



**UNIONBANK OF THE PHILIPPINES – TRUST AND INVESTMENT SERVICES GROUP**  
**UnionBank High Net Worth Intermediate-Term Peso Fixed Income Portfolio**  
 KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT  
 As of May 31, 2017

| <b>FUND FACTS</b>                                     |                               |                                   |  |
|---|-------------------------------|-----------------------------------|--|
| Classification:                                       | Intermediate-Term Bond Fund   | Net Asset Value per Unit (NAVPU): | Php 98.768162                            |
| Launch Date:  | July 1, 2016                  | Total Fund NAV:                   | Php 465,597,278.92                       |
| Minimum Investment:                                   | Php 10,000,000.00             | 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:          | Not Applicable                           |
| <b>FEES*</b>  |                               |                                   |  |
| Trust Fees: 0.125% per annum on total net asset value | Custodianship Fees: 0.001%    | Audit Fees: 0.001%                | Other Fees: 0.003%                       |
| <b>UnionBank of the Philippines</b>                   | <b>HSBC, Ltd. Philippines</b> | <b>Punongbayan&amp;Araullo</b>    |  |

\*As a percentage of the total market value of the fund for the month valued at Php 491.37 Mn

**INVESTMENT OBJECTIVE AND STRATEGY**

The UnionBank High Net Worth Intermediate-Term Peso Fixed Income Portfolio is a peso-denominated bond fund designed to provide high net worth individual & corporate investors higher returns than traditional fixed-income savings products.

**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 High Net Worth Intermediate-Term Peso Fixed Income Portfolio is suitable only for investors who:
  - Are individuals of legal age and corporations with an intermediate to medium 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.

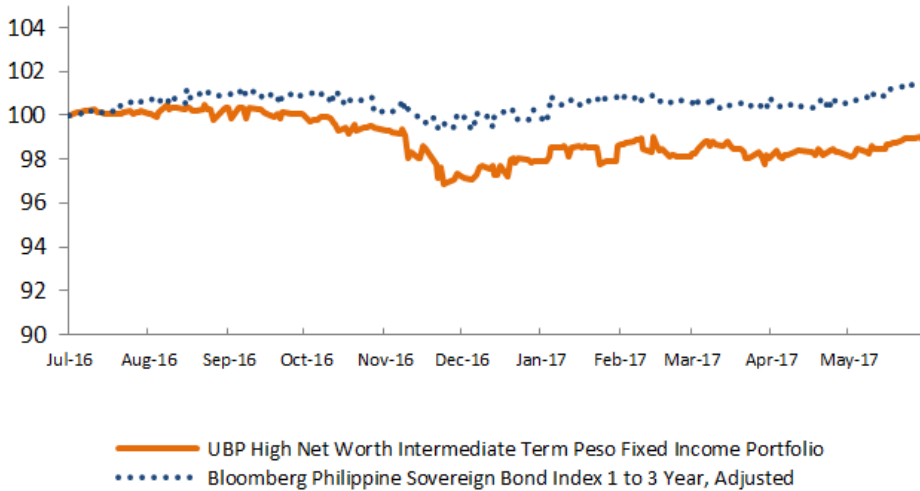
|   |
|---|
| <ul style="list-style-type: none"> <li>❖ <b>THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC)</b></li> <li>❖ <b>RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/FLUCTUATIONS ONLY</b></li> <li>❖ <b>WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES WILL BE SOLELY FOR THE ACCOUNT OF THE CLIENT</b></li> <li>❖ <b>THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE</b></li> </ul> |
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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 MAY 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** 100.493948  
**Lowest** 96.881717

#### Statistics

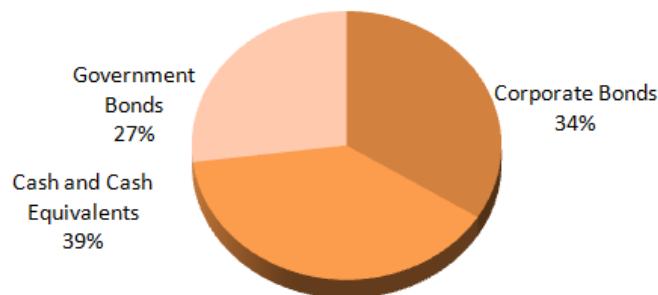
**Weighted Ave. Duration** 1.9997  
**Volatility, Past 1 Year\*** 3.73%  
**Shape Ratio\*\*** -0.93  
**Information Ratio\*\*\*** -0.15

\*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 = 2.2226%)

\*\*\*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 |      | City Savings Bank           | 13.59        |      |      |            |      |          |      |
|   | 1mo               | 3mos | 6mos | 1yr | 3yrs | 3yrs              | 5yrs |                             |              |      |      |            |      |          |      |
| Fund  | 0.47              | 0.69 | 1.44 | --  | --   | --                | --   | FXTN 07-57 3.500 03/20/2021 | 10.36        |      |      |            |      |          |      |
| Benchmark*  | 0.87              | 0.80 | 1.34 | --  | --   | --                | --   | FLIPM 5.4000 12/04/2021     | 8.86         |      |      |            |      |          |      |
| <table border="1"> <thead> <tr> <th>Period</th> <th>YTD</th> </tr> </thead> <tbody> <tr> <td>Fund</td> <td>0.85</td> </tr> <tr> <td>Benchmark*</td> <td>1.16</td> </tr> </tbody> </table> |                   |      |      |     |      |                   |      | Period                      | YTD          | Fund | 0.85 | Benchmark* | 1.16 | ING BANK | 8.00 |
|   |                   |      |      |     |      |                   |      | Period                      | YTD          |      |      |            |      |          |      |
| Fund  | 0.85              |      |      |     |      |                   |      |                             |              |      |      |            |      |          |      |
| Benchmark*  | 1.16              |      |      |     |      |                   |      |                             |              |      |      |            |      |          |      |
| <i>*Bloomberg Philippine Sovereign Bond Index 1 to 3 Years, Adjusted</i>  |                   |      |      |     |      |                   |      | CHINA BANK                  | 7.35         |      |      |            |      |          |      |
|   |                   |      |      |     |      |                   |      | PCORPM 4.0032 10/27/2021    | 7.21         |      |      |            |      |          |      |
|   |                   |      |      |     |      |                   |      | FXTN 05-73 3.375 08/20/2020 | 6.99         |      |      |            |      |          |      |
|   |                   |      |      |     |      |                   |      | EAST WEST BANK              | 4.89         |      |      |            |      |          |      |
|   |                   |      |      |     |      |                   |      | JGSPM 5.2442 02/27/2021     | 4.39         |      |      |            |      |          |      |
|   |                   |      |      |     |      |                   |      | PCORPM 7.00 11/10/2017      | 4.32         |      |      |            |      |          |      |
| <b>PORTFOLIO COMPOSITION</b>  |                   |      |      |     |      |                   |      | <b>Total</b>                | <b>75.98</b> |      |      |            |      |          |      |



## OTHER DISCLOSURES

### RELATED PARTY TRANSACTIONS

The fund has time deposits with City Savings Bank and UnionBank of the Philippines amounting to Php 66.93 Mn and Php 4.94 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

The Philippines GDP printed at 6.4% March of 2017, following a 6.6 percent in the previous quarter. GDP growth was below market consensus of a 6.8%. It was the weakest expansion since the third quarter 2015, as private consumption, investment, and government spending slowed while exports rose further.

Philippines CPI rose 3.1% for the month of May, following 3.4% increase in the April. May CPI was below market expectations of 3.3%. It was the lowest inflation rate since January.

The Bangko Sentral ng Pilipinas held its key overnight borrowing rate steady at 3% on May 11th, 2017 as widely expected. Policymakers kept its inflation forecasts for 2017-2018 unchanged at 3.0 percent  $\pm$  1 percentage point but said upside risks persist.

Philippine Congress also passed the first package of the comprehensive tax reform program of government. The passage allows government to raise an additional P130-150B in revenues that would fund government's increased spending on social services and infrastructure.

Local bond yields experienced a relief rally as the yield curve flattened. Short-term yields were relatively unchanged while longer-dated bond yields were lower mostly by 15-25 basis points. Local yields started to ease as 10Y US treasury yields reached 2.14% coming off from May's 2.4% levels. Yields eased this month on the back of less aggressive hikes from the FED, US treasury yield correction, local inflation and local policy views.