



UNIONBANK OF THE PHILIPPINES – TRUST AND INVESTMENT SERVICES GROUP
UNIONBANK PESO BALANCED PORTFOLIO
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
As of July 31, 2017

FUND FACTS			
Classification:	Medium to Long-term Bond Fund	Net Asset Value per Unit (NAVPU):	Php 132.424783
Launch Date:	February 15, 2011	Total Fund NAV:	Php 208,609,289.18
Minimum Investment:	Php 100,000	Dealing Day:	Up 2:30 pm, 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
FEES*			
Trust Fees: 2.00% per annum on equity holdings 1.00% per annum on fixed income holdings	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 total market value of the fund for the month valued at Php 208.91 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.

- ❖ **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, 2017
(Purely for reference purposes and is not a guarantee of future results)

NAVPU over the past 12 months

Highest	132.007230
Lowest	118.822025

Statistics

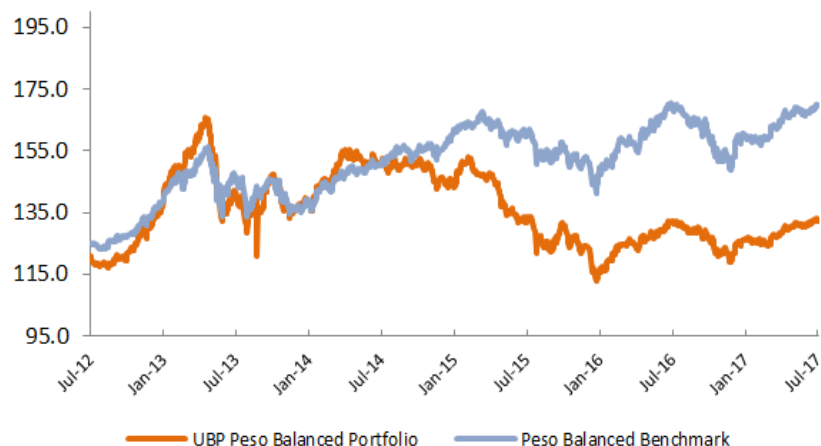
Weighted Ave. Duration	0.8983
Volatility, Past 1 Year*	8.01%
Sharpe Ratio**	-0.17
Information Ratio***	-0.13

*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 = 1.6226%)

***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.

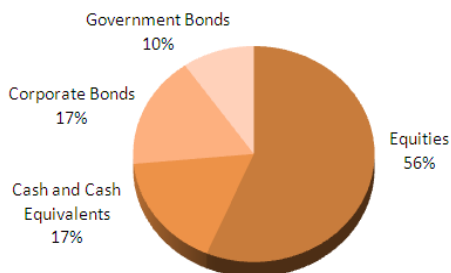
Net Asset Value per Unit



Fund Performance Vs. Benchmark (%)								Top Ten Holdings (%)		
Period		Cumulative Return				Annualized Return				
		1mos	3mos	6mos	1yr	3yrs	5yrs			
Fund		1.40	3.58	5.08	0.49	-12.35	-4.30	1.88	ING BANK	11.04
Benchmark*		1.26	2.99	5.91	0.69	12.00	3.83	5.82	FLIPM 5.3567 08/20/2022	6.57
Period		Calendar Year Return								
		YTD	2011	2012	2013	2014	2015			2016
Fund		8.72	--	21.29	4.67	7.43	-15.45	-1.74	SM Investments Corp	5.62
Benchmark*		9.56	--	19.10	2.26	12.95	-1.26	0.65	CITY SAVINGS BANK	5.14
									AEVPM 4.4722 11/06/2020	4.86
									FXTN 07-58 3.500 04/21/2023	4.62
									Ayala Land Inc	4.60
									PCORPM 7.00 11/10/2017	4.37
									FXTN 05-74 4.000 01/26/2022	4.09
									BDO Unibank Inc	3.69
									Total	54.60

*50% PSEi, 50% HSBC 1-5 Yr Phil Bond Index (until April 2016)
50% PSEi, 50% Bloomberg Philippine Sovereign Bond Index 1-5 Years, Adjusted (May 2016 – present)

PORTFOLIO COMPOSITION



OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The fund has bond investments with Aboitiz Equity Ventures; equity investments with Aboitiz Equity Ventures and Aboitiz Power; and time deposits with City Savings Bank amounting to Php 10.08 Mn, Php 2.18 Mn, Php 3.12 Mn, and Php 10.67 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 index rallied once again this month as it closed 8,018, up 2.2% month on month. Foreigners were once again net buyers for the month with a YTD net inflow now standing at US\$ 446m. The tobacco industry was shaken up with the news of Mighty's sale to Japan Tobacco International after months of controversy on alleged tax evasion, which has been positive for LTG's subsidiary PMFTC. Metrobank had an incident of their own on internal fraud that has depressed the stock price.

On earnings as of this writing, they have been generally in line but notable underperformances have come mainly from the cement and consumer industries. Earnings have disappointed for a few names such as Cemex, Century Pacific, DNL, and URC have tumbled as a result. We may see more short term volatility for select names which may present buying opportunities.

We continue to monitor this development and have been rebalancing our portfolios to reflect our view on the situation. We are relatively close to being fully invested but we plan to remain nimble with the ability to deploy into or take profit on liquid names.

Fixed Income. Philippine CPI rose 2.8% for the month of July. Inflation reading was in line with market expectations following the revised CPI reading last June at 2.7%.

BTR re-issued FXTN 05-74 with total bids reaching PHP 21.1B. The 5 yr re issue has successfully filled the PHP 15B scheduled borrowing with an average rate of 4.226%. On the other hand, FXTN 20-21 re-issuance was fully rejected with bids only amounting to PHP 11.2B. Bids reached as high as 5.5% and a low of 5.10% which averaged 5.2445%.

Local bond market yields still continue to take its cue from US Treasury benchmark bonds. As US treasuries eased from month highs of 2.38% to 2.23%, local government securities followed suit as yields on the short end eased. Demand for the short dated tenor bonds were also boosted by the lack of issuance of short dated bonds in the 3rd quarter. With local inflation outlook still benign and market consensus of a steady monetary policy at least for the 3rd quarter, we expect yields to stay within range as we enter the ghost month.