



UNIONBANK OF THE PHILIPPINES – TRUST AND INVESTMENT SERVICES GROUP
UNIONBANK PESO BALANCED PORTFOLIO
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
 As of April 30, 2018

FUND FACTS			
Classification:	Medium to Long-term Bond Fund	Net Asset Value per Unit (NAVPU):	Php 130.267712
Launch Date:	February 15, 2011	Total Fund NAV:	Php 161,016,476.26
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 163.68 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.

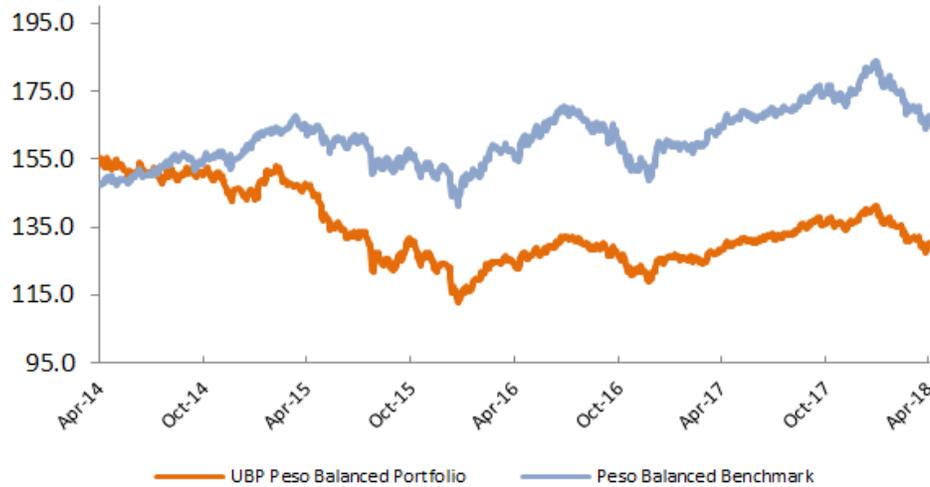
The Fund invests in quality assets which are evaluated under the Trust Department's accreditation process and BSP regulations. Internal risk limits, together with regulatory exposure limits, are monitored, reviewed and strictly adhered to on a daily basis.

<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 APRIL 30, 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	141.199800
Lowest	127.664840

Statistics

Weighted Ave. Duration	1.3250
Volatility, Past 1 Year*	8.03%
Sharpe Ratio**	-0.06
Information Ratio***	0.12

*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 = 2.3572 %)

***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	-0.80	-5.88	-4.33	1.89	-11.39	-3.95	-4.13
Benchmark*	-0.97	-5.52	-3.22	2.09	4.21	1.38	1.99

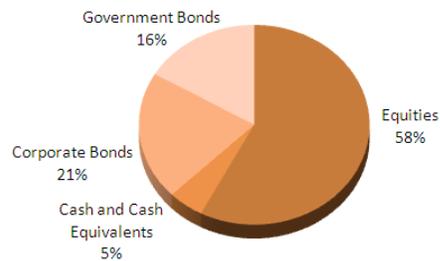
Calendar Year Return							
Period	YTD	2012	2013	2014	2015	2016	2017
Fund	-5.59	21.29	4.67	7.43	-15.45	-1.74	13.29
Benchmark*	-4.15	19.10	2.26	12.95	-1.26	0.65	13.74

*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)

Top Ten Holdings (%)

FLIPM 5.3567 08/20/2022	8.29
SM Investments Corp	7.82
AEVPM 4.4722 11/06/2020	6.12
Ayala Land Inc	5.73
FXTN 07-58 3.500 04/21/2023	5.67
METROBANK AND TRUST CO.	4.84
SM Prime Holdings Inc	4.21
BDO Unibank Inc	4.19
VLLPM 5.7512 08/08/2024	4.07
Ayala Corp	3.68
Total	54.63

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 9.92 Mn, Php 2.98 Mn, and Php 2.28 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 April as it hit year-lows at 7,526, before bouncing to close the month at 7,819. The bounce was short-lived. Again, rising inflation, rising yields and weakening currency continued to weigh on the market. All eyes are on the Monetary Board meeting on May 10, which will determine the direction of local interest rates.

Outflows continued for the month, with YTD-April outflows reaching US\$819m.

Lack of catalysts, as well as low average daily volumes, reflecting a lack of conviction among market players, will keep the market range-bound in the near term. Again, selling was broad based with few names closing in the green for the month. Index heavyweights felt the outflows with market proxies remaining weak.

Fixed Income. March CPI came out at 4.3% YoY (prev. 3.8%), 1st quarter CPI ended at 3.80% (Philippine Statistic Authority's 2012 base year). Recent uptick is mostly contributed by alcoholic beverages and tobacco (18.6%) and the steady increase in food prices (5.7%, previous month at 3.1%). Increase in food prices may be caused by the supply issues on rice both on the wholesale and retail space.

The Bureau of Treasury had four scheduled auctions. Of which, the 3-year (FXTN 3-23, re-issue) and 10-year (FXTN 10-63, re-issue) were both fully awarded at 10BN auction size each. Meanwhile, the 7-year (FXTN 7-61) and 20-year (FXTN 20-22, re-issue) were both partially awarded. FXTN 3-23 received two times bid to cover and was awarded higher than expected, with an average of 4.632%. The 10-year auction, likewise, was oversubscribed at 1.7 times bid to cover, and was fully awarded at an average of 6.213%. Bids for the 7-year new issuance reached a high of 5.75% and awarded partially with coupon of 5.75%, filling only 8BN out of the 10BN offering. Lastly, the almost twice oversubscribed 20-year auction was partially awarded 4.5BN out of the 10BN and awarded at a high of 6.95% and averaged at 6.85% given that market remain cautious on the back of geopolitical and inflationary concerns. BTr is said to adjust their loan ratio sourcing only 65% from local (from 80%) and 35% from foreign (from 20%) in 2018 and 75% local, 25% foreign in the next 2 years.

On its scheduled Monetary Board meeting, the Bangko Sentral ng Pilipinas maintained its key policy rate at 3.00% and raised their 2012-based inflation forecast to print higher at 3.9% - 4.7% range. This is higher than the 3.8% - 4.6% prediction for the previous month. The adjustment in expectations may be attributed by the depreciation of the Peso and the spike in international commodity market given all the noise in geopolitical events and trade war noise.

The Philippine local benchmark bond yields still tracked movements in US treasury market (UST10Y hitting 3%) and shifted upwards 20 basis points mostly from the short to the belly of the curve. After which, local yields reached its support as market saw a correction and recovered 7-10 basis points across the curve, in lieu with S&P raising the outlook for the Philippines from "positive" to "stable". Market activity still focused on the short to the belly, mostly on treasury bills, 3-years and the 5-years papers. Long end of the curve still remained unchanged with inflationary concerns.