



## UCPB Balanced Fund (UBF)

### KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

For the Month Ended August 31, 2015

#### FUND FACTS

Classification: Balanced	Net Asset Value Per Unit (NAVPU): 2.528049672
Launch Date: March 5, 2007	Total Fund NAV: PhP 207,045,816.76
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: 0.0004% 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 215,359,068.60

#### 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**



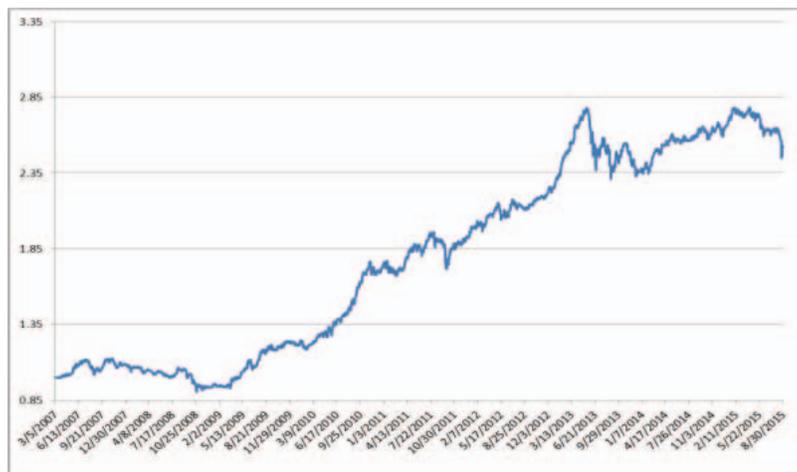
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**FUND PERFORMANCE AND STATISTICS AS OF AUGUST 31, 2015**  
(purely for reference purposes and is not a guarantee of future results)

**NAVPU Graph**



**NAVPU OVER THE PAST 12 MONTHS**

Highest	2.781153166
Lowest	2.448936696

**STATISTICS**

Weighted Ave. Duration	1.88%
Volatility, Past 1 Year*	8.72%
Sharpe Ratio**	0.00%
Information Ratio***	-0.04%

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

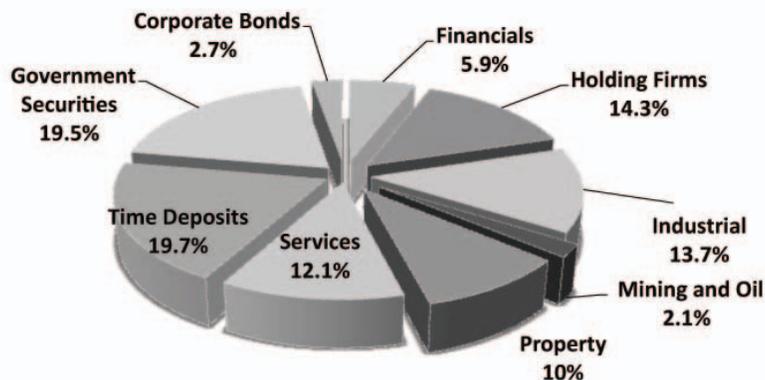
\*\* Sharpe Ratio is used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better.

\*\*\* 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	-3.50%	-4.90%	-7.63%	-2.35%	19.77%	70.19%	-5.07%
Benchmark	-5.23%	-6.06%	-7.82%	0.90%	37.08%	96.44%	-1.62%

**PORTFOLIO COMPOSITION**



**TOP TEN HOLDINGS (%)**

FXTN 5-72 due 05/23/18 2.1250	24%
FXTN 5-73 due 08/20/20 3.3750	24%
AC Bonds due 05/12/2021 6.8000	6%
Ayala Land, Inc.	5%
PLDT	5%
SM Investment Corporation	4%
Max's Group, Inc.	2%
Metro Pacific Investment Corp.	2%
Seminara Mining and Power Corp.	2%
Robinson Retail Holdings, Inc.	2%
Total	76%

**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

The Fund has deposits with the Bank Proper amounting to P26k 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 move of China to devalue its currency surprised investors who were already nervous due to the looming rate hike by the Fed and the generally fragile global economic backdrop. Markets around the world plunged massively as stocks were sold across the board. In the Philippines, the PSEi plummeted by 6.7%, its single day biggest drop since the 2008 global financial crisis. The index ended the month at 7,098. Meanwhile, the 2Q 2015 corporate earnings were generally uninspiring as most results were either in line or below analysts' expectations.

The economy expanded by 5.6% in the 2nd quarter this year, slightly faster compared to the 5.0% growth achieved during the previous quarter. The 2Q growth was driven by domestic demand particularly household spending and construction. We expect govt. spending to accelerate in the coming months.

Despite slower growth, the Monetary Board opted to keep its key rates unchanged. The MB believed that there is underlying strength in the economy and that current rates are still appropriate. The overnight borrowing rate, reserve requirement of banks and SDA rate stayed at 4%, 20% and 2.50%, respectively.

Bond yields weakened further as investors remain cautious on the back of the looming hike in U.S. interest rates and the slowdown in China. Our corporate and sovereign bond positions remain short in terms of duration in order to minimize portfolio volatility.