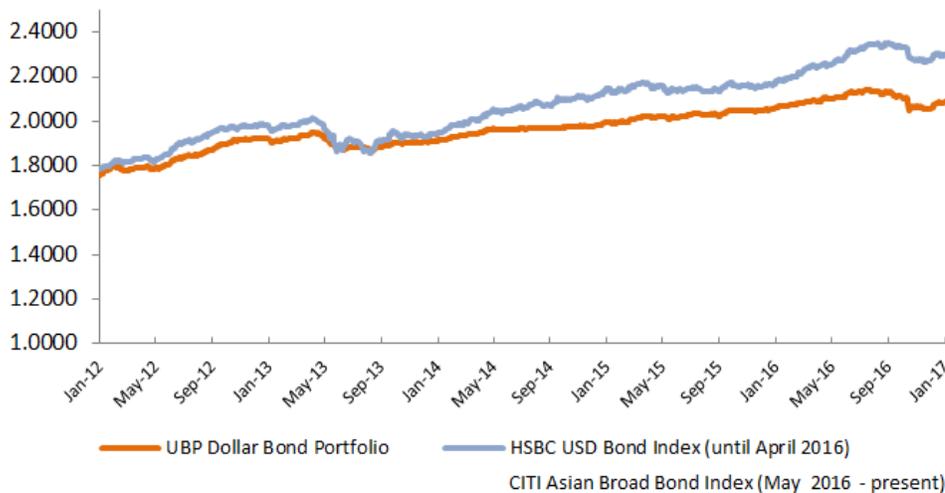
❖ THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC)
❖ RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/FLUCTUATIONS ONLY
❖ WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY 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 JANUARY 31, 2017

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

Net Asset Value per Unit



NAVPu over the past 12 months

Highest	2.141242
Lowest	2.049154

Statistics

Weighted Ave. Duration	1.8029
Volatility, Past 1 Year*	2.76%
Shape Ratio**	0.33
Information Ratio***	0.19

*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 = 0.3590%)

***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 (%)

Period	Cumulative Return					Annualized Return	
	1mos	3mos	6mos	1yr	3yrs	3yrs	5yrs
Fund	1.41	-0.83	-2.17	1.28	9.09	2.94	3.46
Benchmark*	0.98	-1.45	-1.27	5.55	18.13	5.71	5.24

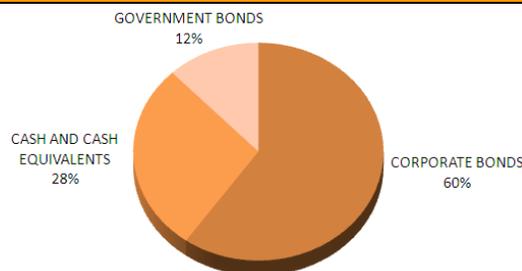
Period	YTD	Calendar Year Return					
		2011	2012	2013	2014	2015	2016
Fund	1.41	6.23	10.19	-0.82	3.80	3.51	0.50
Benchmark*	0.98	5.54	12.73	-2.39	8.86	2.12	5.59

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

Top Ten Holdings (%)

UNIONBANK OF THE PHILIPPINES	12.72
TRAVPH 6.900 11/03/17	11.91
ANZ BANK	11.56
VLLPM 6.750 10/04/2018	10.78
AGIPM 6.500 08/18/2017	9.44
ROP 24NEW USD 4.200 01/21/2024	9.31
RCBPM 5.250 01/31/2017	8.10
SMPM 5.500 10/13/2017	5.89
SMPM 4.250 10/17/2019	4.74
SECURITY BANK	3.80
Total	88.25

PORTFOLIO COMPOSITION



OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The fund has time deposits with UnionBank of the Philippines amounting to USD 1.10 Mn. 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

Market continued to focus on Trump as players wait for clarity on his economic policies centered on protectionism and a retreat from multi-lateralism. After his inauguration, Trump was quick to deliver controversial executive orders as well as talks on controversial projects. Also, the manner of which Trump conducts his talks with US' major trading partners caused a lot of stir as well. With Trump's follow through on his "Make America Great again", US market sentiment has been strong together and confidence levels are high. With solid earnings to add, Dow Jones Industrial average broke the 20,000 level.

Meanwhile, the Federal Reserve through its FOMC, left rates unchanged as expected. The Fed sounded slightly more confident about future prospects for growth and inflation while suggesting no reason to expect any shift in policy plans outlined last December 2016. Based on its forecasts, the Fed is expected to raise interest rates three times this 2017.

With Trump, Brexit and Italy driving volatility in the US treasury market, emerging market credits continued to track its movement. By the end of January, UST yields are higher by roughly 4 bps(2.46%) against the start of the year. However, Yields have consolidated near the levels of Dec 2016 at 2.42% as of date. Driven by inflows and some real money accounts, ROP prices have improved since year end levels and generally have tighter spreads as buyers emerged despite uncertainties in the global market.