



UCPB Balanced Fund (UBF)

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

For the Quarter Ended September 30, 2020

FUND FACTS

Classification: Balanced	Net Asset Value Per Unit (NAVPU): 2.35963198
Launch Date: March 5, 2007	Total Fund NAV: PhP 58,538,023.09
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: 0.4411% Trustee: UCPB Acting Through Its Trust Banking Group (TBG)	Custodian Fees: 0.0012% Custodian: Landbank of the Phils., Deutsche Bank AG Manila & Philippine Depository & Trust Corp.	External Auditor Fees: 0.0026% 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 60,104,817.19

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**

For more information: Please email trust@ucpb.com

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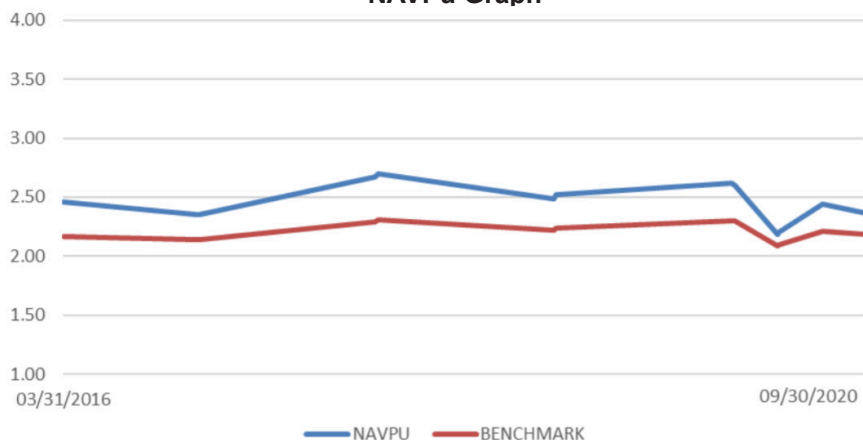
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FUND PERFORMANCE AND STATISTICS AS OF SEPTEMBER 30, 2020 (purely for reference purposes and is not a guarantee of future results)

NAVPu Graph



NAVPU OVER THE PAST 12 MONTHS

Highest	2.706262088
Lowest	2.036763672

STATISTICS

Weighted Ave. Duration	4.29
Volatility, Past 1 Year*	16.07%
Sharpe Ratio**	-0.08
Information Ratio***	0.29

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

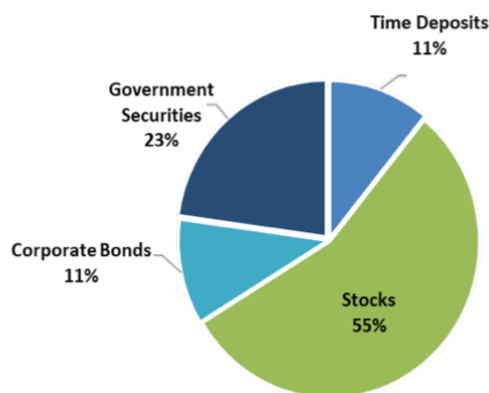
** Sharpe Ratio is used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better.

*** 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	-1.77%	-3.19%	8.07%	5.57%	-9.95%	N/A	-9.94%
Benchmark	-0.20%	-3.18%	8.75%	-11.65%	-9.22%	N/A	-12.44%

PORTFOLIO COMPOSITION



TOP TEN HOLDINGS (%)

Time Deposits	11%
Phil. Long Distance Telephone Co.	7%
Universal Robina Corporation	6%
MBTC BOND DUE 2022	6%
Ayala Land, Inc.	5%
Metro Pacific Investments Corporation	5%
FXTN 761	5%
Ayala Corporation	4%
SM Investments Corporation	3%
SM Prime Holdings, Inc.	3%
Total	55%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper amounting to Php17K, 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 peso bond yield rose by around 11bps, quarter on quarter, on the back of massive debt issuances conducted by the Bureau of Treasury (BTr). The BTr issued 3-yr, 5-yr and 10-yr government bonds and were able to corner around Php576 billion in total. Also, the bond market reacted negatively when the BSP decided to pause in cutting its policy rates despite the 2nd quarter GDP contracted by 16.5%, the deepest contraction since 1981.

On per tenor bucket, the long-end and belly went up on additional supply of securities and less participation from the investors. After the third quarter, the long-end rose by 33bps while the belly went up by 23bps. In contrary, the short-end declined by 18bps, quarter on quarter, on ample liquidity and demand from the investors.

The PSEi continued to consolidate in September, giving up 28 points or -0.48% to close at 5,864. The biggest outperformers were BLOOM (+19.44% MoM), MBT (+14.03% MoM) and AGI (+13.27% MoM) as money shifted out of large caps and as profit-taking ensued on some of the consumer names which already had a good run. Turnover was generally light at an average of 4.7B pesos. Foreign outflows were sustained for the 16th consecutive session, bringing YTD net outflows to 101B pesos. For the month of September, foreign funds sold 15B worth of stocks. Without a clear resolution of the COVID situation in the Philippines coupled with a lack of positive catalysts in the local front, the Philippine market will likely continue in this consolidation patten on light volumes for the meantime

A light at the end of the tunnel was seen. There were numerous positive developments in infrastructure as the government ramps up its efforts to stimulate the economy. President Duterte also signed into law the Php140 billion economic stimulus package under Bayanihan II with a 25B standby fund. Bayanihan II also provides cushion to bank borrowers with the 60-day grace period for the payment of all existing, current, and outstanding loans falling due by year-end. On the macro front, PH September manufacturing PMI improved to 50.1 from 47.3 in the previous month — the highest recorded PMI figure since February as quarantine restrictions ease. Unemployment rate declined to 10.0% in July from the 17.7% drop reported in April.