



UCPB Balanced Fund (UBF)

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

For the Month Ended JULY 31, 2015

FUND FACTS

| | |
|--|---|
| Classification: Balanced | Net Asset Value Per Unit (NAVPU): 2.624256234 |
| Launch Date: March 5, 2007 | Total Fund NAV: PhP 221,107,449.08 |
| 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: 0.0005% External Auditor: Manabat Sanagustin & Company | Other Fees: None |
|---|---|--|------------------|

*As a percentage of average daily NAV for the month valued at PhP 221,374,195.96

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**



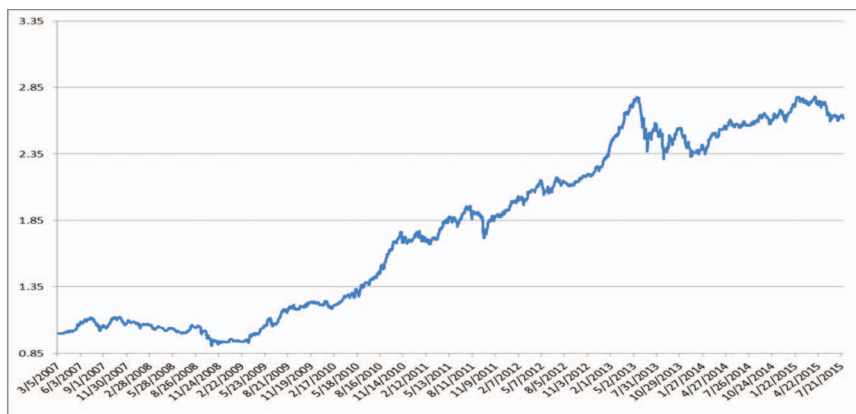
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FUND PERFORMANCE AND STATISTICS AS OF JULY 31, 2015
(purely for reference purposes and is not a guarantee of future results)

NAVPU Graph



NAVPU OVER THE PAST 12 MONTHS

| | |
|---------|-------------|
| Highest | 2.781153166 |
| Lowest | 2.557845010 |

STATISTICS

| | |
|--------------------------|--------|
| Weighted Ave. Duration | 0.21 |
| Volatility, Past 1 Year* | 7.17% |
| Sharpe Ratio** | 0.04% |
| Information Ratio*** | -0.03% |

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

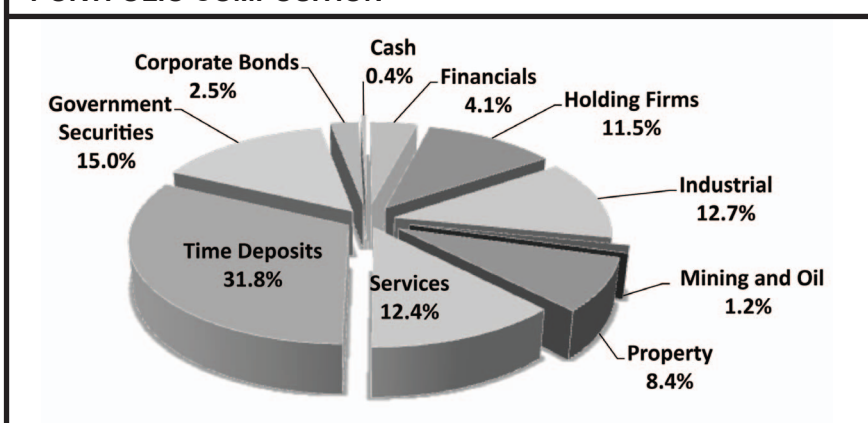
** Sharpe Ratio is used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better.

*** 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 | -0.31% | -3.32% | -5.60% | 2.52% | 21.99% | 84.90% | -1.46% |
| Benchmark | -0.14% | -1.84% | -1.77% | 9.61% | 40.10% | 112.34% | 4.26% |

PORTFOLIO COMPOSITION



TOP TEN HOLDINGS (%)

| | |
|--------------------------------|-----|
| FXTN 10-42 due 09/04/16 | 28% |
| AC Bonds due 05/12/2021 6.8 | 5% |
| PLDT | 5% |
| Ayala Land, Inc. | 4% |
| SM Investment Corporation | 3% |
| Max's Group, Inc. | 3% |
| Puregold Price Club, Inc | 2% |
| Metro Pacific Investment Corp. | 2% |
| Robinson Retail Holdings, Inc. | 2% |
| First Gen Corporation | 2% |
| Total | 56% |

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper and with UCPB Savings Bank, a wholly-owned subsidiary of the Bank, amounting to P10k and P4.3mn, respectively, which were approved by the Board of Directors. Likewise, all related parties transactions are conducted on an arm's length basis.

OUTLOOK AND STRATEGY

Headline inflation slowed further in June to 1.2% compared to 1.6% in May on lower oil and electricity prices and sufficient food supply. Domestic liquidity increased by 9.3% in May on continued demand for loans. The local bond market was generally quiet as investors remained cautious on account of the imminent hike in US interest rates. Moreover, the planned bond exchange scheduled before the end of the year has sidelined investors for the moment pending the release of further details.

Our corporate and sovereign bond positions remain short in terms of duration in order to minimize portfolio volatility.

PSEi ended July at 7,550 or 0.19% lower month-on-month. It was an interesting month as investors tried to understand developments in Greece, the collapse of Chinese stocks and the nuclear deal with Iran. Finally a major PPP was completed, the Muntinlupa-Cavite Expressway (MCX). Two listed companies will particularly benefit from this project: Ayala Land and Vista Land. Both companies have projects and sizable landbank close to MCX. 2nd quarter results released so far have been within expectation. Banks reported weak margins but loan growth was healthy at around mid-teens. The biggest corporate news during the month was the land slide that occurred in the Panian mine site operated by Semirara Mining & Power Corp. Nine workers perished, a number were injured and some equipment were damaged. Coal mining is currently suspended pending the result of a government investigation.

Foreign funds have been net sellers since April. But despite of this development, market correction has been subdued due to the growing heft of domestic investors. We remain cautious as earnings to date have been generally uninspiring and valuations high.