



UCPB Balanced Fund (UBF)

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

For the Quarter Ended March 31, 2020

FUND FACTS

| | |
|--|---|
| Classification: Balanced | Net Asset Value Per Unit (NAVPU): 2.183396364 |
| Launch Date: March 5, 2007 | Total Fund NAV: PhP 54,531,289.66 |
| 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: 0.4376% Trustee: UCPB Acting Through Its Trust Banking Group (TBG) | Custodian Fees: 0.0015% Custodian: Deutsche Bank AG Manila & Philippine Depository & Trust Corp. | External Auditor Fees: 0.0079% External Auditor: Punongbayan & Araullo Company | Other Fees: None |
|---|---|---|------------------|

*As a percentage of average daily NAV for the quarter valued at PhP 62,567,307.68

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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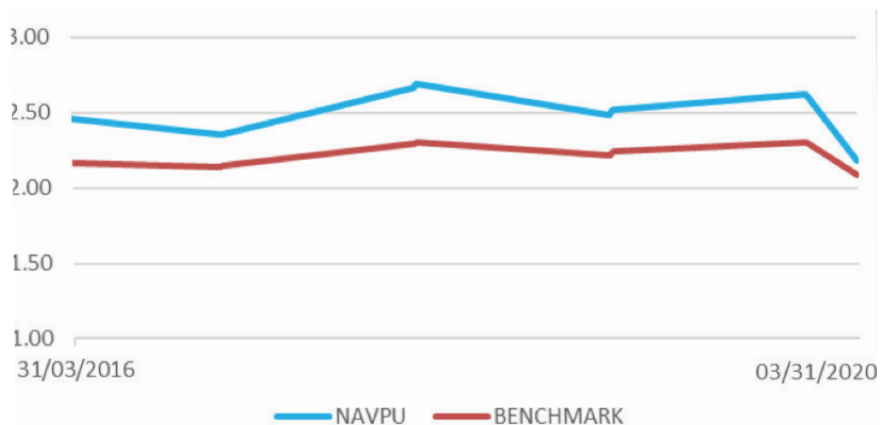
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FUND PERFORMANCE AND STATISTICS AS OF MARCH 31, 2020 (purely for reference purposes and is not a guarantee of future results)

NAVPu Graph



NAVPU OVER THE PAST 12 MONTHS

| | |
|---------|-------------|
| Highest | 2.717926994 |
| Lowest | 2.036763672 |

STATISTICS

| | |
|--------------------------|--------|
| Weighted Ave. Duration | 4.07 |
| Volatility, Past 1 Year* | 13.73% |
| Sharpe Ratio** | -0.10 |
| Information Ratio*** | 0.19 |

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

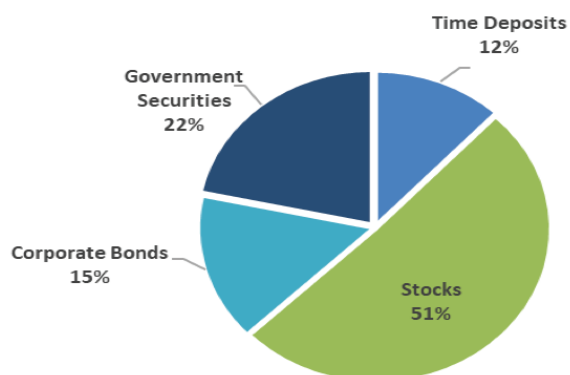
** Sharpe Ratio is used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better.

*** 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 | -10.03% | -16.66% | -4.51% | -16.20% | -10.74% | -20.69% | -16.66% |
| Benchmark | -13.37% | -19.40% | -9.80% | -16.75% | -10.76% | N/A | -19.40% |

PORTFOLIO COMPOSITION



TOP TEN HOLDINGS (%)

| | |
|----------------------------|------------|
| SM Investments Corporation | 14% |
| Time Deposits | 12% |
| AC BONDS 2021 | 10% |
| FXTN 20-17 | 8% |
| Ayala Land, Inc. | 7% |
| MBTC BOND DUE 2022 | 6% |
| SM Prime Holdings, Inc. | 5% |
| FXTN 25-11 | 4% |
| FXTN 20-23 | 4% |
| FXTN 07-61 | 4% |
| Total | 74% |

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper amounting to Php64K, which were approved by the Board of Directors. Likewise, all related parties transactions are conducted on an arm's length basis.

OUTLOOK AND STRATEGY

The PSEi posted one of the worst months since 1990 in March with a -22% return and recorded the worst quarterly return of -32% since the Asian financial crisis. This was brought by all the calamities that the country has faced and is currently facing. Foreign selling has once again accelerated. In March alone, \$300M worth of funds have flown out of the country, bringing the 1Q net foreign outflows to \$650M.

The performance of the stock market will depend largely on the progress in containing the virus and the government's efforts in cushioning the impact to the economy. The BSP has cut policy rates by 75bps to 3.25% in 1Q20 and implemented relief measures to support growth. It is also set to cut reserve requirement ratio by 200bps to support liquidity as March inflation remains benign at 2.5% due to lower oil prices.

Year to date, the yield across the curve went up by an average of 48 basis point led by 3-year, 4-year and 5-year government securities on the back uncertainty on the effects of the pandemic and sluggish trading liquidity.

In the coming months, inflation is still expected to be manageable as oil price remains cheap and economic activities is less brought by the Luzon-wide lockdown. Yields may trend sideways but BSP's security buyback initiative and a more accommodating monetary policy will keep the yields low. However, upward pressure may persist in the second half of the year once the government starts to borrow more to finance its increasing expenditure.