



UCPB Balanced Fund (UBF)

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

For the Quarter Ended December 31, 2017

FUND FACTS

Classification: Balanced	Net Asset Value Per Unit (NAVPU): 2.668406711
Launch Date: March 5, 2007	Total Fund NAV: PhP 149,343,891.75
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: 0.4322% 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: 0.0038% External Auditor: Punongbayan & Araullo Company	Other Fees: None
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*As a percentage of average daily NAV for the quarter valued at Php 148,755,294.04

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**



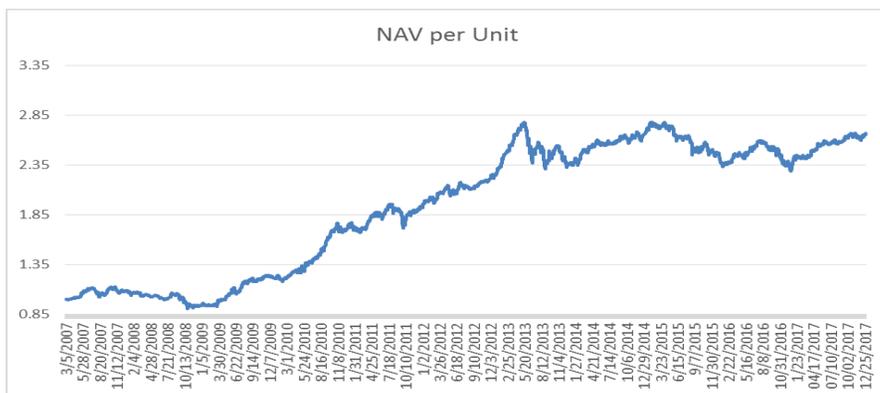
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FUND PERFORMANCE AND STATISTICS AS OF DECEMBER 31, 2017
(purely for reference purposes and is not a guarantee of future results)

NAVPU Graph



NAVPU OVER THE PAST 12 MONTHS

Highest	2.673217711
Lowest	2.292519448

STATISTICS

Weighted Ave. Duration	2.33
Volatility, Past 1 Year*	7.06%
Sharpe Ratio**	0.11%
Information Ratio***	-0.10%

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

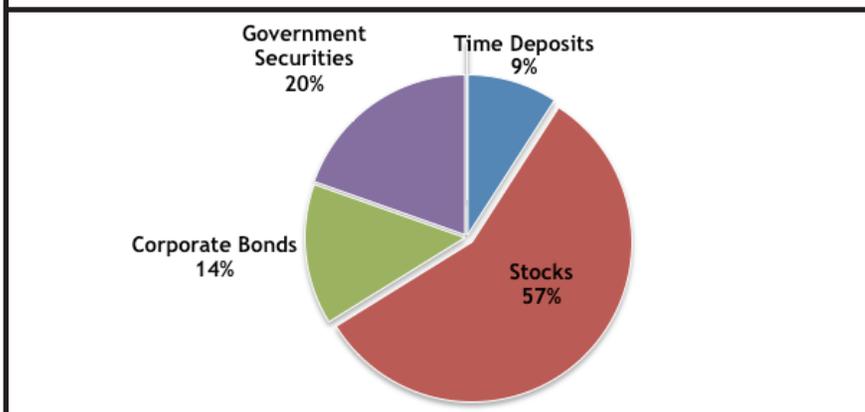
** Sharpe Ratio is used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better.

*** 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	1.57%	1.84%	4.47%	13.44%	0.20%	18.69%	13.43%
Benchmark	1.90%	2.19%	5.57%	5.57%	12.62%	34.77%	15.50%

PORTFOLIO COMPOSITION



TOP TEN HOLDINGS (%)

RTB 5-11	15%
Time Deposit	9%
SM Investments Corporation	6%
Tbills due 08/29/2018	5%
Ayala Land, Inc.	7%
SM Prime Holdings, Inc.	7%
FLI Bonds due 06/08/19 6.27%	5%
JGS Bonds due 02/27/21 5.24%	5%
AC Bonds due 05/12/21 6.80%	4%
Ayala Corporation	3%
Total	66%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper amounting to P17.9k, which were approved by the Board of Directors. Likewise, all related parties transactions are conducted on an arm's length basis.

OUTLOOK AND STRATEGY

Equities ended strongly in December as the PSEi convincingly broke from its more than 2.5-year resistance level. The index ended the year at an all-time high of 8,552, 25% higher than previous year's closing. But before this blockbuster ending, investors had to first endure a falling market which brought the PSEi near the 8,000 level. PLDT and Globe were among those which suffered badly on fears regarding the potential entry of a 3rd telco player. Meanwhile, GT Capital, Semirara Mining & Power Corp, DMCI Holdings, and Universal Robina experience wild price swings over concerns regarding the impact of the new taxes on corporate earnings. Later it turned out that the fears were overblown since the tax impact will not be as substantial as initially estimated. As a result, most affected counters recovered strongly which helped push the market to new heights.

Meanwhile, bond yields steadily climbed in December on the back of higher inflation expectation next year. Investors believe that this development should prompt the Bangko Sentral ng Pilipinas (BSP) to hike rates, at least, twice next year. Aside from higher inflation, the BSP may have to reckon with the narrowing interest rate differential between the Philippine peso (PHP) and the U.S. Dollar (USD). A narrower differential weakens the PHP which results to more expensive imported goods like petroleum products. This is what the BSP is concerned of.

Given a rising interest rate environment, we will remain defensive in our portfolio exposure.