



LANDBANK

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LANDBANK BOND FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of 30 June 2021

FUND FACTS

Classification	: Long Term Bond Fund	Net Asset Value per Unit	: 1.792573
Launch Date	: 13 March 2006	Total Fund NAV	: PhP 64,670,502.71
Minimum Investment	: PhP 5,000.00	Dealing Day	: Up to 12:00pm of any banking day
Additional Investment	: PhP 1,000.00	Redemption Settlement	: T + 1
Minimum Holding Period	: 30 Calendar Days	Early Redemption Charge	: 25% on the net earnings of the redeemed principal amount. At no instance shall the penalty be less than P500.00

FEES*

Trust Fees	: 0.499%	Custodianship Fees	: 0.007754%	External Auditor Fees	: n/a	Other fees	: 0.003%
	LANDBANK		Standard Chartered				RTGS/Maintenance Fee (LTNCD)

*As a percentage of average daily NAV for the quarter valued at PhP 64,440,723.50

INVESTMENT OBJECTIVE AND STRATEGY

As a Peso-denominated Bond Fund, the LANDBANK Bond Fund aims to generate a steady stream of income mainly through investments in a diversified portfolio of peso-denominated fixed-income securities such as, but not limited to, government securities and corporate bonds suitable for investors looking for moderate yields and willing to take minimal risks on their investments.

CLIENT SUITABILITY

A *client profiling process* shall be performed prior to participating in the Fund to guide prospective investor if the Fund is suited to his/her investment objectives 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 LANDBANK Bond Fund is classified as a Long-Term Bond Fund suitable only for investors who:

- Have a Moderate Risk Profile
- Can accept the risk that the principal investment can be lost in whole or in part when the NAVPU at the time of redemption is lower than the NAVPU at the time of participation.
- With an investment horizon of 3 to 5 years.

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.

Credit Risk/Default Risk. 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.

Reinvestment Risks. The risk associated with the possibility of having lower returns or earnings when maturing funds or the interest earnings of funds are reinvested.

Interest Rate Risk. This is the possibility for an investor to experience losses due to changes in interest rates.

Inflation Risk. The risk that the value of investment is lower than the rate by which the prices of goods and services go up.

Liquidity Risk. 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.

- The Fund implements a risk management policy that applies the principles of Value-at-Risk (VAR) and Modified Duration. VaR is defined as a statistical estimate of the amount of loss that an "open" risk position is unlikely to exceed during a given time period with a given level of confidence. Modified Duration is a means to measure the change in the value of a security in response to a change in interest rates. The formula is used to determine the effect that a 1% change in interest rates will have on the price of the bond.
- The Fund's investment outlets have been subject to proper screening and evaluation in accordance with LANDBANK –TBG's accreditation process and minimum regulatory requirements.

REDEMPTION CONDITIONS

Surrender of the Confirmation of Participation; subject to penalty if redeemed before the minimum holding period. For Partial Redemption, remaining balance should not be less than minimum investment.

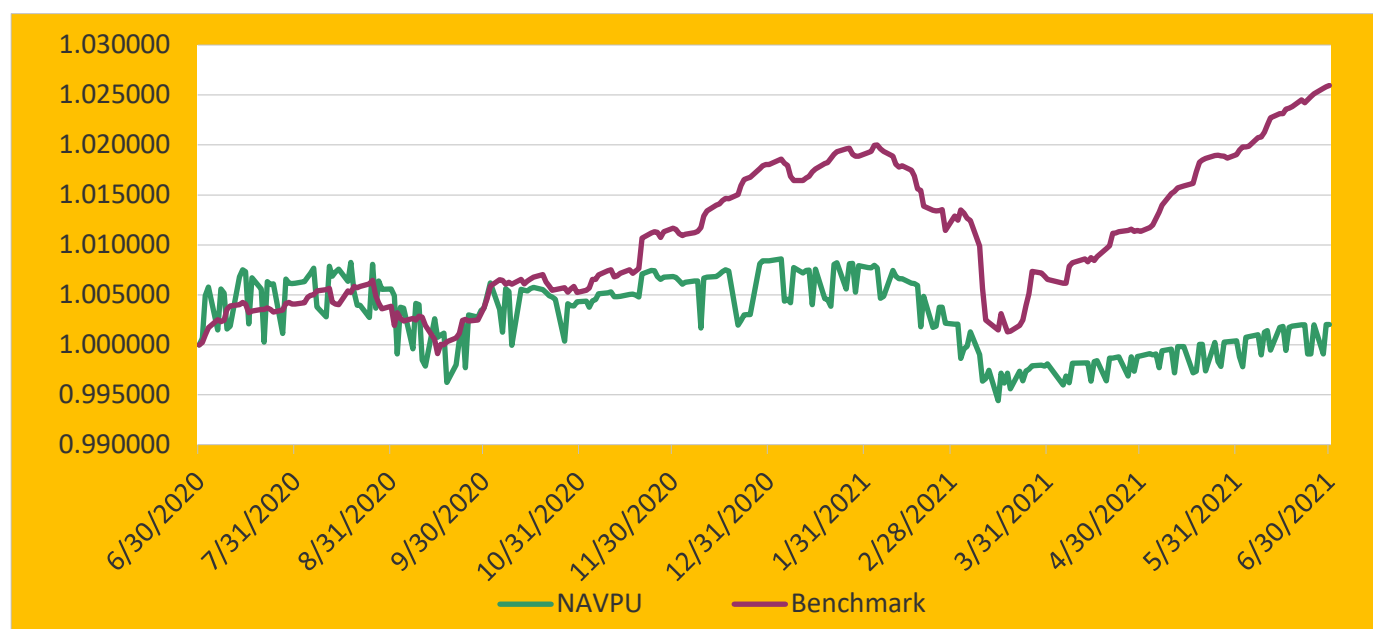
DISCLOSURES

- **THE UIT FUND 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 MOVEMENT/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, you can contact us:
LANDBANK TRUST BANKING GROUP

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NAVPU GRAPH
ONE YEAR FUND PERFORMANCE



NAVPU (Year-On-Year)

Highest	1.804297
Lowest	1.778922

STATISTICS

Weighted Ave Tenor	1.20
Monthly Volatility	0.31%
Sharpe Ratio	-0.20
Information Ratio	-0.72

¹Volatility measures the fluctuations in the yield. A higher value means more dispersion from the Fund's average yield. Adjusted. Volatility per month, for the past 1 year.

²Sharpe Ratio evaluates the return-to-risk efficiency of the portfolio. The higher the value, the higher the reward per unit of risk.

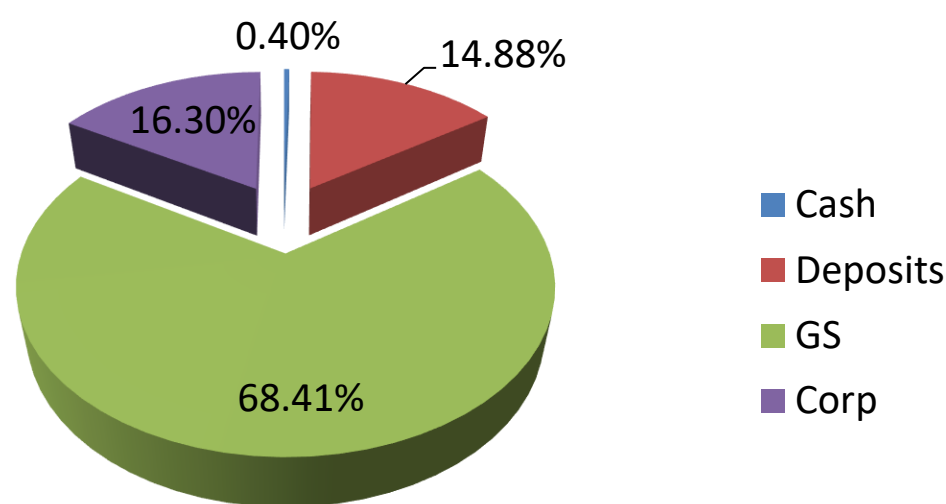
³Information Ratio measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

CUMULATIVE PERFORMANCE(%)¹

Period	1 Mo	3Mos	6Mos	1Yr	3 Yrs
Bond Fund	0.16%	0.40%	-0.63%	0.20%	14.22%
Benchmark²	0.68%	1.44%	0.78%	2.60%	22.88%

¹Past performance is not indicative of future performance
²Bloomberg Government Bond Index A11 (All in)

PORTFOLIO COMPOSITION



MAJOR ASSET HOLDINGS

Issue	Maturity	% of Portfolio
Government Securities	29-Sep-21	7.73%
Government Securities	27-Apr-22	10.71%
Government Securities	18-May-22	8.72%
Government Securities	08-Jun-22	7.64%
Government Securities	07-Jul-21	7.75%
Corporate Bonds/Notes	24-Jan-24	8.28%
Total		50.83%

RELATED PARTY TRANSACTIONS

The Fund has deposits with LANDBANK amounting to 9,858,647.39 which is within the limit approved by the Board of Directors. Likewise, all related parties' transactions are conducted on an arm's length basis.

FUND MANAGER'S REPORT

The general direction of interest rates reversed in 2Q2021 after bond investors apparently bought the Federal Reserve's narrative that the recent spike in U.S. inflation was just transitory and that the price ascent would not persist through year-end. Fed Chairman Powell contended that the higher than expected consumer prices came as a result of low base effects rather than a broad-based increase in aggregate demand. Proof of the pudding was that the U.S. economy hasn't reached full employment yet, notwithstanding the successful containment of covid infections and the widespread easing of restrictions. U.S. economic health is not quite fully restored yet and hence, the accommodative U.S. monetary policy will stay in place perhaps until next year, with the first-rate hike probably coming only by 2023. As a result, US yields fell in Q2 by 7.33 bps. This is in stark contrast to the 30.66 bps uptick in US yields in Q1. Consequently, local yields followed in the footsteps of their U.S. counterparts. Be that as it may, the long-term view is still for global interest rates to rise. The economic cycle has already turned the corner and transitioned from bust to recovery - not quite the boom yet. But we are gradually getting there and once the Federal Reserve tapers its bond buying program, possibly in 4Q2021 or in the first half of 2022, a long-term bear market for bonds will have been firmly established.

VIEW STRATEGY

There might still be a little window of opportunity to engage in some tactical positioning due to the current downward bias in interest rates. However, given the long-term prospects for global economic recovery, the recent bond rally has limited room to run and could soon peter out. The Federal Reserve could also start to taper its bond buying program by the end of this year or in the first half of next year. Given the foregoing, risk-reward dynamics of tactical positioning at this point might not be attractive. It would be best to work on shortening portfolio duration in anticipation of higher interest rates, going forward.

Contact Details

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<https://www.landbank.com/unit-investment-trust-fund>



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