



LANDBANK

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LANDBANK BOND FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of 30 September 2020

FUND FACTS

Classification	: Long Term Bond Fund	Net Asset Value per Unit	: 1.795497
Launch Date	: 13 March 2006	Total Fund NAV	: PhP 52,920,245.63
Minimum Investment	: PhP 5,000.00	Dealing Day	: Up to 12:00pm of any banking day
Additional Investment	: PhP 1,000.00	Redemption Settlement	: T + 1
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	: 0.76%	Custodianship Fees	: 0.0063%	External Auditor Fees	: n/a	Other fees	: 0.0026%
LANDBANK		Standard Chartered				RTGS/Maintenance Fee	

\*As a percentage of average daily NAV for the quarter valued at 53,036,682.59

INVESTMENT OBJECTIVE AND STRATEGY

As a Peso-denominated Bond Fund, the LANDBANK Bond Fund aims to generate a steady stream of income mainly through investments in a diversified portfolio of peso-denominated fixed-income securities such as, but not limited to, government securities and corporate bonds suitable for investors looking for moderate yields and willing to take minimal risks on their investments.

CLIENT SUITABILITY

A client profiling process shall 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 Bond Fund is classified as a Long-Term 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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# Fund Performance and Statistics as of 30 September 2020

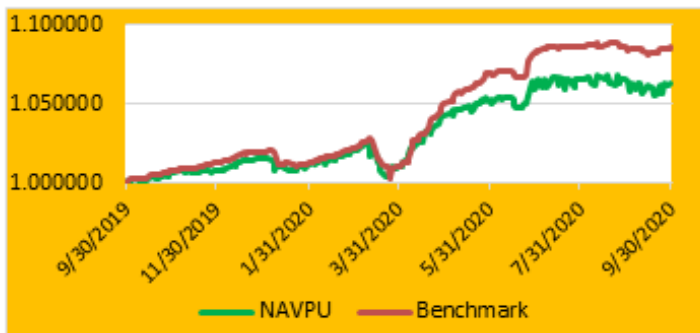
Purely for reference purposes and is not a guarantee of future results

# BOND FUND

Previously the LANDBANK GS-FI Fund

## NAVPU GRAPH

### ONE YEAR FUND PERFORMANCE

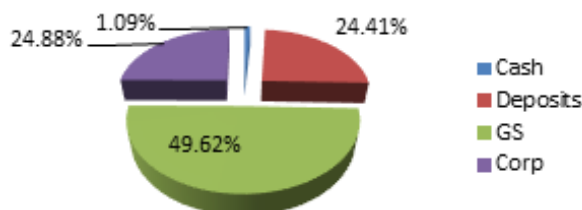


## CUMULATIVE PERFORMANCE(%)<sup>1</sup>

Period	1 Mo	3Mos	6Mos	1Yr	3 Yrs
Bond Fund	-0.19%	0.37%	5.26%	6.33%	13.21%
Benchmark <sup>2</sup>	-0.01%	-0.04%	7.48%	8.62%	20.29%

<sup>1</sup> Past performance is not indicative of future performance.  
<sup>2</sup> Bloomberg Government Bond Index ASI (All In)

## PORTFOLIO COMPOSITION



## NAVPU (Year-On-Year)

Highest	1.803677
Lowest	1.687339

## STATISTICS

Weighted Ave Tenor	3.02
Monthly Volatility	1.02%
Sharpe Ratio	0.34
Information Ratio	-0.50

<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
Government Securities	12-Mar-24	10.46%
Corporate Bonds/Notes	24-Jan-24	10.23%
Government Securities	11-Feb-23	7.88%
Government Securities	14-Feb-26	7.54%
Corporate Bonds/Notes	23-Feb-25	5.95%
<b>Total</b>		<b>42.07%</b>

## RELATED PARTY TRANSACTIONS

The Fund has deposits with LANDBANK amounting to P8,274,719.33 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

As low as they already are, interest rates moved generally sideways with a downward bias. As the Corona virus ravaged nearly every country in the world, the global as well as the domestic macroeconomic setting was not at all upbeat. To make matters worse, the resurgence of Covid cases in parts of Europe, threatened to negate signs of nascent economic recovery there. The U.S., for its part, is still grappling with the unabated increase in its cases. Nevertheless, its economy is managing to stay afloat only because of the super massive monetary and fiscal stimuli unleashed. In the local front, things aren't looking great either; Q2 economic output plunged 16.5% year-on-year - the worst on record. Moreover, alleged corruption scandals in the medical sphere and political misdemeanors are hindering efforts to combat the virus. The degree of uncertainty is still quite high although there were fleeting episodes of sell-offs in the local bond market on hopes of a vaccine. For now, as the infection rate remains elevated, demand for government securities will be high. This should keep interest rates very low. But we are anticipating that the emergence of an effective, US FDA-approved vaccine, will probably turn things around. Rates will jump once this comes to fruition in the last few months of the year.

## VIEW STRATEGY

Unless the Federal Reserve adopts negative interest rates, the current level of yields are already at or very near rock-bottom. That said, very little upside can be had with bonds. The very deep recession has pulled rates to all-time lows. They cannot go significantly lower from current levels. The thing to watch out for and be aware of is the economic cycle. A V-shaped recovery is unlikely, but a recovery is definitely forthcoming. This virus will eventually be put under control and vanquished. Once an effective vaccine emerges, that will be the start of a trend reversal. While rates are still very low, sell-side investors should be quite active while the going is still right. Keep unloading and ridding portfolios of securities with low YTM's.

## 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.