



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 July 31, 2018

FUND FACTS			
Classification:	Intermediate-Term Bond Fund	Net Asset Value per Unit (NAVPU):	Php 99.859955
Launch Date:	July 1, 2016	Total Fund NAV:	Php 241,065,175.15
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
FEES*			
Trust Fees: 0.125% per annum on total net asset value	Custodianship Fees: 0.001%	Audit Fees: 0.002%	
<i>UnionBank of the Philippines</i>	<i>HSBC, Ltd. Philippines</i>	<i>Punongbayan&Araullo</i>	

*As a percentage of the total market value of the fund for the month valued at Php 241.59 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 Portfolios 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.

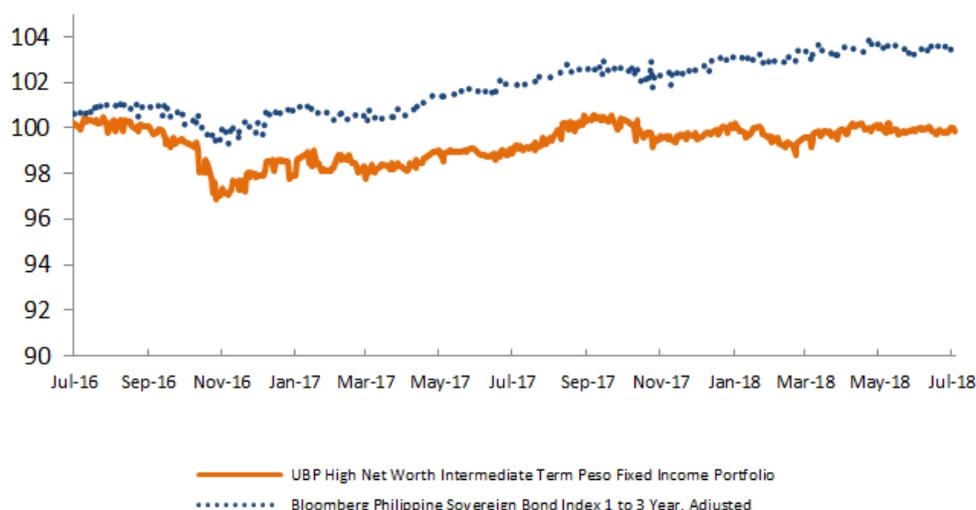
- ❖ **THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC)**
- ❖ **RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/FLUCTUATIONS ONLY**
- ❖ **WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT 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 JULY 31, 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	100.568512
Lowest	98.815138

Statistics

Weighted Ave. Duration	1.5206
Volatility, Past 1 Year*	3.22%
Sharpe Ratio**	-0.51
Information Ratio***	-0.01

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

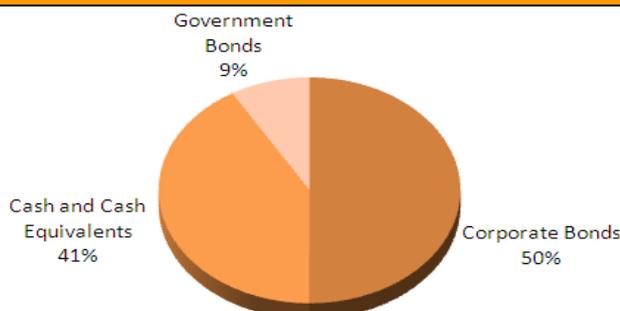
**Sharpe Ratio is used to characterize how well the return of Fund compensates the investor for the level of risk taken. The higher the number, the better. (Risk Free Rate = 2.2638 %)

***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 (%)		
		Cumulative Return				Annualized Return				
Period		1mo	3mos	6mos	1yr	3yrs	5yrs			
Fund		-0.04	-0.07	-0.18	0.62	--	--	PHILIPPINE SAVINGS BANK	13.40	
Benchmark*		-0.02	-0.08	0.26	1.52	--	--	PCORPM 4.0032 10/27/2021	11.59	
Period		YTD	Calendar Year Return							
			2012	2013	2014	2015	2016	2017		
Fund		0.32	--	--	--	--	--	1.64	FLIPM 5.4000 12/04/2021	10.27
Benchmark*		0.73	--	--	--	--	--	2.43	JGSPM 5.2442 02/27/2021	8.82
									UNIONBANK OF THE PHILIPPINES	7.53
									RIZAL COMMERCIAL BANKING CORP	5.03
									ING BANK	5.03
									METROBANK AND TRUST CO.	5.03
									SMBPM 6.600 04/02/2022	4.20
									FXTN 07-58 3.500 04/21/2023	3.85
									Total	74.74

*Bloomberg Philippine Sovereign Bond Index 1 to 3 Years, Adjusted

PORTFOLIO COMPOSITION



OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The fund has time deposits with Unionbank of the Philippines amounting to Php 18.06 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

Philippine CPI rose further to 5.20% in June 2018 versus prior month's 4.60%. This is above BSP's target of 4.30% to 5.10% for the month of June. Rise in inflation was brought about by the increase in annual rate posted in the heavy weighted category: food and non-alcoholic beverages at 6.10%. Other contributors include alcoholic beverages and tobacco at 20.80%, transportation at 7.10%, as well as housing, water, electricity, gas and other fuels at 4.60%

Banko Sentral ng Pilipinas (BSP) reported foreign capital outflows consecutively for the month of June and July, attributable to the market jitters brought about by rising inflation, volatile currency, higher US treasury yields and oil prices. Foreign portfolio investments recorded a net outflow of \$516MM in June versus prior months' net outflow of \$206MM. This brought concerns to market participants in relation to weakness of the peso versus the dollar and rising domestic yields. Socio Economic Planning Secretary, Ernesto Pernia,

mentioned that weakness in the peso should not be a cause for concern as there are numerous benefits that can be derived from this, such as the potential boon to exporters if outbound shipments can be strengthened. USD/PHP reached a high of 53.54 mid-month and closed 53.097 on the back of BSP Governor Nestor Espenilla's comments that the Monetary Board is ready to take "strong" monetary policy actions on August 9, 2018 if warranted.

Local yields generally inched upwards by around c15-20bps across the curve. Trading activity is seen mostly on the short-end as market participants still favored treasury bills. The last 1-year treasury bill auction for the month was awarded at an average yield of 4.90%, up c33 basis points from the average yield of 4.566% awarded during the auction at the start of the month. We continue to be cautious as we wait for the monetary board decision on August 9 and developments on global events.