



UCPB Balanced Fund (UBF)

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

For the Quarter Ended September 30, 2017

FUND FACTS

Classification: Balanced	Net Asset Value Per Unit (NAVPU): 2.620389593
Launch Date: March 5, 2007	Total Fund NAV: PhP 149,427,016.99
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: 0.4427% 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: 0.0127% External Auditor: Manabat San Agustin & Company	Other Fees: None
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*As a percentage of average daily NAV for the quarter valued at 151,565,393.64

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 Bloomberg Philippine Sovereign Bond Index AI. 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 moderate 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**



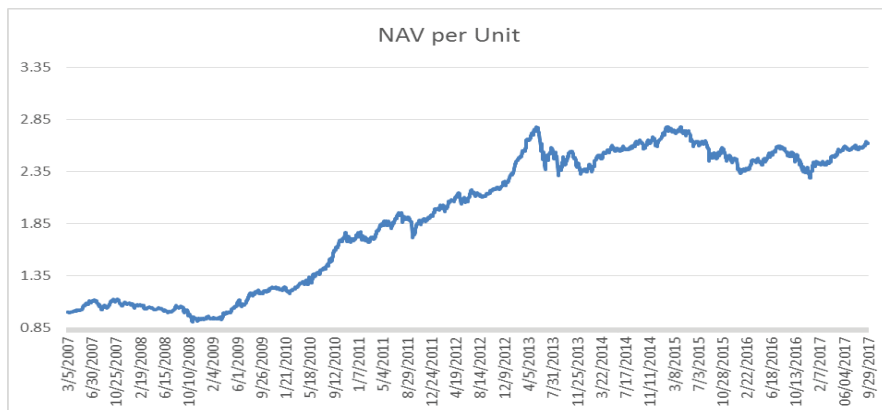
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FUND PERFORMANCE AND STATISTICS AS OF SEPTEMBER 30, 2017
(purely for reference purposes and is not a guarantee of future results)

NAVPU Graph



NAVPU OVER THE PAST 12 MONTHS

Highest	2.640660261
Lowest	2.292519448

STATISTICS

Weighted Ave. Duration	0.96
Volatility, Past 1 Year*	8.23%
Sharpe Ratio**	-0.04%
Information Ratio***	-0.07%

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

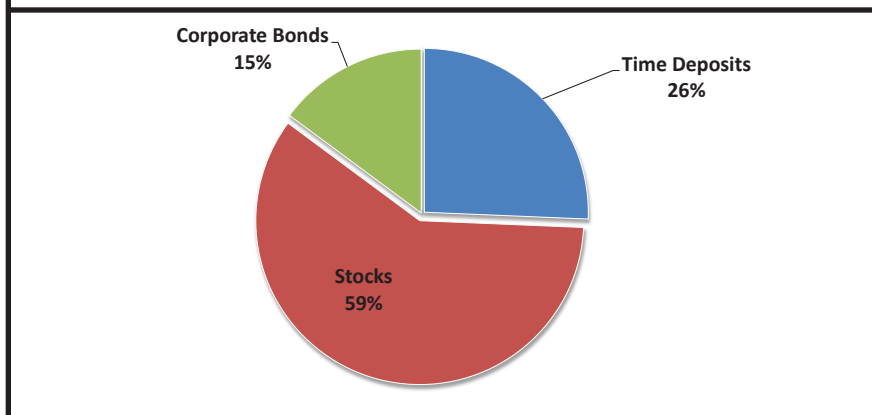
** Sharpe Ratio is used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better.

*** 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	1.60%	2.59%	7.20%	3.26%	-0.75%	22.37%	11.40%
Benchmark	1.91%	3.25%	8.11%	4.16%	10.87%	40.63%	13.09%

PORTFOLIO COMPOSITION



TOP TEN HOLDINGS (%)

Time Deposit	26%
FLI Bonds due 06/08/2019 6.2731	5%
AC Bonds due 05/12/2021 6.8000%	5%
SM Investments Corporation	11%
Ayala Land, Inc.	8%
SM Prime Holdings, Inc.	8%
Ayala Corporation	6%
JG Summit Holdings, Inc.	6%
BDO Unibank, Inc.	5%
Metro Pacific Investments Corporation	4%
Total	84%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper amounting to Php 10k 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 market has finally broken through the all-time high of 8,130. More importantly, the new support held when it was tested a few times following the breakout. Energy Dev. Corp. (EDC) was the most heavily traded stock following the tender offer initiated by a consortium affiliated with Macquarie and the sovereign wealth fund of Singapore.

While the recent rally has been rewarding to investors, those already invested may want to take some profits off the table as valuations are already rich. Moreover, the market may have moved ahead of itself as a key macro driver that the market has been anticipating, i.e., passage of Package 1 of the CTRP, is yet to be approved. At current levels, the market has already priced in the approval of Package 1. Any disappointment regarding this measure will likely trigger a sell off. As expected, the Bangko Sentral ng Pilipinas (BSP) has kept its key rates unchanged at 3.5% for overnight lending, 3.0% of overnight borrowing, and 2.5% for overnight deposit as inflation remains manageable and within the BSP's 2% - 4% target range. Remittances grew by 8.7% to USD2.6 billion in July from USD2.4 billion for the same month last year. Remittance flows continue to remain resilient despite the persistently low crude prices.

Bank lending continues to increase, growing by 20.4% in August. As in the past, the bulk of bank loans or 86% were extended to productive activities while loans for household used accounted for 8% of total borrowings. The balance went to BSP placement and loans to non-resident entities. Meanwhile, domestic liquidity grew by 15.4% to USD10.1 trillion as of August. Local bond prices were slightly higher in September compared to the previous month. However, bond prices have remained flat since the uptick in early September. A slight uptick in inflation next year and a narrower interest rate differential between the PHP and the USD, may prod the BSP to raise rates soon. We continue to be defensive in our allocation.