



UNIONBANK OF THE PHILIPPINES – TRUST AND INVESTMENT SERVICES GROUP
UNIONBANK PESO BALANCED PORTFOLIO
 KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
 As of March 31, 2018

FUND FACTS			
Classification:	Medium to Long-term Bond Fund	Net Asset Value per Unit (NAVPU):	Php 131.323513
Launch Date:	February 15, 2011	Total Fund NAV:	Php 166,879,245.67
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%	
UnionBank of the Philippines	HSBC, Ltd. Philippines	Punongbayan & Arullo	

*As a percentage of total market value of the fund for the month valued at Php 169.02 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.

<ul style="list-style-type: none"> ❖ 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 MARCH 31, 2018

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

NAVPU over the past 12 months

Highest	141.199800
Lowest	124.530205

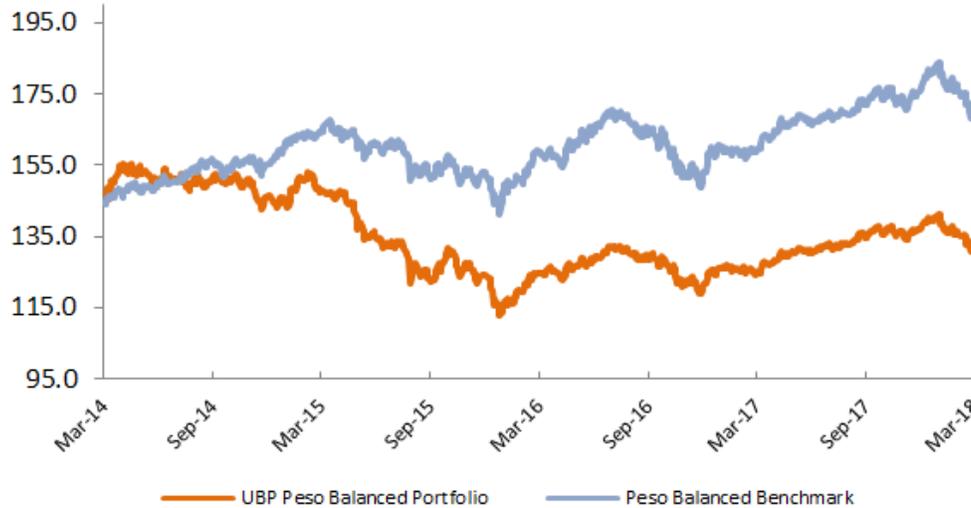
Statistics

Weighted Ave. Duration	1.3097
Volatility, Past 1 Year*	7.97%
Sharpe Ratio**	0.37
Information Ratio***	0.25

*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 = 2.1396 %)

***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	-3.04	-4.83	-2.69	5.46	-11.14	-3.86	-3.19
Benchmark*	-2.71	-3.24	-1.08	5.62	3.32	1.09	2.63

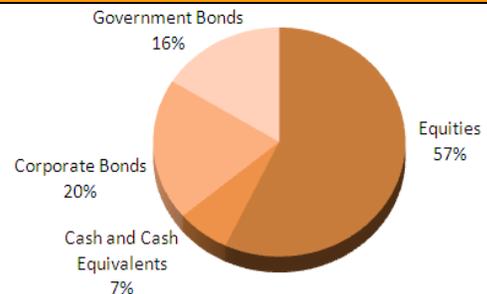
Calendar Year Return							
Period	YTD	2012	2013	2014	2015	2016	2017
Fund	-4.83	21.29	4.67	7.43	-15.45	-1.74	13.29
Benchmark*	-3.24	19.10	2.26	12.95	-1.26	0.65	13.74

Top Ten Holdings (%)

FLIPM 5.3567 08/20/2022	7.89
SM Investments Corp.	7.39
METROBANK AND TRUST CO.	6.66
AEVPM 4.4722 11/06/2020	5.93
Ayala Land Inc	5.60
FXTN 07-58 3.500 04/21/2023	5.52
BDO Unibank, Inc.	4.29
SM Prime Holdings, Inc.	4.02
VLLPM 5.7512 08/08/2024	3.95
Ayala Corp	3.50
Total	54.73

*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 amounting to Php 9.90 Mn, Php 2.88 Mn, and Php 2.32 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 continued its descent in March as it closed 5.8% lower to 7,979. Concerns of rising yields and weakening currency continued to weigh on the market with the added volatility from a potential trade war between China and the US. Outflows continued for the month, with 1Q reaching US\$621m. BSP did not adjust policy rates despite inflation pushing ahead and global rates moving up.

Selling was broad based with few names closing in the green for the month. FGEN had a remarkable gain for the month in contrast with the rest of the market on the back of its power supply agreement with Meralco. However, there were few catalysts other than that for other names that could offset the negative sentiment on the market. Big banks MBT and BPI priced their stock rights which weighed down on the stocks. Index heavyweights felt the outflows with market proxies in the conglomerate space and property firms falling. Investors may stay on the sidelines as the market looks for a base.

Fixed Income. The Philippine central bank maintained its policy tools and kept its benchmark rate at 3.0% as expected. Despite the recent acceleration in inflation the past two months, BSP's outlook remains benign with 2018 range still at 4.5% (2006 base year) and 3.9% (2012 base year). However, the central bank reiterated that it remains watchful of the second round impact of the tax reforms.

BTR had two scheduled issuances for the month which was the new 5 year paper and the new 10 year paper. FXTN 05-75 fetched a coupon of 5.5% and was partially awarded at P12.039B with P25.884 tendered offers. Meanwhile, FXTN 10-63 fetched a coupon of 6.25% but was partially awarded with P8B out of P20B scheduled. This was the last partially accepted 10 year bond auction since the rejected 10 yr auction last January.

For the month of March, the local benchmark bond yields eased 5-10bps mostly on the belly to the short end of the curve. After rising as much as 50-70bps last month, market saw a short relief after the confirmation of a no-hike from the BSP. Long tenors remained unchanged as inflationary risk remains on the upside. We continue to remain defensive on the long end part of the curve and continue to look at opportunities to hold the 5 year and below tenors.