



**LANDBANK**

www.landbank.com

**LANDBANK BOND FUND**

(Previously the LANDBANK Government Securities – Fixed Income Fund)

**KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT**

As of 30 September 2016

**FUND FACTS**

Classification	: Long Term Bond Fund	Net Asset Value per Unit	: 1.579012
Launch Date	: 13 March 2006	Total Fund NAV	: PhP 71,140,797.28
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 + 0
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	: <b>1.00%</b>	Custodianship Fees	: <b>0.015%</b>	External Auditor Fees	: <b>n/a</b>
LANDBANK					
Miscellaneous Expense per Unit at 0.000121					

**INVESTMENT OBJECTIVE AND STRATEGY**

As a Peso-denominated Bond Fund, the LANDBANK GS-FI Fund aims to generate a steady stream of income mainly through investments in a diversified portfolio of peso-denominated fixed income government securities suitable for investors looking for moderate yields and willing to take minimal risks on their investments.

**CLIENT SUITABILITY**

A *client profiling process* should 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 GS-FI Fund is classified as a 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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Email: LBP-TRUST@mail.landbank.com

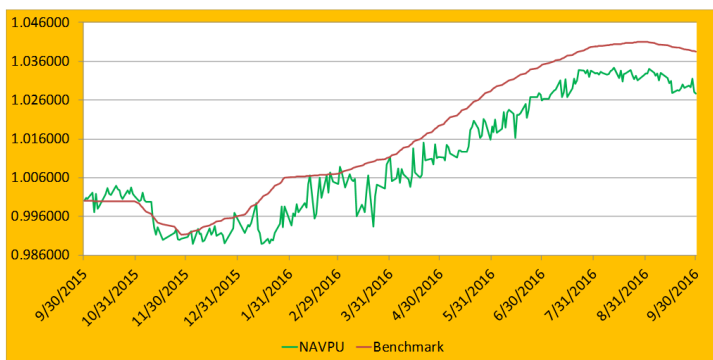
# Fund Performance and Statistics as of 30 September 2016

Purely for reference purposes and is not a guarantee of future results

# BOND FUND

Previously the LANDBANK GS-FI Fund

## NAVPU GRAPH ONE YEAR FUND PERFORMANCE



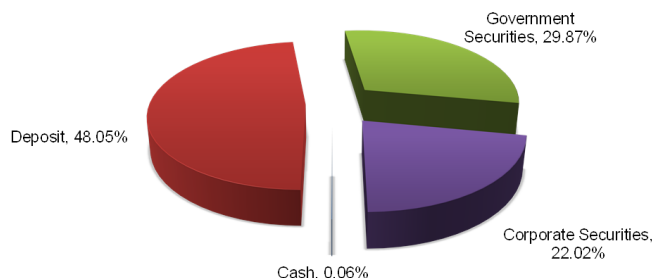
## CUMULATIVE PERFORMANCE(%)<sup>1</sup>

Period	1mo	3mo	6mo	1yr	3yrs
Bond Fund	-0.50%	0.17%	1.60%	2.76%	3.57%
Benchmark <sup>2</sup>	-0.26%	0.34%	2.73%	3.90%	9.93%

<sup>1</sup>Past performance is not indicative of future performance

<sup>2</sup>HSBC Philippines Local Currency Bond Index for securities not exceeding five (5) years until 30 March 2016 & Bloomberg Government Bond Index A11 (All in) from 31 March 2016 onwards.

## PORTFOLIO COMPOSITION



## NAVPU (Year-On-Year)

Highest	1.589288
Lowest	1.519479

## STATISTICS

Weighted Ave. Duration	4.00
Monthly Volatility, Past 1 Year <sup>1</sup>	0.58%
Sharpe Ratio YoY <sup>2</sup>	0.180
Information Ratio <sup>3</sup>	(0.224)

<sup>1</sup>Volatility 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.

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

<sup>3</sup>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.

## MAJOR ASSET HOLDINGS

Issue	Maturity	% of Portfolio
DEPOSIT	10/03/16	15.17%
DEPOSIT	10/12/16	9.83%
FXTN	08/20/20	7.12%
LTNCD	06/11/19	7.02%
LTNCD	06/15/20	7.02%
Corporate Bond	11/09/19	7.40%
Corporate Bond	01/24/24	7.55%
<b>TOTAL</b>		<b>61.13%</b>

## RELATED PARTY TRANSACTIONS

The Fund has deposits with LANDBANK amounting to P42,302.60 which is within the limit approved by the Board of Directors. Likewise, related parties transactions are conducted on an arm's length basis.

## FUND MANAGER'S REPORT

The main storyline for the month of September was the Federal Reserve's (the "Fed") decision to keep policy rates on hold. The verdict, however, was not reached unanimously by any means. Financial markets were just about evenly split about the issue. It just so happened that the latest U.S. economic data released prior to the FOMC meeting were disappointments. Factory Output, Consumer Spending and Services Output figures all fell below street estimates. Even then, there were three dissensions from the voting members – the first time it happened in five years. Had the economic data matched estimates, the Fed may very well have hiked rates already. In any case, the U.S. central bank is still bent on raising rates at least once this year. In all likelihood, it will be in December.

Elsewhere on the globe, China appeared to have regained some of resilience after industrial production, investments and retail sales showed improvements. Still, the presence of credit and asset bubbles all over the place, are things investors need to carefully consider. And the Eurozone ... well, it has shown a semblance of stability but remains to be a powder keg especially with the consequences of Brexit expected to affect the bloc soon with a very ill-equipped European Central Bank.

Back home, the economy is in much better shape than most of the world. The 6.9% H1 GDP growth rate would likely be sustained on the back of strong domestic demand with Consumer Confidence hitting an all-time high in Q3. And although domestic money supply (M3) expanded by 11.8% to P8.7 trillion as of July (latest available figure), inflation remained tame at just 1.8%. Also, a remarkable development unfolded in an area where the Philippines traditionally lagged its ASEAN neighbors – Foreign Direct Investments (FDI) almost doubled in the first half from a year ago. This translates to more jobs. Be that as it may, the economic fairy tale of the country would not play out without wicked witches and trolls. Firstly, the external sector is getting challenged, with the current account shrinking as OFW remittances wane. Secondly, inflation could start to creep up with OPEC agreeing to production cuts. Last but not least, the country's foreign policy and new brand of diplomacy could turn out to be the country's worst bogeyman if friendly relations with developed Western economies are severed.

## VIEW STRATEGY

While financial market continue to speculate hike in Federal Reserve's interest rate, we shall continue to maintain current portfolio exposures and closely monitor market movement and shall gradually increase portfolio duration once rates again go up and reach acceptable levels, so as to lock in at higher yields.

## Contact Details

For more information, visit, call or email

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Your Stewards for Growth and Good Governance

Unit Investment Trust Funds (UITFs) are not deposit accounts or an obligation of, or guaranteed, or insured by the Land Bank of the Philippines or its affiliates or subsidiaries and, therefore, is not insured or governed by the Philippine Deposit Insurance Corporation (PDIC). Due to the nature of investment, yields and potential yields cannot be guaranteed. Any income or loss arising from market fluctuations and price volatility of the securities held by the Fund, even if invested in government securities, is for the account of the investor. As such, units of participation of the investor in the UITF, when redeemed, may be worth more or be worth less than his/her initial investment/contributions. Historical performance, when presented, is purely for reference purposes and not a guarantee of similar future results. The Trustee is not liable for losses, unless upon willful default, bad faith or gross negligence.