



## UCPB Peso Bond Fund (UPBF)

### KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

For the Quarter Ended June 30, 2020

#### FUND FACTS

Classification: Bond	Net Asset Value Per Unit (NAVPU): 2.262387693
Launch Date: May 27, 2005	Total Fund NAV: PhP 53,991,741.21
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 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: 0.2494% Trustee: UCPB Acting Through Its Trust Banking Group (TBG)	Custodian Fees 0.0004% Custodian: Landbank of the Philippines, Deutsche Bank AG Manila & Philippine Depository & Trust Corp.	External Auditor Fees: 0.0088% 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 51,900,811.96

#### 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**



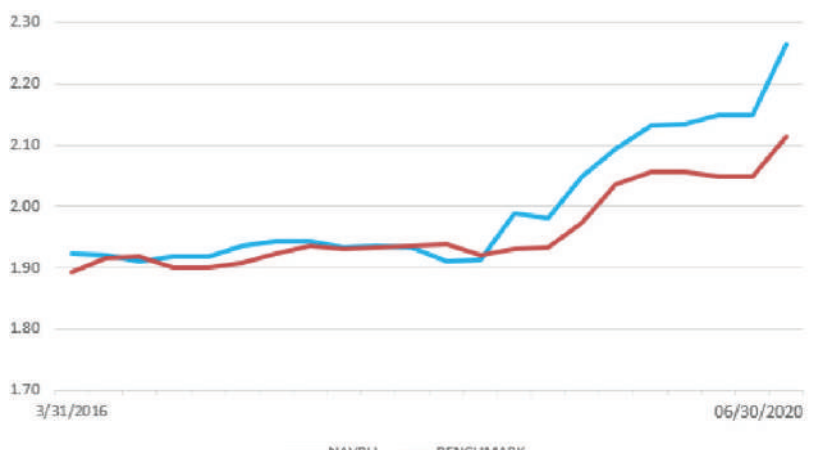
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**FUND PERFORMANCE AND STATISTICS AS OF JUNE 30, 2020**  
(purely for reference purposes and is not a guarantee of future results)

**NAVPu Graph**



**NAVPU OVER THE PAST 12 MONTHS**

Highest	2.263823203
Lowest	2.045971826

**STATISTICS**

Weighted Ave. Duration	4.21
Volatility, Past 1 Year*	3.84%
Sharpe Ratio**	-0.15
Information Ratio***	0.73

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

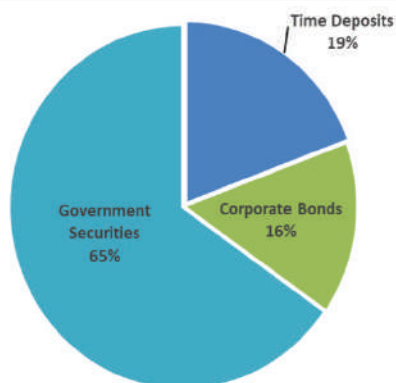
\*\* Sharpe Ratio is used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better.

\*\*\* 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	1.27%	5.21%	6.08%	10.43%	16.81%	19.30%	6.08%
Benchmark	1.13%	6.67%	5.88%	11.19%	21.31%	N/A	5.88%

**PORTFOLIO COMPOSITION**



**TOP TEN HOLDINGS (%)**

Time Deposit	19%
MBTC BOND DUE 2022	10%
RTB 3-10	8%
FXTN 25-11	7%
FXTN 10-64	7%
AEV BONDS DUE 2020 A	6%
FXTN 7-62	5%
FXTN 20-23	4%
FXTN 5-73	4%
FXTN 20-17	4%
<b>TOTAL</b>	<b>74%</b>

**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTION**

The Fund has deposits with the Bank Proper amounting to Php1.56M, which were approved by the Board of Directors. Likewise, all related parties transactions are conducted on an arm's length basis.

**OUTLOOK AND STRATEGY**

Recovery was the theme for the second quarter as both fiscal and monetary tools were in full blast. The Philippine government took advantage the liquidity and borrowed from public that pushed its total debt to Php8.90 trillion, an increase of 15.6% from year-end 2019 level. On the other hand, BSP further eased the overnight reverse repurchase from 3.25% to 2.25% at the end of the second quarter to ensure liquidity and affordable credit facility for the affected businesses, individuals and households.

As a result, Philippine BVAL rates drastically went down by an average of 200 points, quarter on quarter (QoQ). The decline was led by the short-end that went down by 228 bps, QoQ. The belly decreased by 209 points and the long-end went down by 157points at end of the second quarter.

Inflation expectation remains benign on lesser demand and slower economic activities as major cities remain under quarantine measures. Short-term volatility on yields may persist due to profit-taking and risk-taking activity of investors as the economy slowly opening-up