



## UCPB Balanced Fund (UBF)

### KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

For the Month Ended JUNE 30, 2015

#### FUND FACTS

Classification: Balanced	Net Asset Value Per Unit (NAVPU): 2.632549091
Launch Date: March 5, 2007	Total Fund NAV: PhP 222,066,040.48
Minimum Investment: PhP 10,000.00	Dealing Day: On any banking day up to 1:30 p.m.
Additional Investment: PhP 5,000.00 and in multiples of PhP 1,000.00	Redemption Settlement: Three (3) banking days after receipt by TBG of redemption notice
Minimum Holding Period: 30 calendar days	Early Redemption Charge: 5% of the total amount redeemed

#### FEES\*

Trustee Fees: 1.7500% p.a Trustee: UCPB Acting Through Its Trust Banking Group (TBG)	Custodian Fees: 0.00% Custodian: Deutsche Bank AG Manila & Philippine Depository & Trust Corp.	External Auditor Fees: 0.0026% External Auditor: Manabat Sanagustin & Company	Other Fees: None
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\*As a percentage of average daily NAV for the month valued at PhP 234,088,359.11

#### INVESTMENT OBJECTIVE AND STRATEGY

UBF seeks to provide long-term capital appreciation and income by investing in a mix of equities and fixed income securities. It also aims to surpass its benchmark which is the composite return of the Philippine Stock Exchange Index and the HSBC Local Bond Index. This should not be construed, however, as a guarantee of yield.

#### 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/their investment objective 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 UBF is suitable only for investors who:
  - have a risk profile of aggressive based on the results of the accomplished Client Suitability Assessment Form;
  - are seeking a simple way to achieve a diversified holding of stocks and fixed-income investments; and
  - willing to accept moderate fluctuations in unit prices.

#### KEY RISKS AND RISK MANAGEMENT

You should not invest in this Fund if you do not understand or are not comfortable with the accompanying risks.

- Interest Rate Risk. This is the possibility for an investor to experience losses due to changes in interest rates.
- Market/Price Risk. This is the possibility for an investor to experience losses due to changes in market prices of securities (e.g., bonds and equities).
- Credit Risk/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.
- Liquidity Risk. This is the possibility for an investor to experience losses due to the inability to sell or convert assets into cash immediately or in instances where conversion to cash is possible but at a loss.
- Reinvestment Risk. This is associated with the possibility of having lower returns or earnings when maturing funds or the interest earnings of the funds are reinvested.

TBG strictly adheres to the investment outlets as stated in the Fund's Declaration of Trust. Exposure limits and asset allocation is closely monitored on a regular basis. All counterparties and investment outlets underwent thorough evaluation and accreditation in accordance with the Trust Manual of Operations, Policies and Guidelines.

- **THE UITF 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 AND 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**



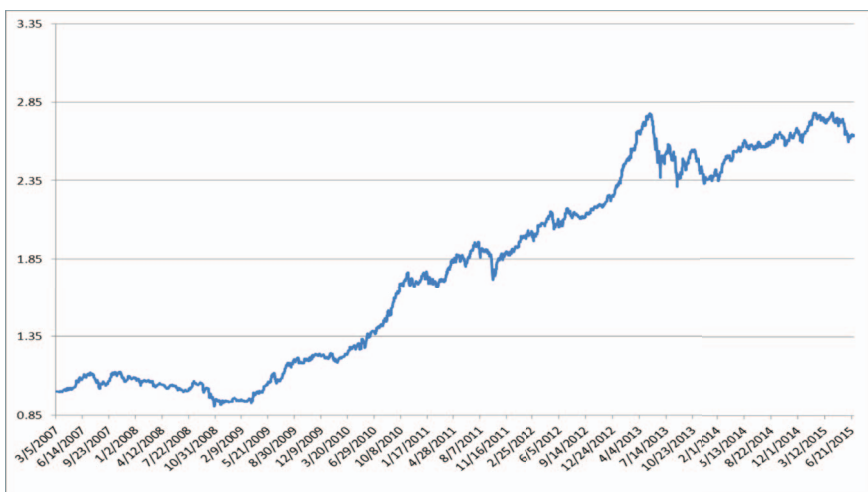
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**FUND PERFORMANCE AND STATISTICS AS OF JUNE 30, 2015**  
(purely for reference purposes and is not a guarantee of future results)

**NAVPU Graph**



**NAVPU OVER THE PAST 12 MONTHS**

Highest	2.781153166
Lowest	2.545367663

**STATISTICS**

Weighted Ave. Duration	0.38
Volatility, Past 1 Year*	7.17%
Sharpe Ratio**	0.04%
Information Ratio***	-0.05%

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

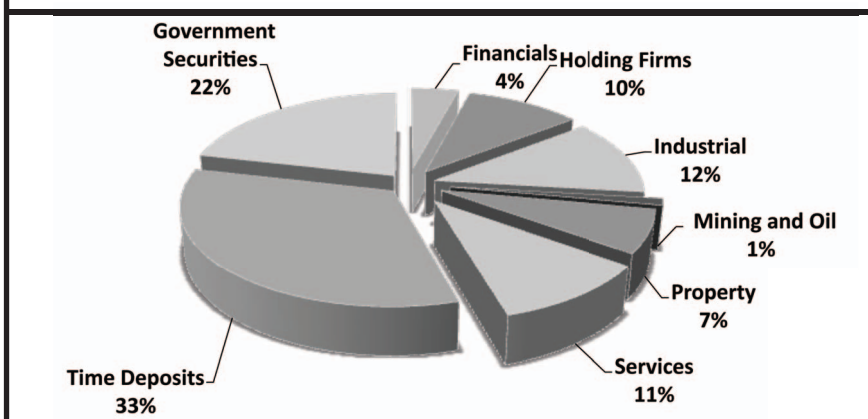
\*\* Sharpe Ratio is used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better.

\*\*\* 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.

**CUMULATIVE PERFORMANCE (%)**

Period	1 Mo	3 Mos	6 Mos	1 Yr	3 Yrs	5 Yrs	YTD
Fund	-0.98%	-4.15%	-1.16%	2.68%	23.33%	90.53%	-1.16%
Benchmark	-0.20%	-4.06%	4.52%	10.33%	42.97%	121.01%	4.52%

**PORTFOLIO COMPOSITION**



**TOP TEN HOLDINGS (%)**

FXTN 10-42 due 09/04/16	37%
PLDT	5%
Ayala Land, Inc.	3%
Max's Group, Inc.	3%
SM Investment Corporation	2%
Puregold Price Club, Inc	2%
Metro Pacific Investment	2%
First Gen Corporation	2%
Robinson Retail Holdings, Inc.	2%
Bank of the Philippine Islands	2%
Total	60%

**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

The Fund has deposits with the Bank Proper amounting to P27.87 mm which was approved by the Board of Directors. Likewise, all related parties transactions are conducted on an arm's length basis.

**OUTLOOK AND STRATEGY**

The PSEi was marginally down by 0.2% month-on-month on continued foreign selling. Despite the pullback, the PSEi is still up by 5% year-to-date and is still the best performing market in ASEAN. Headwinds from overseas (e.g., Greece, falling Chinese stock market) plus our underwhelming 1st quarter growth would likely put downward pressure on the market. The key here is to pick stocks with solid fundamentals and buy them when valuations look attractive.

Meanwhile, the Bangko Sentral ng Pilipinas kept its policy rate, bank reserve requirement and SDA rate unchanged for the sixth straight meeting at 4%, 20% and 2.50% respectively. Inflation for the month of May slowed down to 1.6% from 2.2% in April driven by lower food, electricity and oil-related items. Remittances from OFW grew by 4% year-on-year in April 2015 to USD 2.2 billion.

Local bonds moved sideways with some selling at the longer end of the curve, perhaps for liquidity requirements. Interest was mainly on the shorter end on the back of the on-going Greek drama and imminent hike in U.S. interest rates.

We have positioned the fixed income portion of our portfolio in the short end of the curve as a defensive measure in anticipation of the upward move in interest rates.