



**LANDBANK**

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

As of 31 December 2015

**FUND FACTS**

Classification	: Long Term Bond Fund	Net Asset Value per Unit	: 1.531940
Launch Date	: 13 March 2006	Total Fund NAV	: PhP 69,191,552.80
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	: <b>1.00%</b>	Custodianship Fees	: <b>0.015%</b>	External Auditor Fees	: <b>n/a</b>
LANDBANK					
Miscellaneous Expense per Unit at 0.000084					

**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.

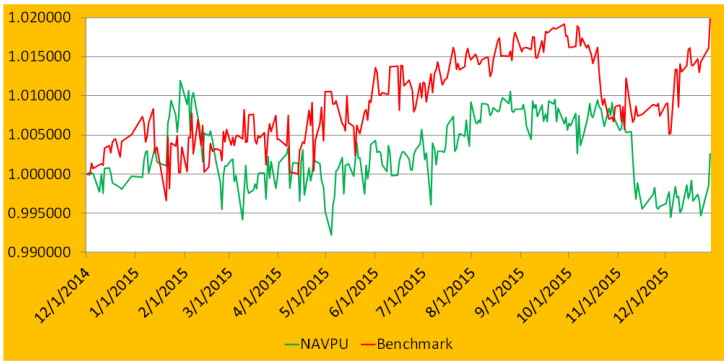
**DISCLOSURES**

- **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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**NAVPU GRAPH  
ONE YEAR FUND PERFORMANCE**



**NAVPU (Year-On-Year)**

Highest	1.546240
Lowest	1.516128

**STATISTICS**

Weighted Ave. Duration	5.33
Monthly Volatility, Past 1 Year <sup>1</sup>	0.69%
Sharpe Ratio YoY <sup>2</sup>	(0.174)
Information Ratio <sup>3</sup>	(0.192)

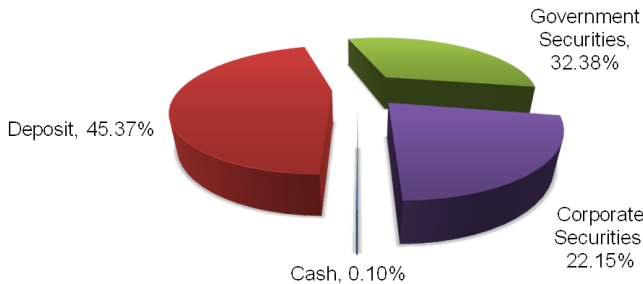
<sup>1</sup>Volatility measures the fluctuations in the yield. A higher value means more dispersion from the Fund's average yield.  
<sup>2</sup>Sharpe Ratio evaluates the return-to-risk efficiency of the portfolio. The higher the value, the higher the reward per unit of risk.  
<sup>3</sup>Information 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.

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

Period	1mo	3mo	6mo	1yr	3yrs
GS-FI Fund	0.67%	-0.30%	-0.31%	0.29%	6.43%
Benchmark <sup>2</sup>	0.47%	-0.41%	0.31%	1.33%	7.88%

<sup>1</sup>Past performance is not indicative of future performance  
<sup>2</sup>HSBC Philippines Local Currency Bond Index for securities with maturities not exceeding five (5) years

**PORTFOLIO COMPOSITION**



**MAJOR ASSET HOLDINGS**

Issue	Maturity	% of Portfolio
BSP-DA	01/28/16	7.23%
FXTN	08/20/24	12.61%
LTNCD	06/11/19	12.57%
LTNCD	06/15/20	7.23%
Corporate Bond	11/09/19	7.40%
Corporate Bond	01/24/24	7.71%
<b>TOTAL</b>		<b>54.75%</b>

**RELATED PARTY TRANSACTIONS**

The Fund has deposits with LANDBANK amounting to P69,866.06 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**

December 2015 will probably be remembered as the month the Federal Reserve raised interest rates for the first time in nearly a decade, ending an era of super accommodative monetary policy, as the U.S. economy emerged from the Great Recession of 2008. As the move was telegraphed and expected by most investors, it only elicited a knee-jerk reaction. Interest rates did not shoot up dramatically and even the stock market rallied. This showed the relief of the investing public from the exasperating on and off uncertainty of the lift-off in the preceding months. Although it offered a "quick fix" for most, it did not rid investors of the proverbial monkey on their backs. The Fed went on to issue pronouncements that it intends to implement four more quarter-percent rate hikes in 2016. As to whether the U.S. central bank's plan holds water or not, remains to be seen. But the divergent monetary policy of the U.S. with the rest of the world appears to be a most inappropriate backdrop for the Fed to proceed with this. Doing so could have very dire consequences not only for the U.S. but for the global economy.

In the local front, the Philippines appears headed for an exciting finish for 2015 after a slow start, early on. Although the government's official growth target for the year is already out of reach, a strong finishing kick could nudge full-year GDP growth near a very respectable 6%. Ramped up infrastructure and early election spending are providing the necessary catalysts for a robust Q4 growth. Domestic liquidity as measured by M3 reached P8 trillion as of November. With this very liquid environment, the BSP would normally be controlling excessive money in circulation but because inflation was subdued, the central bank allowed the financial system to stay awash with cash. Consequently, bank lending registered a healthy double-digit growth rate of 13.6% in November. This, in turn, may lead to an inference of brisk consumer spending for the holiday season. From the general tone of economic activities, full-year 2015 GDP growth could range between 5.7% to 6.1%.

**VIEW STRATEGY**

Prior to the interest rate hike by the FED last December 2015, almost half of the fund had been repositioned and maintained in deposits to provide liquidity to the Fund once the rate increase is effected, and subsequently to lengthen the portfolio's duration. With the 25 bps increase by FED, local interest rates were pushed higher and is expected to continue with their pronouncement to increase interest rate by 2016. This is, somehow, tempered by the economic slow down in other parts of the world, particularly in China and in the Eurozone. In the meantime, we will continue to monitor the interest rate movement and once another increase in interest rates happened and reach acceptable levels, we will gradually accumulate medium- and long-term bonds to lock in at higher rates.

**Contact Details**

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



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.