



UCPB Peso Bond Fund (UPBF)

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

For the Quarter Ended September 30, 2019

FUND FACTS

Classification: Bond	Net Asset Value Per Unit (NAVPU): 2.095195505
Launch Date: May 27, 2005	Total Fund NAV: PhP 46,589,726.79
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: One (1) banking day 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: 0.2526% Trustee: UCPB Acting Through Its Trust Banking Group (TBG)	Custodian Fees: 0.0019% Custodian: Deutsche Bank AG Manila & Philippine Depository & Trust Corp.	External Auditor Fees: 0.0066% External Auditor: Punongbayan & Arullo Company	Other Fees: None
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*As a percentage of average daily NAV for the quarter valued at PhP 54,600,753.87

INVESTMENT OBJECTIVE AND STRATEGY

UPBF aims to provide its participants an alternative long-term investment outlet through investments in high quality and credit worthy instruments such as Government Securities and Deposits, Negotiable Certificate of Deposits, and Non-Negotiable Certificate of Deposits with the UCPB and other banks. It also aims to surpass its benchmark which is the Bloomberg Philippine Sovereign Bond 1-5 Yrs. 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 UPBF is suitable only for investors who:
 - are willing to invest in other fixed income instrument (such as government securities, corporate bonds, etc.) and willing to accept some amount of risk on principal and earnings, with unlimited upside and downside on yields; and
 - wants to exceed the returns of a time deposit over the long term, and willing to accept the returns that are from time to time lower than time deposits;

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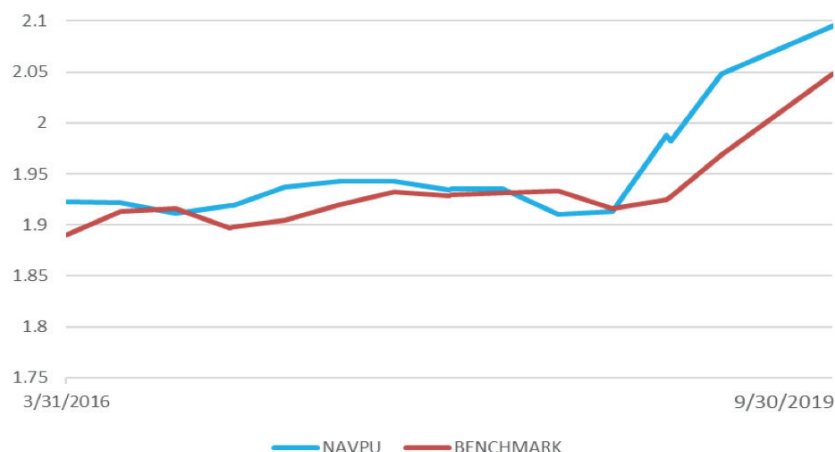
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FUND PERFORMANCE AND STATISTICS AS OF SEPTEMBER 30, 2019
(purely for reference purposes and is not a guarantee of future results)

NAVPu Graph



NAVPU OVER THE PAST 12 MONTHS

Highest	2.135436238
Lowest	1.885908050

STATISTICS

Weighted Ave. Duration	3.52
Volatility, Past 1 Year*	3.18%
Sharpe Ratio**	-0.13
Information Ratio***	0.56

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

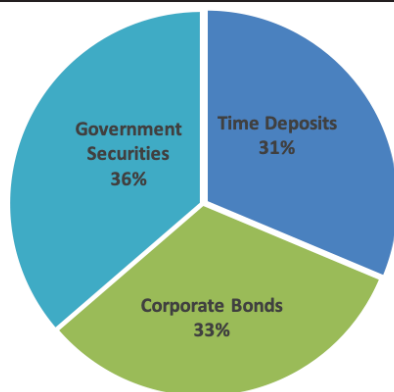
** Sharpe Ratio is used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better.

*** 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	-1.29%	2.29%	5.38%	9.70%	9.06%	9.52%	9.53%
Benchmark	-0.14%	3.02%	6.43%	12.69%	11.95%	N/A	11.16%

PORTFOLIO COMPOSITION



TOP TEN HOLDINGS (%)

Time Deposit	31%
AC Bonds due 2021	15%
FXTN 1064	12%
MBTC Bond due 2022	11%
RTB 512	10%
FXTN 2023	10%
AEV Bonds due 2020 A	7%
FXTN 2017	4%
TOTAL	100%

OTHER DISCLOSURES

RELATED PARTY TRANSACTION

The Fund has deposits with the Bank Proper amounting to Php31K, which were approved by the Board of Directors. Likewise, all related parties transactions are conducted on an arm's length basis.

OUTLOOK AND STRATEGY

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.

The BSP cut overnight interest rates by 25bps last September 26 bringing the overnight policy rate to 4.00%. The move marks the third cut done this year after the 25bps cut in May and August 2019. Further, the BSP cut bank reserve requirement by 100bps to take effect November. This is after BSP implemented 200bps reduction from May to July 2019. Reserve Rate Requirement (RRR) for universal and commercial banks, thrift banks, and rural banks stand at 15%, 5%, and 3% respectively.