



UCPB Peso Bond Fund (UPBF)

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

For the Quarter Ended September 30, 2015

FUND FACTS

| | |
|--|---|
| Classification: Bond | Net Asset Value Per Unit (NAVPU): 1.899851417 |
| Launch Date: May 27, 2005 | Total Fund NAV: PhP 110,250,703.26 |
| 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: One (1) 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: 1.0000% 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: 0.0012% External Auditor: Manabat San Agustin & Company | Other Fees: None |
|---|---|---|------------------|

*As a percentage of average daily NAV for the month valued at PhP 112,311,293.59

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**



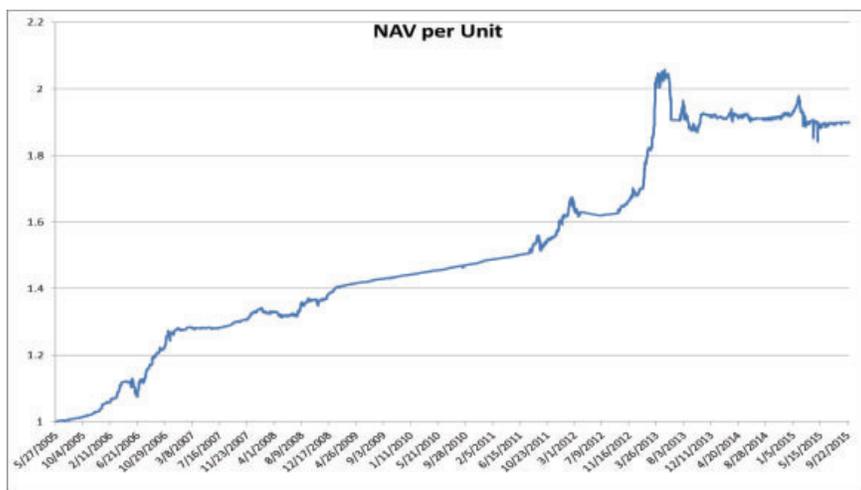
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FUND PERFORMANCE AND STATISTICS AS OF SEPTEMBER 30, 2015
(purely for reference purposes and is not a guarantee of future results)

NAVPU Graph



NAVPU OVER THE PAST 12 MONTHS

| | |
|---------|-------------|
| Highest | 1.978373466 |
| Lowest | 1.840779889 |

STATISTICS

| | |
|--------------------------|--------|
| Weighted Ave. Duration | 2.32 |
| Volatility, Past 1 Year* | 5.88% |
| 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.

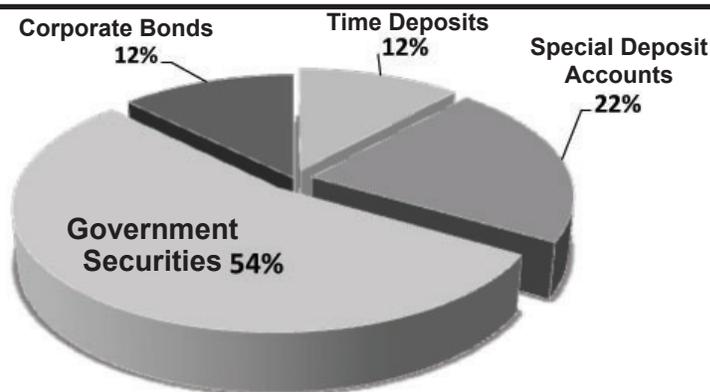
** Sharpe Ratio is used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better.

*** 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 | 0.11% | 0.18% | -0.02% | -0.69% | 16.15% | 29.18% | -1.25% |
| Benchmark | -1.66% | -0.13% | 0.92% | 4.67% | 17.90% | 44.20% | 1.93% |

PORTFOLIO COMPOSITION



TOP TEN HOLDINGS (%)

| | |
|--------------------------------|--------|
| FXTN 5-72 due 05/23/18 2.1250 | 27.4% |
| FXTN 5-73 due 08/20/20 3.3750 | 27.4% |
| BSP - Special Deposit Account | 21.9% |
| Time Deposits | 11.8% |
| AC Bonds due 05/12/2021 6.8000 | 7.8% |
| AC Bonds due 11/23/2019 5.4500 | 3.7% |
| | |
| | |
| | |
| | |
| Total | 100.0% |

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper amounting to P33k 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 country's inflation rate is now at its lowest level in August at 0.6% from 0.8% in July on lower oil, food and energy prices. The average inflation for the 1st eight months is now at 1.70%, below the government's forecast range of between 2% - 4%. The BSP noted that even if the inflation is below their target range, the risk is on the upside on account of El Niño.

Despite a very benign inflation environment, the BSP remained unmoved and kept its key rates unchanged. The BSP believes that there is ample liquidity and domestic demand remains firm. The recent decision of the BSP also took into consideration uncertainties in the financial markets on account of weak global prospects.

Other 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.

The yield of the 10-yr. U.S. Treasury generally remained flattish during the month even after the Fed announced that it will keep its zero rate policy on hold. 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.