



**LANDBANK**

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

As of 31 March 2016

**FUND FACTS**

Classification	: Long Term Bond Fund	Net Asset Value per Unit	: 1.554110
Launch Date	: 13 March 2006	Total Fund NAV	: PhP 70,885,471.00
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 0.000023					

**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

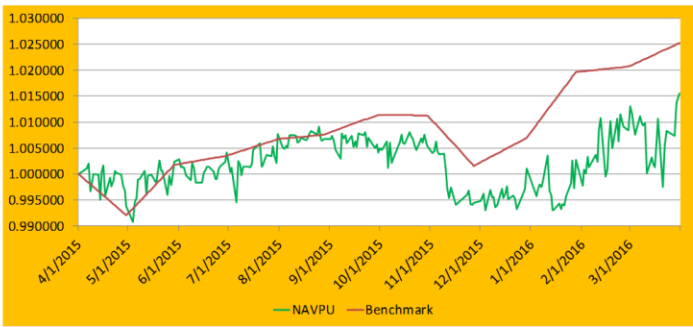
Tel. Nos. 405-7351; 405-7119; 405-7100; 405-7761  
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# Fund Performance and Statistics as of 31 March 2016

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

# GS-FI FUND

## NAVPU GRAPH ONE YEAR FUND PERFORMANCE



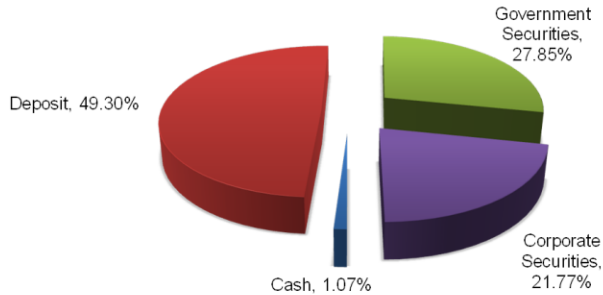
## CUMULATIVE PERFORMANCE(%)<sup>1</sup>

Period	1mo	3mo	6mo	1yr	3yrs
GS-FI Fund	0.71%	1.45%	1.14%	1.76%	-2.31%
Benchmark <sup>2</sup>	0.44%	1.55%	1.13%	2.07%	6.97%

<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



## NAVPU (Year-On-Year)

Highest	1.554110
Lowest	1.516128

## STATISTICS

Weighted Ave. Duration	4.70
Monthly Volatility, Past 1 Year <sup>1</sup>	0.55%
Sharpe Ratio YoY <sup>2</sup>	0.016
Information Ratio <sup>3</sup>	(0.066)

<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.

## MAJOR ASSET HOLDINGS

Issue	Maturity	% of Portfolio
BSP-SDA	04/28/16	8.46%
FXTN	08/20/24	8.17%
LTNCD	06/11/19	12.27%
LTNCD	06/15/20	7.05%
Corporate Bond	11/09/19	7.35%
Corporate Bond	01/24/24	7.62%
<b>TOTAL</b>		<b>50.93%</b>

## RELATED PARTY TRANSACTIONS

The Fund has deposits with LANDBANK amounting to P761,942.68 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 economy continued to show signs of weakness in March, in particular, the world's second largest economy. (This, of course goes without saying that the Eurozone is still in dire straits, prompting the U.K. to opt exiting the currency union.) China's exports as of February fell by the most in seven years. Apart from this, credit bubbles are starting to manifest after China's third largest property developer signaled hardships in servicing a \$600 billion bond flotation, sending its bond yield sharply higher. This also caused Chinese credit default swaps (CDS) to soar, even exceeding prices of Philippine CDS. And although world crude oil prices seemed to have finally found solid footing, the Federal Reserve has deemed that the state of the global economy was way too precarious for it to go ahead with monetary tightening; hence, the U.S. central bank kept its policy rates steady in its March meeting. From the minutes of its meeting, it may be inferred that the Federal Reserve has departed from its hawkish proclivities and would likely be dovish in terms of monetary policy this year.

As for the Philippines, the country's economic performance appeared to be in much better shape than that of the global economy. Although plagued by myriads of external threats, the domestic economy is poised to register a 1Q2016 growth rate near to (or in excess of) 6%. This may be gleaned from the generally robust Q1 corporate earnings of listed firms. Also, the Filipino consumer must have had sufficient discretionary income and a fair amount of spending power after inflation was registered at just 1.1% in March. Moreover, earlier fears of a drastic slowdown in OFW remittances may have been unfounded; this, after January repatriations reached \$2.2 billion. This certainly bodes well for the country as consumer spending accounts for 70% of economic output. And with election spending complementing the government's massive infrastructure outlay, there is very little reason to believe that Q1 economic expansion would be tepid. There is definitely more than one reason to hold on tight to optimism.

## VIEW STRATEGY

With the Federal Reserve's decision to defer its policy rate hike, the Fund shall maintain its current portfolio. In the meantime, maturities from deposits shall be reinvested in short-term deposits. We shall also closely monitor market movements and shall increase portfolio duration 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.

LANDBANK UNIT INVESTMENT TRUST FUNDS