



UNIONBANK OF THE PHILIPPINES – TRUST AND INVESTMENT SERVICES GROUP
UNIONBANK DOLLAR BOND PORTFOLIO
 KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
 As of July 31, 2018

FUND FACTS			
Classification:	Medium-term Dollar Bond Fund	Net Asset Value per Unit (NAVPU):	USD 2.074688
Launch Date:	January 12, 2004	Total Fund NAV:	USD 6,302,597.59
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: 0.75% per annum	Custodianship Fees: 0.001%	Audit Fees: 0.002%	
<i>UnionBank of the Philippines</i>	<i>HSBC, Ltd. Philippines</i>	<i>Punongbayan & Araullo</i>	

*As a percentage of the total market value of the fund for the month valued at USD 6.31 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.

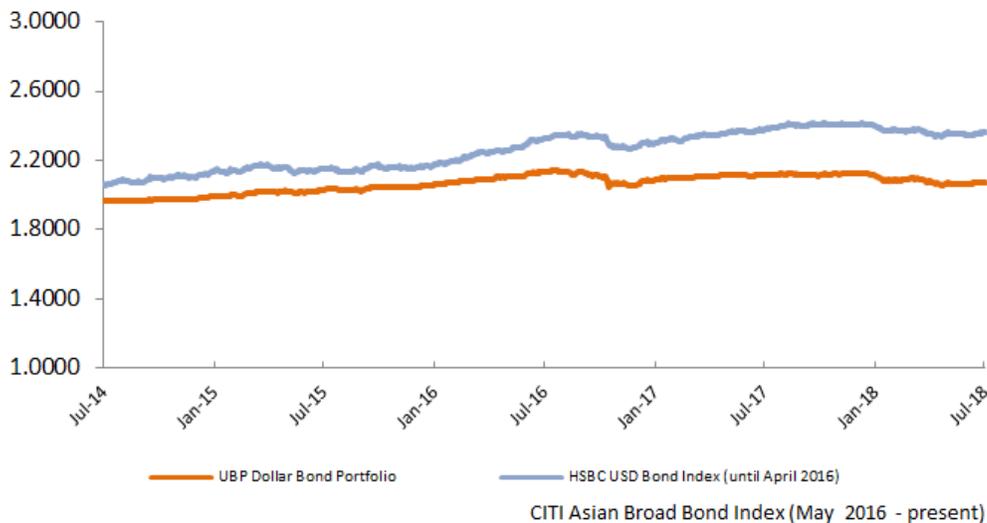
❖ THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC)
❖ RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/FLUCTUATIONS ONLY
❖ WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY 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, 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	2.129582
Lowest	2.057708

Statistics

Weighted Ave. Duration	1.8327
Volatility, Past 1 Year*	2.21%
Sharpe Ratio**	-1.32
Information Ratio***	-0.15

*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 = 0.9696%)

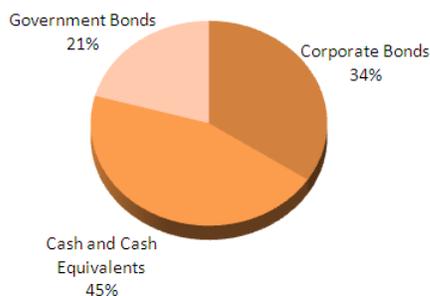
***Information Ratio measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

Fund Performance Vs. Benchmark (%) and **Top Ten Holdings (%)**

Fund Performance Vs. Benchmark (%)								Top Ten Holdings (%)	
Period	Cumulative Return					Annualized Return		Fund	%
	1mos	3mos	6mos	1yr	3yrs	3yrs	5yrs		
Fund	0.47	-0.36	-1.65	-1.94	2.15	0.71	1.94	UNIONBANK OF THE PHILIPPINES	12.84
Benchmark*	0.72	0.38	-1.32	-0.54	10.12	3.27	4.38	ROP 24NEW USD 4.200 01/21/2024	12.27
Calendar Year Return								Fund	%
Period	YTD	2012	2013	2014	2015	2016	2017		
Fund	-2.41	10.19	-0.82	3.80	3.51	0.50	3.26	SMPM 4.250 10/17/2019	12.02
Benchmark*	-1.86	12.73	-2.39	8.86	2.12	5.59	5.88	VLLPM 5.750 11/28/2024	11.91
								CHINA BANK	9.55
								ROP 21 USD 4.000 01/15/2021	8.07
								PHILIPPINE SAVINGS BANK	7.96
								METROBANK AND TRUST CO.	6.80
								RCBPM 4.250 01/22/2020	5.60
								CHINA BANK SAVINGS	5.59
								Total	92.61

*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 806,779.51. 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

Starting the month, POTUS Trump considered increasing tariffs on Chinese goods to 25% from initially announced 10% on \$200BN worth of Chinese goods to take effect in two months time.

US treasury yields inched upwards by c10 basis points, while US stocks rallied on earnings results as well as the tempering trade tensions between the United States and the European Union. Later part of the month, Fed released minutes from their June 12 to 13 meeting, showing a more hawkish tone, expressing that economy is "expanding at a solid rate" and that labor market is strong. Despite this, market still maintains consensus of not projecting a hike for the next meeting on July 31 to August 1, with a 93% probability of rate increase on their September 25 to 26 meeting. The Fed has already increased policy rates a total of 7 times since December 2015, twice this year.

US Gross Domestic Product surged to 4.10% second quarter of 2018 in line with consensus, versus previous quarter at 2.20%. This posts as the strongest rate in nearly four years. Meanwhile, personal consumption expenditure (PCE) price index, Fed's preferred measure of inflation, posted at 1.90%, just nearing the Fed's target of 2.00%.

On the local front, with government announcing raising \$2BN worth of Samurai bonds, we saw ROPs rallied c15 basis points with liquid issues ROP 28s ending the month at 93.99, +1.45pts from previous month, ROP 41s ending the month at 95.04, + 2.81pts versus previous month, ROP 42s ending the month at 94.82, +2.77pts versus previous month. We continue to remain cautious amid global tensions and political uncertainties.