



## UCPB Balanced Fund (UBF)

### KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

For the Quarter Ended September 30, 2019

#### FUND FACTS

Classification: Balanced	Net Asset Value Per Unit (NAVPU): 2.618761831
Launch Date: March 5, 2007	Total Fund NAV: PhP 67,428,422.67
Minimum Investment: PhP 1,000.00	Dealing Day: On any banking day up to 1:30 p.m.
Additional Investment: PhP 1,000.00 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: 0.4422% Trustee: UCPB Acting Through Its Trust Banking Group (TBG)	Custodian Fees: 0.0003% Custodian: Deutsche Bank AG Manila & Philippine Depository & Trust Corp.	External Auditor Fees: 0.0064% 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 69,358,077.53

#### 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 1-5 Years. 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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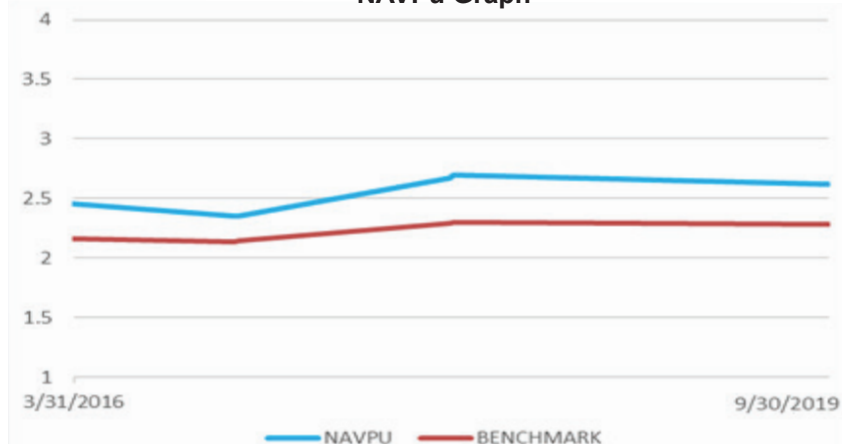
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## FUND PERFORMANCE AND STATISTICS AS OF SEPTEMBER 30, 2019 (purely for reference purposes and is not a guarantee of future results)

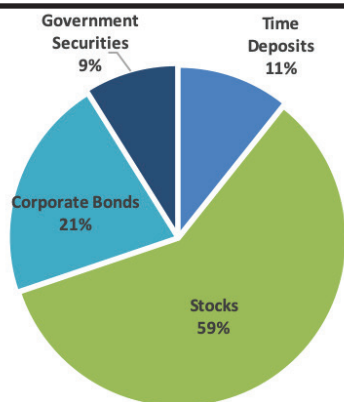
NAVPu Graph



### CUMULATIVE PERFORMANCE (%)

Period	1 Mo	3 Mos	6 Mos	1 Yr	3 Yrs	5 Yrs	YTD
Fund	-2.09%	-1.10%	0.51%	6.07%	3.93%	-0.85%	5.52%
Benchmark	-1.56%	-0.53%	1.32%	8.86%	5.68%	N/A	6.66%

### PORTFOLIO COMPOSITION



### NAVPU OVER THE PAST 12 MONTHS

Highest	2.717926994
Lowest	2.378360211

### STATISTICS

Weighted Ave. Duration	3.6
Volatility, Past 1 Year*	9.22%
Sharpe Ratio**	-0.06
Information Ratio***	0.00

\* 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.

### TOP TEN HOLDINGS (%)

Time Deposit	11%
JGS Bond due 2021	9%
AC Bond due 2021	8%
SM Investments Corporation	7%
Ayala Land, Inc.	6%
FXTN 2023	5%
SM Prime Holdings, Inc.	5%
MBTC Bond due 2022	5%
BDO Unibank, Inc.	4%
Ayala Corporation	4%
<b>Total</b>	<b>64%</b>

## OTHER DISCLOSURES

### RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper amounting to Php27k, which were approved by the Board of Directors. Likewise, all related parties transactions are conducted on an arm's length basis.

### OUTLOOK AND STRATEGY

Both the equity and the fixed income space showed weakness in the month of September. The Philippine Stock Index ended at 7,779.07, falling 200.59 points or -2.5% lower month-on-month. Investor sentiment was mixed as expectations on BSP's moves were fully priced in. The BSP has cut the overnight rates by 25 bps and the reserve requirements by 100bps. The BSP Governor is still considering more RRR cuts before the year ends. Monetary easing was also seen in the international front with Federal Reserve cutting its overnight rate by 25bps amid the division of perception on the strength of their economy.

The crackdown on Philippine Offshore Gaming Operators (POGO) by the government, particularly Megaworld, still continue to hound the market. It is down by -13.45% which is secondary to Alliance Global Inc. decline by -14.65%.

Meanwhile, yields were higher across the curve as market players took profit amid strong bond performance at the beginning of the year. Inflation expectation remains benign with the Bangko Sentral ng Pilipinas (BSP) projecting September 2019 inflation to settle within the 0.60-1.40% range. The recent increase in fuel prices and uptick in selected food prices could offset decline in rice prices and electricity rates. September inflation figure is set to be out on October 4.

On the bond supply side, the government is set to borrow Php 220 billion from the local market in the fourth quarter of this year. The lower volume is due to the government's full coffers following the underspending at the start of the year and remains supportive of the fixed income market.