



LANDBANK

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

As of 29 July 2016

FUND FACTS

Classification	: Long Term Bond Fund	Net Asset Value per Unit	: 1.588337
Launch Date	: 13 March 2006	Total Fund NAV	: PhP 71,367,454.47
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 0.000063					

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.

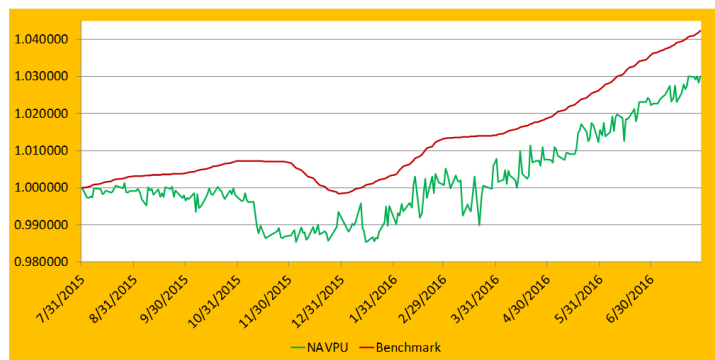
DISCLOSURES

- **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	1.588417
Lowest	1.519479

STATISTICS

Weighted Ave. Duration	4.35
Monthly Volatility, Past 1 Year ¹	0.56%
Sharpe Ratio YoY ²	0.213
Information Ratio ³	(0.271)

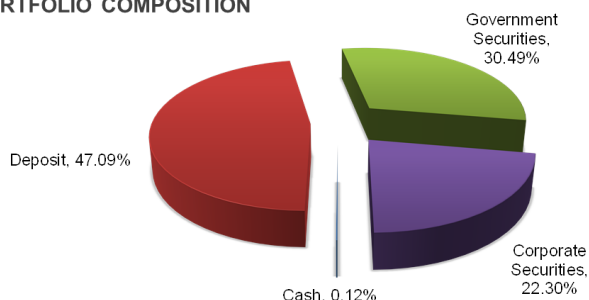
¹Volatility measures the fluctuations in the yield. A higher value means more dispersion from the Fund's average yield. Adjusted. Volatility per month, for the past 1 year.
²Sharpe Ratio evaluates the return-to-risk efficiency of the portfolio. The higher the value, the higher the reward per unit of 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	1mo	3mo	6mo	1yr	3yrs
GS-FI Fund (Net)	0.76%	2.21%	3.50%	3.00%	1.31%
Benchmark ² (Gross)	0.47%	2.06%	3.41%	4.46%	9.44%

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



MAJOR ASSET HOLDINGS

Issue	Maturity	% of Portfolio
FXTN	08/20/20	7.21%
FXTN	03/20/21	5.80%
LTNCD	06/11/19	12.19%
LTNCD	06/15/20	7.01%
Corporate Bond	11/09/19	7.43%
Corporate Bond	01/24/24	7.58%
TOTAL		47.21%

RELATED PARTY TRANSACTIONS

The Fund has deposits with LANDBANK amounting to P83,195.85 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 global economic landscape in July appeared to be stable but in no way secure. Overall, what's been happening since the start of the second quarter, just continued to play out according to script. While the U.S. economy seemed to be plodding along ever so slowly with a 1% GDP growth in H1, the rest of the world is struggling to keep their economies afloat. Europe is still in the doldrums with unemployment stubbornly high at double digit figures. Adding to the pain, the continent's already dim prospects was further dampened by the recent Brexit. Indeed, it wouldn't take much of a shock to plunge the Eurozone, growing at just 0.3%, back into recession. A severe Brexit fallout could easily do it.

In Asia, the two main growth engines in the region are sputtering. Although China was able to stabilize its financial markets, there is fear about the country's growing debt level as economic growth continues to slow down. Japan's monetary policy, meanwhile, has failed miserably as the Yen strengthened on haven demand, effectively negating the BOJ's intent to weaken its currency. Hence, the country unleashed a \$120 billion fiscal program to counter any Brexit repercussions.

While the foregoing might paint a bleak picture of the global economy, the Philippines is definitely hanging tough. The prodigious 6.9% GDP growth registered in Q1 is widely expected to be replicated, if not surpassed in Q2. Even with negative exports, internal demand is strong enough to propel the country to new heights. Also, the reversal pattern and significant pullback in world crude oil prices mean that the Filipino's spending power will not be curtailed. This bodes well for the economy as nearly 70% of GDP comes from consumer spending. And with a decisive, quick-acting and results-oriented government, massive infrastructure spending will surely stimulate economic activity. Indeed, the P120 billion budget deficit recorded in H1 (in stark contrast to the surplus registered in the same period last year) indicates that government spending will not be held back and will provide a big boost to the economy.

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

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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.