



**UNIONBANK OF THE PHILIPPINES – TRUST AND INVESTMENT SERVICES GROUP**  
**UNIONBANK PESO BALANCED PORTFOLIO**  
**KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT**  
As of January 29, 2016

<b>FUND FACTS</b>			
Classification:	Medium to Long-term Bond Fund	Net Asset Value per Unit (NAVPU):	Php 116.69075052
Launch Date:	February 15, 2011	Total Fund NAV:	Php 218,353,404.88
Minimum Investment:	Php 100,000	Dealing Day:	Up to 12 noon, any banking day
Additional Investment:	Not Applicable	Redemption Settlement:	Four (4) banking days after initial notice
Minimum Holding Period:	90 calendar days	Early Redemption Charge:	0.25% flat on redeemed amount or Php 500, whichever is higher

<b>FEES*</b>			
Trust Fees: 0.140%	Custodianship Fees: 0.001%	Audit Fees: 0.001%	Other Fees: 0.004%
<i>UnionBank of the Philippines</i>	<i>HSBC, Ltd. Philippines</i>	<i>Punongbayan &amp; Arullo</i>	

\*As a percentage of the net fund value for the month valued at Php 218.35 Mn

**INVESTMENT OBJECTIVE AND STRATEGY**

The UnionBank Peso Balanced Portfolio is a peso-denominated balanced fund that provides investors access to a diversified set of investment instruments in both equities and fixed-income markets. The balanced approach to asset allocation is designed to provide income and potential growth from fixed-income and equity investments but with less volatility than a portfolio invested entirely in equities.

**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 Peso Balanced 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 aggressive 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.

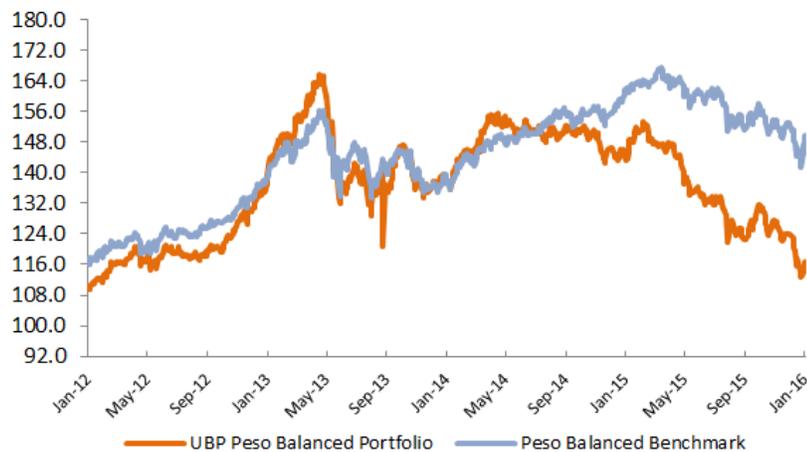
❖ <b>THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC)</b>
❖ <b>RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/FLUCTUATIONS ONLY</b>
❖ <b>WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES WILL BE SOLELY FOR THE ACCOUNT OF THE CLIENT</b>
❖ <b>THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE</b>

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 29, 2016**

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

**Net Asset Value per Unit**



**NAVPU over the past 12 months**

<b>Highest</b>	153.2522655
<b>Lowest</b>	112.6412657

**Statistics**

<b>Weighted Ave. Duration</b>	1.1817
<b>Volatility, Past 1 Year*</b>	17.10%
<b>Shape Ratio**</b>	-1.18
<b>Information Ratio***</b>	-0.14

\*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 = 1.7018%)

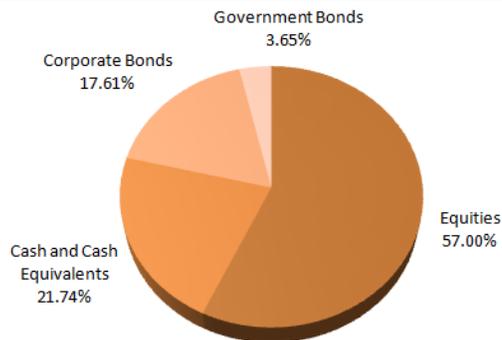
\*\*\*Information Ratio measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

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

Fund Performance Vs. Benchmark (%)						Annualized Return		Top Ten Holdings (%)	
Period	Cumulative Return					3yrs	5yrs	Top Ten Holdings (%)	
	1mos	3mos	6mos	1yr	3yrs			5yrs	Holder
Fund	-5.86	-10.25	-12.70	-18.81	-17.29	-6.13	--	FLIPM 5.3567 08/20/2022	12.74
Benchmark*	-3.68	-6.09	-11.13	7.16	2.33	11.25	--	CITIBANK Deposits	10.11
								Universal Robina Corp.	5.80
Calendar Year Return								BSP SDA	5.79
Period	YTD	2011	2012	2013	2014	2015		First Gen Corp.	5.39
Fund	-5.87	--	21.29	4.67	7.43	-15.45		DBP Deposits	5.27
Benchmark*	-3.68	--	19.10	2.26	12.95	-1.26		Puregold Price Club, Inc.	4.99
								AEVPM 4.4722 11/06/2020	4.70
								Semirara Mining and Power Corp.	4.51
								Energy Development Corp.	3.95
								<b>Total</b>	<b>63.26</b>

\*50% PSEi, 50% HSBC 1-5 Yr Phil Bond Index

**Portfolio Composition**



**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

The fund has bond investments with Aboitiz Equity Ventures, time deposits with City Savings Bank and equity investments with Aboitiz Power amounting to Php 10.26 Mn, Php 776,126.55 and Php 3.74 Mn respectively. These investment outlets were approved by the Trust Committee. Likewise, all related parties transactions are conducted on an arm's length basis.

**OUTLOOK AND STRATEGY**

**Equity.** The PSEi started 2016 by continuing the downward trend that ended 2015, closing at 6,687 by month end. The market was battered as concerns on China's numbers continued to weigh on the global markets in addition to the triggering of their stock market circuit breakers, which we believe has prevented true price discovery and accentuated selling pressure in their market. The market will focus on the tone set by the Fed and the start of corporate earnings season as catalysts for the market. Our strategy remains focused on staying nimble by being overweight on cash and concentrating on more liquid names.

**Fixed Income.** The local bond market proved resilient amidst a global risk off sentiment. With a massive PHP87 billion maturing by the end of the month(FXTN 7-48), client driven buying initiated to pull down yields on the short end of the curve. Most of the buying activity was below the 5 years tenor while the rest of the curve remained quiet. After a successful re-issuance of FXTN 10-60, market started to sell off the belly and the long ends as the yield curve steepened. However, as the month nears its end, liquidity spilled over to the belly and the long ends. The month of January saw how resilient the GS market was compared to its peers being supported by awash liquidity. However, it also experienced flashes of risk off sentiment as it tracked the drop in US treasury yields and the drop of oil in the global market. In addition to the uncertainty, details of the Interest Rate Corridor remains unclear which might cause volatility especially in the short end of the curve.