



UNIONBANK OF THE PHILIPPINES – TRUST AND INVESTMENT SERVICES GROUP
UNIONBANK PESO SHORT TERM FIXED INCOME PORTFOLIO
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
 As of November 29, 2016

| FUND FACTS | | | |
|-------------------------------------|------------------------------|-----------------------------------|--|
| Classification: | Short-term Money Market Fund | Net Asset Value per Unit (NAVPU): | Php 133.802601 |
| Launch Date: | February 8, 2006 | Total Fund NAV: | Php 137,173,341.17 |
| Minimum Investment: | Not Applicable | 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: | Not Applicable | Early Redemption Charge: | No early redemption charge, only service fee of Php 100 per withdrawal |
| FEES* | | | |
| Trust Fees: | 0.085% | Custodianship Fees: | 0.0002% |
| | | Audit Fees: | 0.001% |
| | | Other Fees: | 0.003% |
| <i>UnionBank of the Philippines</i> | | <i>HSBC, Ltd. Philippines</i> | |
| | | <i>Punongbayan & Arullo</i> | |

*As a percentage of the net fund value for the month valued at Php 137.17 Mn

INVESTMENT OBJECTIVE AND STRATEGY

The UnionBank Peso Short Term Fixed Income Portfolio is a peso-denominated money market fund designed to provide investors a higher-yielding liquid outlet for their short-term transactional funds. It seeks capital preservation with enhanced yields.

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 Short Term Fixed Income Portfolio is suitable only for investors who:
 - Are individuals of legal age and corporations with a short-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 NOVEMBER 29, 2016

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

NAVPU over the past 12 months

| | |
|----------------|------------|
| Highest | 133.141236 |
| Lowest | 132.034489 |

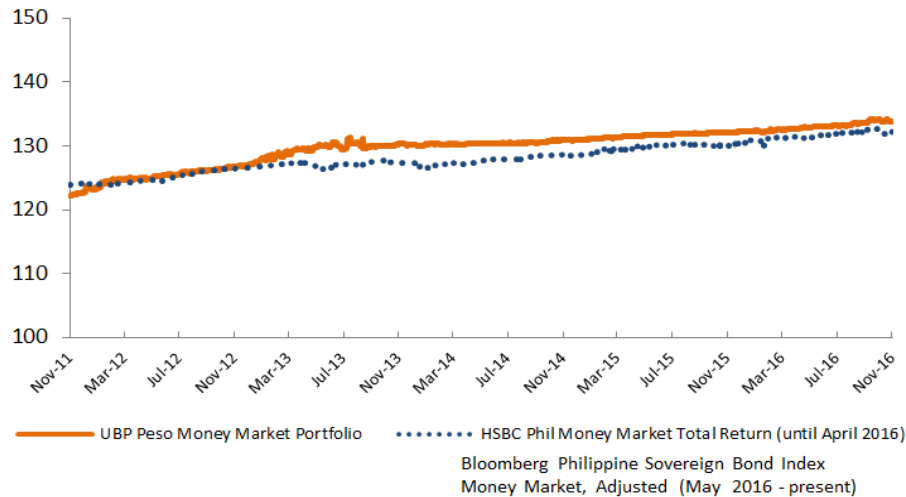
Statistics

| | |
|---------------------------------|--------|
| Weighted Ave. Duration | 0.6960 |
| Volatility, Past 1 Year* | 0.73% |
| Shape Ratio** | 0.44 |
| Information Ratio*** | -0.01 |

*Volatility measures the degree to which the Fund fluctuates vis-a-vis its average return over a period of time.

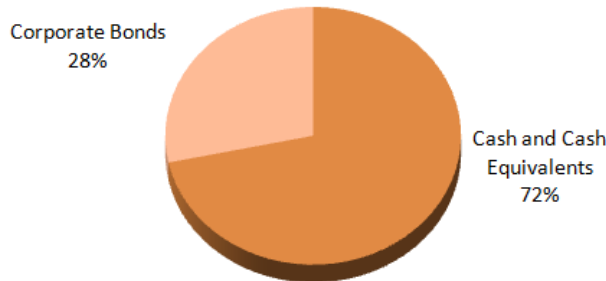
**Sharpe Ratio is used to characterize how well the return of Fund compensates the investor for the level of risk taken. The higher the number, the better. (Risk Free Rate = 1.000%)

***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 | 3yrs | 5yrs | | | |
| Fund | -0.22 | 0.23 | 0.66 | 1.32 | 2.69 | 0.89 | 1.84 | BANGKO SENTRAL NG PILIPINAS | 48.59 | |
| Benchmark | -0.20 | 0.20 | 0.68 | 1.72 | 3.91 | 1.29 | 1.32 | CITY SAVINGS BANK | 15.64 | |
| | | | | | | | | | GLOPM 6.000 06/01/2019 | 10.70 |
| | | | | | | | | | FLIPM 6.2731 06/08/2019 | 7.71 |
| | | | | | | | | | RIZAL COMMERCIAL BANKING CORP | 7.36 |
| | | | | | | | | | JGSPM 5.2442 02/27/2021 | 3.07 |
| | | | | | | | | | BDO LTNCD 3.500 09/12/2020 | 1.99 |
| | | | | | | | | | ALIPM 6.000 04/27/2022 | 1.51 |
| | | | | | | | | | AC 7.200 04/30/2017 | 1.50 |
| | | | | | | | | | FMICPM 5.500 11/10/2017 | 1.13 |
| | | | | | | | | | Total | 99.18 |

* HSBC Philippine Money Market Total Return (until April 2016)
 Bloomberg Philippine Sovereign Bond Index Money Market, Adjusted (May 2016 – present)

PORTFOLIO COMPOSITION

OTHER DISCLOSURES
RELATED PARTY TRANSACTIONS

The fund has time deposits with City Savings Bank and UnionBank of the Philippines amounting to Php 21.26 Mn and Php 29,006.79 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

The Philippines economy grew an annual 7.1 percent in the September quarter of 2016, following a 7.0 percent expansion in the second quarter and above market consensus of a 6.7 percent growth. This was the quickest pace since 2013. The expansion was mainly supported by strong private consumption despite weaker exports and less robust government spending.

The Bangko Sentral ng Pilipinas (BSP) kept its policy stance steady last Nov 10, 2016. The policy tools were left unchanged, with the overnight policy rate at 3.00%, overnight deposit rate at 2.50%, and reserve requirement ratio at 20%. The central bank believes that inflation continues to be manageable though upside risks are rising. As a result, Bangko Sentral ng Pilipinas revised upwards its inflation forecasts to 1.8 % for 2016, 3.0% for 2017, and 2.9% for 2018 (from 1.7%, 2.9%, and 2.6% respectively.)

Emerging market in general sold off in reaction to the upset in the US elections. With Donald Trump's election rhetoric on pro-US growth and pro-fiscal stimulus economic policies, both nominal and real yields are at the upside risk. Yields on benchmark bonds rose 30 to 50bps across the curve as US treasuries rose to its fastest pace since the Taper Tantrum in 2013. Local bond yields rose on thin liquidity as players remained defensive to the sell-off.