



UNIONBANK OF THE PHILIPPINES - TRUST AND INVESTMENT SERVICES GROUP
UNIONBANK TAX EXEMPT PORTFOLIO
 KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
 As of March 31, 2017

FUND FACTS			
Classification:	Long-term Bond Fund	Net Asset Value per Unit (NAVPU):	Php 182.911526
Launch Date:	October 1, 2007	Total Fund NAV:	Php 1,185,532,028.14
Minimum Investment:	Php 100,000	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:	None	Early Redemption Charge:	Not Applicable
FEES*			
Trust Fees: 0.023%	Custodianship Fees: 0.001%	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 1.19 Bn

INVESTMENT OBJECTIVE AND STRATEGY

The UnionBank Tax Exempt Portfolio is a peso-denominated bond fund that seeks for participating qualified tax-exempt entities the total return of a diversified portfolio of primarily investment-grade fixed-income instruments.

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 Tax Exempt Portfolio is suitable only for investors who:
 - Are qualified tax-exempt institutions with a long-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.

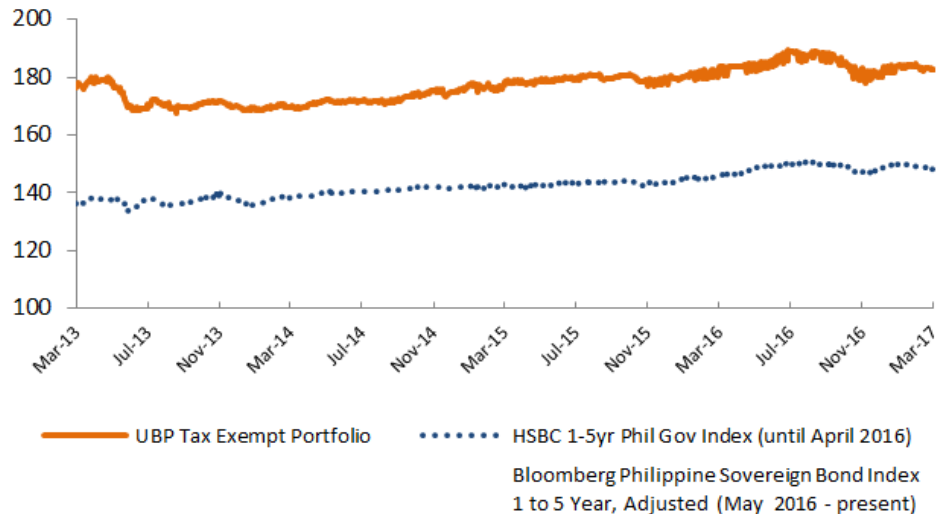
<ul style="list-style-type: none"> ❖ THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC) ❖ RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/FLUCTUATIONS ONLY ❖ WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN 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, 2017

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

Net Asset Value per Unit



NAVPU over the past 12 months

Highest	189.243272
Lowest	178.131807

Statistics

Weighted Ave. Duration	3.4548
Volatility, Past 1 Year *	12.54%
Sharpe Ratio**	-0.14
Information Ratio***	-0.11

*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 = 1.3850%)

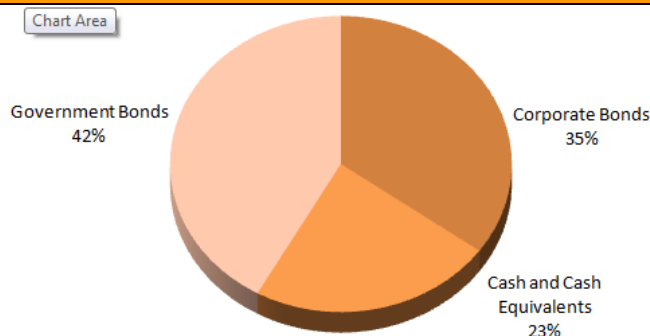
***Information Ratio measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

Fund Performance Vs. Benchmark (%)								Top Ten Holdings (%)	
Period		Cumulative Return				Annualized Return		FXTN 07-58 3.500 04/21/2023	20.26
		1mo	3mos	6mos	1yr	3yrs	5yrs		
Fund		-0.89	0.57	-1.34	-0.32	7.72	2.51	FXTN 05-74 4.000 01/26/2022	10.10
Benchmark*		-0.07	0.53	-0.83	1.56	6.77	2.21	CITY SAVINGS BANK	9.50
Period		Calendar Year Return						DBP <th rowspan="2">9.24 </th>	9.24
		YTD	2011	2012	2013	2014	2015		
Fund		0.57	12.17	5.67	6.97	2.90	2.93	GLOPM 6.000 06/01/2019	8.88
Benchmark*		0.53	6.18	4.41	3.20	3.14	1.34	FXTN 25-11 4.625 09/09/2040	5.58
								PHILIPPINE SAVINGS BANK	4.40
								FLIPM 6.2731 06/08/2019	4.40
								PCORPM 4.5219 10/27/2023	4.27
								MERPM 4.3750 12/12/2020	4.19
								TOTAL	80.81

*HSBC 1-5 Yr Phil Bond Index (until April 2016)

Bloomberg Philippine Sovereign Bond Index 1 to 5 Years, Adjusted (May 2016 – present)

PORTFOLIO COMPOSITION



OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The fund has bond investments with Aboitiz Equity Ventures and time deposits with City Savings Bank amounting to Php 11.93 Mn and Php 111.66 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

BSP-MB kept policy settings steady at its last policy rate meeting. The decision was in line with earlier pronouncements of senior BSP officials and market consensus. Inflation path is expected to remain within BSP's inflation target range of 2% to 4% during the policy horizon.

2017 Inflation Forecast: BSP forecasts inflation to average 3.4% (3.5% previous) this year and 3% (3.1% previous) in 2018. Inflation hit 3.3% in February following 2.7% in January as prices went up at faster pace for food, housing and utilities and transport.

BTR issued 3yr RTB at 4.25% of 170B. Yield curve adjusted beginning from the short ends to the belly with recently issued 5-74 reaching 4.35% and FXTN 10-60 reaching 4.7%. BTR announced 2017 2nd quarter borrowing schedule. Bond auctions will now concentrate on 7yr, 10 yr and 20yr.

Market players were supportive of local bond prices in general as the MB kept its rates steady and forecasted a more modest inflation uptrend this year. Demand was mostly seen on the short dated bonds while longer dated bonds benefited from lower US treasury yields. Market players and investors are still cautious given volatility driven by external developments and are still biased to take in short dated papers.