



## UCPB Balanced Fund (UBF)

### KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

For the Quarter Ended September 30, 2015

#### FUND FACTS

Classification: Balanced	Net Asset Value Per Unit (NAVPU): 2.482391585
Launch Date: March 5, 2007	Total Fund NAV: PhP 202,927,850.80
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: 0.0011% 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 213,922,980.39

#### 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**



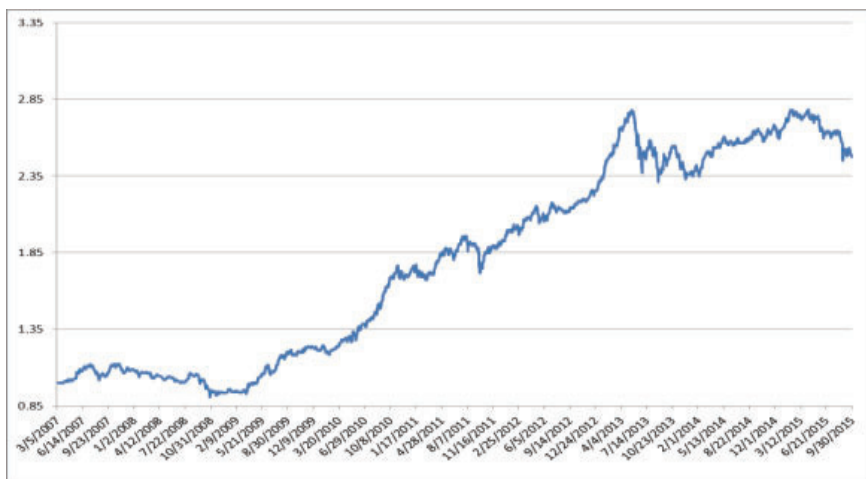
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**FUND PERFORMANCE AND STATISTICS AS OF SEPTEMBER 30, 2015**  
(purely for reference purposes and is not a guarantee of future results)

**NAVPU Graph**



**NAVPU OVER THE PAST 12 MONTHS**

Highest	2.781153166
Lowest	2.448936696

**STATISTICS**

Weighted Ave. Duration	1.81
Volatility, Past 1 Year*	8.91%
Sharpe Ratio**	-0.01%
Information Ratio***	-0.03%

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

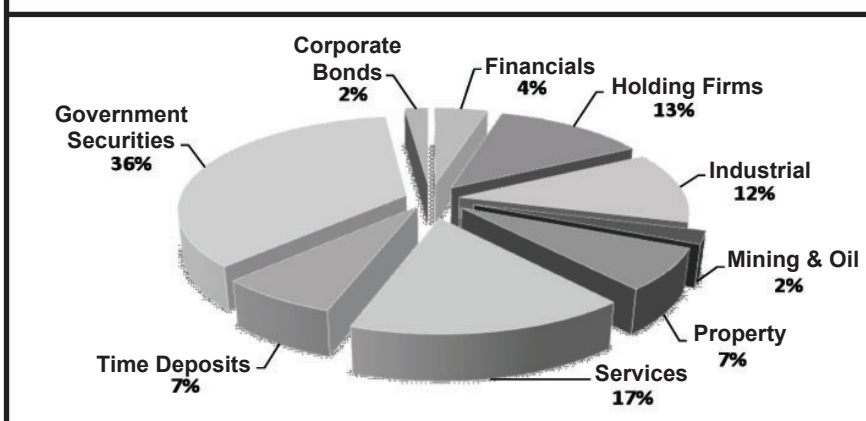
\*\* Sharpe Ratio is used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better.

\*\*\* 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	-1.14%	-5.70%	-9.62%	-6.01%	15.92%	53.06%	-6.79%
Benchmark	-1.81%	-8.54%	-12.25%	-4.98%	29.50%	67.03%	-4.41%

**PORTFOLIO COMPOSITION**



**TOP TEN HOLDINGS (%)**

FXTN 5-72 due 05/23/18 2.1250	23%
FXTN 5-73 due 08/20/20 3.3750	23%
AC Bonds due 05/12/21 6.8000	6%
Ayala Land, Inc.	5%
Phil. Long Distance Telephone Co	5%
SM Investments Corporation	4%
SM Prime Holdings, Inc.	3%
Metro Pacific Investment Corp.	2%
JG Summit Holdings, Inc.	2%
Max's Group, Inc.	2%
Total	47%

**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

The Fund has deposits with the Bank Proper amounting to P5k which was approved by the Board of Directors. Likewise, all related parties transactions are conducted on an arm's length basis.

**OUTLOOK AND STRATEGY**

PSEI ended September at 6,894 or 2.9% lower month-on-month. Foreign investors remained net sellers resulting to a ytd net foreign outflow of US\$873mn.

Fortunately, macro indicators remain favorable. Personal remittances from Overseas Filipinos amounted to USD2.3 billion in July 2015, higher by 0.5% compared to the same period a year ago. For the 1st seven months, personal remittances have reached USD15.7 billion, 4.6% higher yoy.

Despite a slowdown in recent months, growth is expected to accelerate led by higher government spending and investments. Headline inflation slowed further in August to 0.6% compared to 0.8% in July on lower oil and electricity prices and ample food supply.

Meanwhile, the yield of the longer dated local bonds dropped by 30 – 40 basis points to adjust for the lower yields of the new benchmark bonds. We prefer short dated corporate bonds as we remain cautious on the prospects of higher interest rates.

The market still faces strong headwinds such as a strong US dollar and the imminent hike in U.S. interest rates which could create continued volatility and uncertainty in the near term.