



**LANDBANK**

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

As of 30 June 2016

**FUND FACTS**

Classification	: Long Term Bond Fund	Net Asset Value per Unit	: 1.576297
Launch Date	: 13 March 2006	Total Fund NAV	: PhP 70,159,197.55
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 0.000053					

**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.

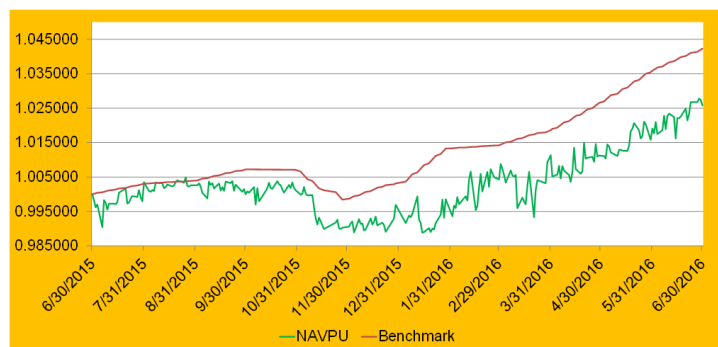
**DISCLOSURES**

- **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

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



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

Highest	1.579432
Lowest	1.519479

**STATISTICS**

Weighted Ave. Duration	4.30
Monthly Volatility, Past 1 Year <sup>1</sup>	0.54%
Sharpe Ratio YoY <sup>2</sup>	0.155
Information Ratio <sup>3</sup>	(0.332)

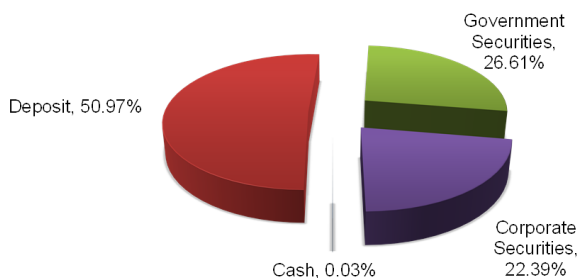
<sup>1</sup>Volatility measures the fluctuations in the yield. A higher value means more dispersion from the Fund's average yield. Adjusted Volatility per month, for the past 1 year.  
<sup>2</sup>Sharpe Ratio evaluates the return-to-risk efficiency of the portfolio. The higher the value, the higher 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	0.66%	1.43%	2.90%	2.58%	3.71%
Benchmark <sup>2</sup>	0.64%	2.38%	3.97%	4.30%	11.24%

<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 until 30 March 2016 & Bloomberg Government Bond Index All (All in) from 31 March 2016 onwards.

**PORTFOLIO COMPOSITION**



**MAJOR ASSET HOLDINGS**

Issue	Maturity	% of Portfolio
BSP-DA	07/01/16	12.74%
FXTN	03/20/21	5.89%
LTNCD	06/11/19	12.46%
LTNCD	06/15/20	7.16%
Corporate Bond	11/09/19	7.29%
Corporate Bond	01/24/24	7.81%
<b>TOTAL</b>		<b>53.36%</b>

**RELATED PARTY TRANSACTIONS**

The Fund has deposits with LANDBANK amounting to P22,924.49 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**

There were quite a number of economic headlines that came out in June but nothing remotely as shocking as the "Brexit" vote. Short for British Exit from the European Union (EU), the decision to exit was placed squarely on the British people via referendum. In the days leading to the polls, surveys had the "remain" vote by a slight margin because of the enormity of the damage a "leave" vote would entail compared to just minor inconveniences of staying in the Union. But to everyone's disbelief and consternation, Brexit would prevail. The vote instantly sent shockwaves to virtually every financial market in the world. Oil immediately sank and the British Pound lost over 10% of its value in just one day.

An introspection of the repercussions of Brexit is quite unnerving. The most obvious consequence is that the U.K. (the fifth largest economy in the world) will lose the privilege of tariff-free trade with the rest of the EU member states. With almost 50% of its exports bound for the EU periphery, the jolt to the U.K.'s economy would be nothing short of devastating. The EU will also be adversely affected as the U.K. is the bloc's single largest export destination, accounting for 16% of shipments. And if the EU gets dragged, it is a cinch the Eurozone would also fall. Growing at just 0.3%, it wouldn't take a lot to cast Eurozone back into recession. And the frightening thing is that the European Central Bank (ECB) is out of bullets, having already exhausted all monetary tools. Nothing more can be done about it. There are many other uncertainties and dire implications. For instance, what will happen to U.S. direct investments in the U.K.? American companies have pumped in \$765 billion into the U.K. to gain access to the EU single market with its population of 380 million. For sure, a lot of companies will pack up and relocate to other EU member countries. An upsurge in unemployment will be inevitable. This is just the tip of the iceberg. A lot of collateral damage will sprout all over the world. A case in point is Japan, which would be hard-pressed to maintain its economic momentum after the fear factor resulting from Brexit has instigated flight to safety. As one of the safe haven assets, the Japanese Yen has strengthened so much that all efforts of the Bank of Japan to weaken the currency have been rendered useless.

The Philippines, for now, has been hanging tough. Although the country's direct trade ties with the U.K. are very minimal, globalization will eventually affect the country. The Brexit dilemma will just take a lot of detours before finally hitting local shores. That being the case, the Philippines will be one of the last economies standing, should Brexit prove to be a "black swan" event.

**VIEW STRATEGY**

With the continued volatility in the financial market, we shall maintain current portfolio holdings, but shall gradually increase the duration once rates again go up and reach acceptable levels, so as to lock in at higher yields. We shall continually and closely monitor the market, to act accordingly.

**Contact Details**

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Visit our website:

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



**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.