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

As of 31 May 2016

FUND FACTS

Classification	: Long Term Bond Fund	Net Asset Value per Unit	: 1.566033
Launch Date	: 13 March 2006	Total Fund NAV	: PhP 69,884,813.82
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 : LANDBANK	**1.00%**	Custodianship Fees :	**0.015%**	External Auditor Fees :	**n/a**

Miscellaneous Expense per Unit at 0.000047

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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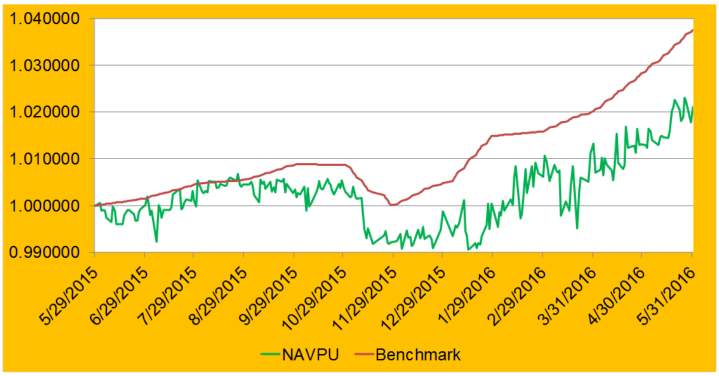
Email: LBP-TRUST@mail.landbank.com

Fund Performance and Statistics as of 31 May 2016
Purely for reference purposes and is not a guarantee of future results

GS-FI FUND

NAVPU GRAPH
ONE YEAR FUND PERFORMANCE



NAVPU *(Year-On-Year)*

Highest	1.569032
Lowest	1.519479

STATISTICS

Weighted Ave. Duration	4.13
Monthly Volatility, Past 1 Year[1]	0.52%
Sharpe Ratio YoY[2]	0.081
Information Ratio[3]	(0.329)

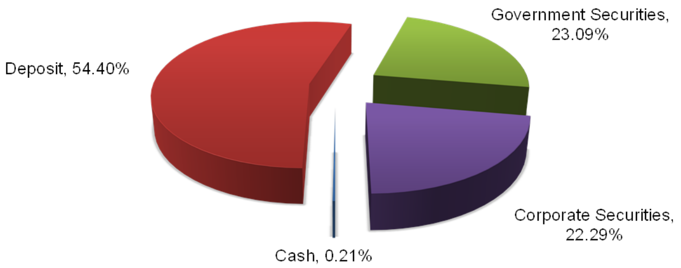
[1]Volatility measures the fluctuations in the yield. A higher value means more dispersion from the Fund's average yield. Adjusted. Volatility per month, for the past 1 year.
[2]Sharpe Ratio evaluates the return-to-risk efficiency of the portfolio. The higher the value, the higher the reward per unit of risk.
[3]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(%)[1]

Period	1mo	3mo	6mo	1yr	3yrs
GS-FI Fund	0.78%	1.48%	2.91%	2.10%	-0.79%
Benchmark[2]	0.94%	2.18%	3.80%	3.80%	7.88%

[1]Past performance is not indicative of future performance
[2]HSBC Philippines Local Currency Bond Index for securities with maturities not exceeding five (5) years until 30 March 2016 & Bloomberg Government Bond Index AI1 (All in) from 31 March 2016 onwards.

PORTFOLIO COMPOSITION



MAJOR ASSET HOLDINGS

Issue	Maturity	% of Portfolio
BSP-DA	06/01/16	21.78%
FXTN	03/20/21	5.85%
LTNCD	06/11/19	12.45%
LTNCD	06/15/20	7.15%
Corporate Bond	11/09/19	7.52%
Corporate Bond	01/24/24	7.62%
TOTAL		**62.37%**

RELATED PARTY TRANSACTIONS

The Fund has deposits with LANDBANK amounting to P148,040.74 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 month of May provided confirmation of the above-average growth trajectory of the Philippines. At an annual rate of 6.9%, the country's 1Q2016 GDP growth was the fastest among the major ASEAN countries and even outpaced the reported 6.7% growth of China for the period. The prodigious economic expansion may be attributed to several factors, among which are: a low Q1 base effect, front-loaded government infrastructure spending, brisk consumer spending, election related-spending and the milder than expected agricultural damage from el niño. Note that the enviable growth rate came even with a contraction in exports. That means that internal demand is very strong and is capable of supporting the economy with the country's favorable demographics. Other notable data which would support this view are the increased factory output and imports. Factories wouldn't be importing and producing more if demand were weak. Consequently, domestic money supply (M3) increased by 12.7% to P8.6 trillion while bank lending accelerated at a faster pace of 15.6% as of April. This could spur inflation to run a bit faster in the coming months.

The strength of the real economy, however, does not insulate financial markets from volatility. Even though the Philippines is endowed with sound fundamentals, external factors could whipsaw the country's foreign exchange, bond and stock markets. The most obvious threat to these is the looming Federal Reserve rate hike, which could happen within a couple of weeks' time. Although economic data that came out of the U.S. were mixed, they were still skewed towards the positive side. The stabilization of world commodity prices is also a factor that could turn the tide as the Federal Reserve's inflation target would soon be just an arm's length away. And with the U.S. jobs picture already at or near full employment, there is compelling reason to hike interest rates. That said, it would be good advice to cut portfolio durations as well as to lighten up on fixed-income and listed equity investments. Once fairly sure of the timing of the rate hike, gradually accumulate bondholdings and lengthen portfolio duration.

VIEW STRATEGY

Despite the improving domestic economy coupled with the positive outcome of recent national election, market volatilty may still continue in the financial market, with the still possible Federal Reserve interest rate hike. We shall continue to monitor market movements and shall gradually increase duration once rates go up and reach acceptable levels, to lock in at higher yields.

Contact Details
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Visit our website:
https://www.landbank.com/unit-investment-trust-fund

LANDBANK UNIT INVESTMENT TRUST FUNDS

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