



**LANDBANK**

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

As of 29 January 2016

**FUND FACTS**

Classification	: Long Term Bond Fund	Net Asset Value per Unit	: 1.534661
Launch Date	: 13 March 2006	Total Fund NAV	: PhP 68,876,264.87
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 0.000007					

**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.

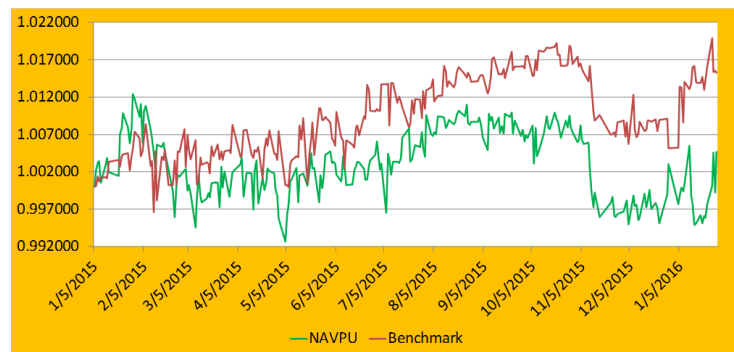
**DISCLOSURES**

- **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

## NAVPU GRAPH ONE YEAR FUND PERFORMANCE



## NAVPU (Year-On-Year)

Highest	1.545262
Lowest	1.516128

## STATISTICS

Weighted Ave. Duration	5.28
Monthly Volatility, Past 1 Year <sup>1</sup>	0.59%
Sharpe Ratio YoY <sup>2</sup>	(0.330)
Information Ratio <sup>3</sup>	(0.441)

<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.

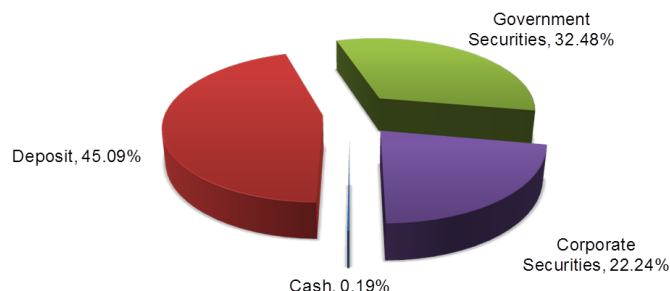
## CUMULATIVE PERFORMANCE(%)<sup>1</sup>

Period	1mo	3mo	6mo	1yr	3yrs
GS-FI Fund	0.18%	-0.25%	-0.48%	-0.69%	3.79%
Benchmark <sup>2</sup>	1.02%	0.61%	1.01%	1.70%	8.32%

<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	02/11/16	5.81%
FXTN	08/20/24	12.63%
LTNCD	06/11/19	12.63%
LTNCD	06/15/20	7.26%
Corporate Bond	11/09/19	7.39%
Corporate Bond	01/24/24	7.76%
<b>TOTAL</b>		<b>53.49%</b>

## RELATED PARTY TRANSACTIONS

The Fund has deposits with LANDBANK amounting to P129,489.67 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

A very inauspicious start greeted 2016 when the Shanghai bourse plunged by 6.9% in the opening day of the year. An atmosphere of doom and gloom immediately pervaded financial markets with bears trumping bulls in a frantic equities sell-off from all corners of the globe. Massive Chinese government intervention failed to stem the tide causing investors to conclude that the world's second largest economy is littered with fundamental economic flaws. Decades of unimpeded double-digit growth rate must have created asset bubbles all over the place. This after China posted its slowest growth rate in 4Q2015, since the global recession in 2009. Indeed, on top of the estimated \$1 trillion capital that flowed out of from China in 2015, the month of January saw follow through exodus of hot money. To prevent further depreciation of the Yuan, the People's Bank of China (PBOC) had to shell out another \$100 billion in January on top of the \$350 billion dispensed from its foreign reserves in the last six months.

And with Europe still in the doldrums, commodity prices continued sinking on very reticent global demand. Incidentally, European banks which are perceived to be exposed heavily with commodity and energy producers got hammered. A period of global deflation is at hand and Central banks do not seem to know how to handle this scenario, which last occurred in the 1930s. The European Central Bank is already out of bullets, so to speak, and can just pretend to still be in control. With this morose global economic backdrop, the Federal Reserve expectedly refrained from raising its key policy rates in the January FOMC meeting.

As for the Philippines, economic growth will most certainly encounter a lot of headwinds. One of the country's economic pillars is sure to take a hit because of low oil prices. With gulf-states grappling with enormous budget deficits, growth in OFW remittances will be very restrained. Fortunately, massive infrastructure spending by the government will be complemented by election spending. This will provide a pump priming effect and should somehow compensate for low remittances. The country will still be one of the fastest growing in the region.

## VIEW STRATEGY

The financial markets continue to experience volatilities amid rising U.S. interest rates and global economic slowdown. We will maintain Fund's current portfolio but will closely monitor the market movements, and shall increase the portfolio duration fund once rates go up and reach acceptable levels, 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.