



LANDBANK

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**LANDBANK GOVERNMENT SECURITIES-FIXED INCOME FUND (LANDBANK GS-FI FUND)
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT**

As of 31 August 2016

FUND FACTS

Classification	: Long Term Bond Fund	Net Asset Value per Unit	: 1.587011
Launch Date	: 13 March 2006	Total Fund NAV	: PhP 71,327,899.33
Minimum Investment	: PhP 10,000.00	Dealing Day	: Up to 12:00pm of any banking day
Additional Investment	: PhP 5,000.00	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	: 1.00%	Custodianship Fees	: 0.015%	External Auditor Fees	: n/a
LANDBANK					
Miscellaneous Expense per Unit at 0.000070					

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

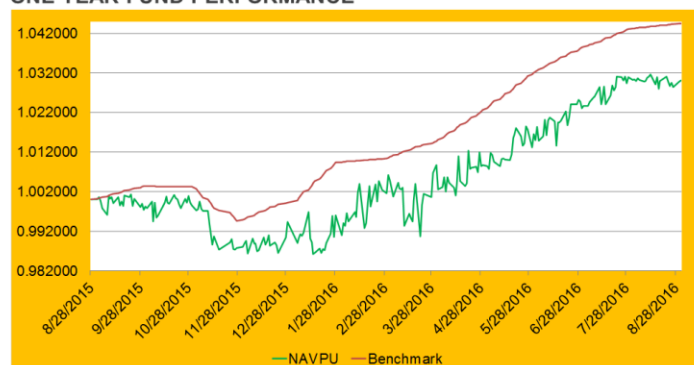
Tel. Nos. 405-7351; 405-7119; 405-7100; 405-7761
Email: LBP-TRUST@mail.landbank.com

Fund Performance and Statistics as of 31 August 2016

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

GS-FI FUND

NAVPU GRAPH ONE YEAR FUND PERFORMANCE

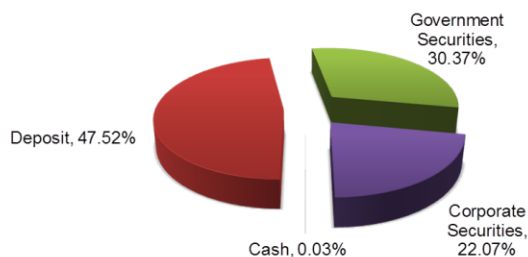


CUMULATIVE PERFORMANCE (%)¹

Period	1mo	3mo	6mo	1yr	3yrs
GS-FI Fund	-0.08%	1.34%	2.84%	3.01%	3.01%
Benchmark ²	0.14%	1.25%	3.46%	4.52%	10.48%

¹Past performance is not indicative of future performance
²HSBC Philippines Local Currency Bond Index for securities with maturities 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	4.27
Monthly Volatility, Past 1 Year ¹	0.56%
Sharpe Ratio YoY ²	0.221
Information Ratio ³	(0.280)

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.

MAJOR ASSET HOLDINGS

Issue	Maturity	% of Portfolio
DEPOSIT	09/14/16	7.02%
FXTN	08/20/20	7.15%
LTNCD	06/11/19	12.21%
LTNCD	06/15/20	7.02%
Corporate Bond	11/09/19	7.35%
Corporate Bond	01/24/24	7.57%
TOTAL		48.30%

RELATED PARTY TRANSACTIONS

The Fund has deposits with LANDBANK amounting to P24,276.62 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

Despite negative Export and Agriculture growths, the Philippines still registered one of the fastest economic expansions for Q2 in Asia. At a 7.0% clip, it brought H1 growth to 6.9%, even outpacing China. If the El Niño phenomenon didn't wreak havoc on the farm sector and the global economy was healthy enough to have supported Philippine exports, the economy would have grown north of 8%. Indeed, the global financial community has taken notice of this prodigious performance under the most grueling global economic environment. Net Portfolio inflows exceeded the \$1 billion level in the month of July as corporate earnings beat most estimates, with an impressive 15.9% aggregate Q2 growth. With the current administration increasing fiscal stimulus and acting on it, there is no reason to believe growth will falter in the next half. Infrastructure spending has been programmed to reach 5.4% of GDP. This will have massive pump priming effects.

Meanwhile, the rest of the global economy is still struggling. China's decline has continued to be more evident with factory output, retail sales and investments all falling in July. Sino Trade Balance further confirmed the very frail state of the global economy after exports fell 4.4% and imports declined by 12.5% in July. This does not bode well for the Philippines as China is the country's top export destination.

And while the U.S. economy is showing signs of recovery firming up, the Federal Reserve's monetary policy propensity is to raise interest rates. With U.S. consumer spending advancing for the fourth straight month in July and factory production growing at the fastest pace in a year, this could happen as early as next month. If not, it could either be in November or December. It is very hard to fight a battle with limited bullets. Hence, the U.S. will raise interest rates in expectation of nasty consequences from Brexit. The Bank of England, for its part, had already lowered its benchmark rates to historic lows in anticipation of rough times ahead. And, it is plain and clear that the very wobbly Eurozone is extremely vulnerable to contagion from a severe Brexit fallout. If things turn from bad to worse, the Fed would like to have the ammunition of being able to cut rates without going into negative territory.

VIEW STRATEGY

While the financial market continues to speculate on the hike in Federal Reserve's interest rates, 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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Trust Banking Group

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.