



**UNIONBANK OF THE PHILIPPINES – TRUST AND INVESTMENT SERVICES GROUP**  
**UNIONBANK PESO SHORT TERM FIXED INCOME PORTFOLIO**  
**KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT**  
 As of February 28, 2017

| <b>FUND FACTS</b>                   |                               |                                   |  |
|-------------------------------------|-------------------------------|-----------------------------------|--|
| Classification:                     | Short-term Money Market Fund  | Net Asset Value per Unit (NAVPU): | Php 133.668943   |
| Launch Date:                        | February 8, 2006              | Total Fund NAV:                   | Php 132,133,000.53   |
| 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 |
| <b>FEES*</b>                        |                               |                                   |  |
| Trust Fees:                         | 0.074%                        | Custodianship Fees:               | 0.0004%  |
|                                     |                               | Audit Fees:                       | 0.001%   |
|                                     |                               | Other Fees:                       | 0.003%   |
| <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 132.13 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.

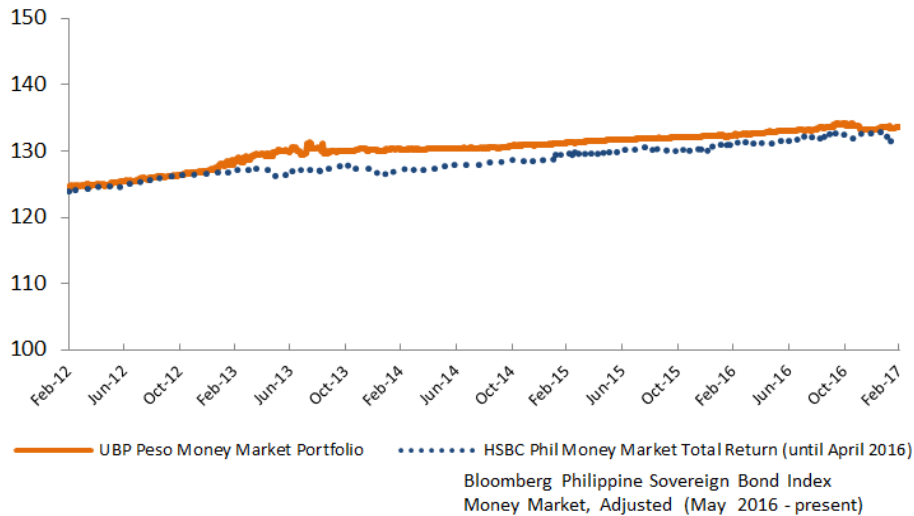
The Fund invests in quality assets which are evaluated under the Trust Department's accreditation process and BSP regulations. Internal risk limits, together with regulatory exposure limits, are monitored, reviewed and strictly adhered to on a daily basis.

- ❖ **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 FEBRUARY 28, 2017**

(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> | 134.190199 |
| <b>Lowest</b>  | 132.362970 |

**Statistics**

|                                 |        |
|---------------------------------|--------|
| <b>Weighted Ave. Duration</b>   | 0.6709 |
| <b>Volatility, Past 1 Year*</b> | 0.89%  |
| <b>Shape Ratio**</b>            | 0.01   |
| <b>Information Ratio***</b>     | -0.08  |

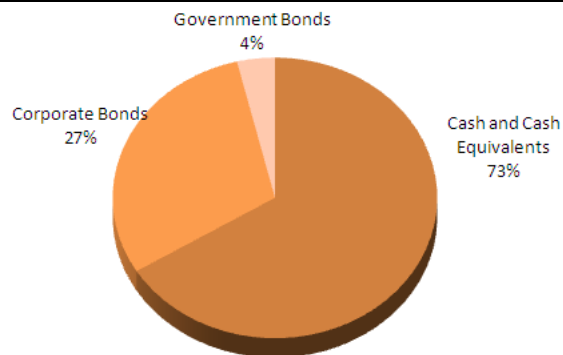
\*Volatility measures the degree to which the Fund fluctuates vis-a-vis its average return over a period of time.

\*\*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.

| Fund Performance Vs. Benchmark (%) |                   |       |      |      |      |                   |      | Top Ten Holdings (%)        |              |
|------------------------------------|-------------------|-------|------|------|------|-------------------|------|-----------------------------|--------------|
| Period                             | Cumulative Return |       |      |      |      | Annualized Return |      | Fund                        | %            |
|                                    | 1mos              | 3mos  | 6mos | 1yr  | 3yrs | 3yrs              | 5yrs |                             |              |
| Fund                               | 0.01              | -0.10 | 0.13 | 0.99 | 2.64 | 0.87              | 1.44 | BANGKO SENTRAL NG PILIPINAS | 43.18        |
| Benchmark                          | 0.19              | 0.72  | 0.94 | 1.69 | 5.09 | 1.767             | 1.49 | CITY SAVINGS BANK           | 12.18        |
|                                    |                   |       |      |      |      |                   |      | GLOPM 6.000 06/01/2019      | 11.11        |
|                                    |                   |       |      |      |      |                   |      | EAST WEST BANK              | 10.89        |
| Calendar Year Return               |                   |       |      |      |      |                   |      |                             |              |
| Period                             | YTD               | 2011  | 2012 | 2013 | 2014 | 2015              | 2016 |                             |              |
| Fund                               | 0.35              | 4.74  | 3.52 | 2.49 | 0.63 | 0.96              | 0.74 | FLIPM 6.2731 06/08/2019     | 7.94         |
| Benchmark*                         | 0.47              | 2.21  | 2.01 | 0.62 | 0.85 | 1.60              | 1.62 | PCORPM 7.00 11/10/2017      | 3.89         |
|                                    |                   |       |      |      |      |                   |      | FXTN 03-22 3.375 01/12/2020 | 3.78         |
|                                    |                   |       |      |      |      |                   |      | BDO LTNCD 3.500 09/12/2020  | 2.06         |
|                                    |                   |       |      |      |      |                   |      | AC 7.200 04/30/2017         | 1.53         |
|                                    |                   |       |      |      |      |                   |      | ALIPM 6.000 04/27/2022      | 1.51         |
|                                    |                   |       |      |      |      |                   |      | <b>Total</b>                | <b>98.07</b> |

\* 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 amounting to Php 16.00 Mn. This investment outlet was approved by the Trust Committee. Likewise, all related parties transactions are conducted on an arm's length basis.

**OUTLOOK AND STRATEGY**

Bangko Sentral ng Pilipinas held its benchmark rate at 3% in its meeting last February 9, 2017. Market widely expected a no change as fiscal conditions were deemed manageable. BSP however revised upward its inflation forecast for 2017 at 3.5% from 3.3% and 3.1% from 3% for 2018.

Meanwhile, Bureau of Treasury fully awarded PHP 15B of its reissuance of FXTN 05-74 at the average rate of 4.03%. Total bids tendered P38.994B as appetite strengthened for short dated notes amid lingering uncertainties offshore. Treasury bills issued for the month of February were partially awarded despite strong demand for all tenors as investors sought higher yields due to offshore market

volatility. The treasury bills that were awarded averaged 2.36% for the 91 day tbill, 2.58% for the 182 day tbill and 2.76% for the 364 day tbill.

Local bond yields were on the rise as the yield curve further steepened with local inflation expectations seen on the upside. Furthermore, movements in US treasury yields were tracked by local trades as yields were higher by as much as 15 to 20 bps on benchmark issues especially on the long ends. Yields on FXTN 10-60 (8.5 yrs) rose from 4.30% to 4.45% month on month basis. Market players will remain defensive and cautious ahead of the FOMC decision and will monitor closely changes in inflation expectations that will drive local policy settings.