



LANDBANK

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LANDBANK MEDIUM-TERM BOND FUND

(Previously the UCPB Peso Bond Fund)

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of 30 June 2024

FUND FACTS

Classification	: Fixed-Income Fund	Net Asset Value per Unit	: 2.359152
Launch Date	: 27 May 2005	Total Fund NAV	: PhP 31,532,958.72
Minimum Investment	: PhP 1,000.00	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	: 0.249626%	Custodianship Fees	: n/a	External Auditor Fees	: n/a	Other fees	: 0.000182%
	LANDBANK		Standard Chartered				RTGS fee

*As a percentage of average daily NAV for the quarter valued at PhP 31,821,946.82

INVESTMENT OBJECTIVE AND STRATEGY

The LANDBANK Medium-Term Bond Fund aims to achieve income growth by investing in a diversified portfolio of Philippine Peso denominated fixed income instruments.

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 Medium-Term Bond Fund is suitable only for investors who:

- have a Moderate Risk Profile
- are willing to invest in fixed income instruments (such as government securities, corporate bonds, etc.)
- are willing to accept some amount of risk on principal and earnings;
- wishes to have a potential return higher than traditional deposit products; and
- have 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 Risk. 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.

Market/Price Risk. This is the possibility for an investor to experience losses due to changes in market prices of securities (e.g., bonds and equities).

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.

Inflation Risk. The risk that the value of investment is lower than the rate by which the prices of goods and services go up.

- 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 or submission of a Letter of Instruction and such other reasonable requirements which the TRUSTEE may require; 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**
- **INVESTORS MUST READ THE COMPLETE DETAILS OF THE FUND IN THE PLAN RULES, MAKE HIS/HER OWN RISK ASSESSMENT, AND WHEN NECESSARY, HE/SHE MUST SEEK INDEPENDENT/PROFESSIONAL OPINION, BEFORE MAKING AN INVESTMENT.**

For more information, you can contact us:

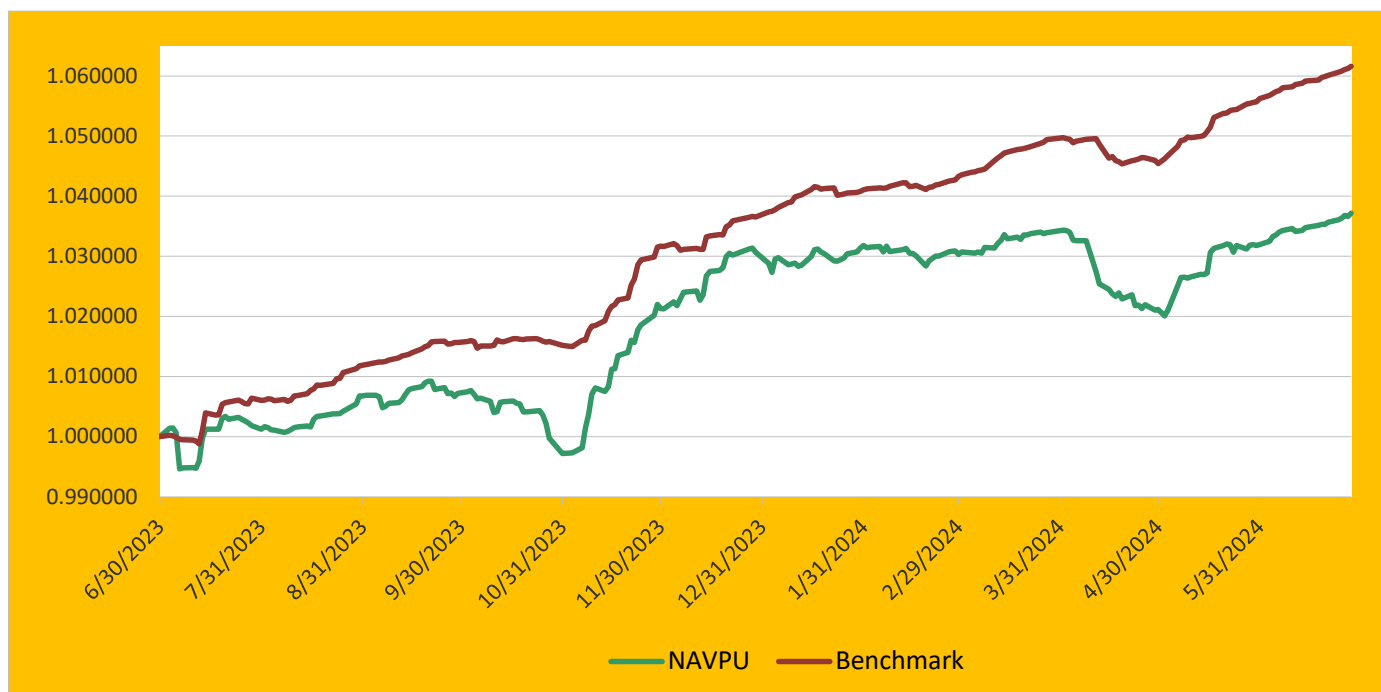
LANDBANK TRUST BANKING GROUP

Tel. Nos. 8405-7351; 8405-7119; 8405-7100; 8405-7761

Email Addresses: New Accounts: TBDD@landbank.com

Existing Accounts: TRAMD@landbank.com

NAVPU GRAPH
ONE YEAR FUND PERFORMANCE



NAVPU (Year-On-Year)

Highest	2.359152
Lowest	2.262349

STATISTICS

Weighted Ave Tenor	3.86
Monthly Volatility ¹	0.95%
Sharpe Ratio ²	-0.07
Information Ratio ³	-0.39

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	1 Mo	3Mos	6Mos	1Yr	3 Yrs
Medium-Term Bond ²	0.51%	0.32%	0.63%	3.72%	4.97%
Benchmark ³	0.51%	1.16%	2.41%	6.16%	7.71%

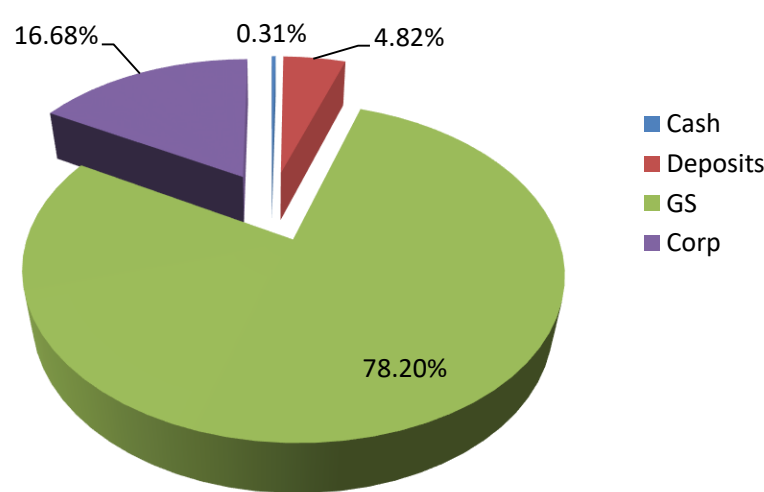
¹Past performance is not indicative of future performance

²Net of imputed Expected Credit Loss (ECL)

³Weighted average percentage change in the following indices:

- a. Bloomberg Philippine Sovereign Bond Index 1 to 3 Years (Gross of Tax) - 95%
- b. 1-month BVAL price (Gross of Tax) - 5%

PORTFOLIO COMPOSITION



MAJOR ASSET HOLDINGS

Issue	Maturity	% of Portfolio
Government Securities	10-Jan-29	16.31%
Government Securities	7-Apr-25	11.75%
Government Securities	27-Jul-30	9.58%
Government Securities	13-Oct-29	9.51%
Government Securities	23-Jun-32	6.64%
TOTAL		53.78%

RELATED PARTY TRANSACTIONS

The Fund has deposits with LANDBANK amounting to 1,095,067.31 which is within the limit approved by the Board of Directors. Likewise, all related parties transactions are conducted on an arm's length basis.

FUND MANAGER'S REPORT

The second quarter of 2024 provided more of the uncertainties that characterized the global macroeconomic settings for the past year. The mixed bag of data churned out by the U.S. economy was quite unsettling as it was virtually impossible to decipher a definitive direction or trend in the financial markets. Interest rates moved just sideways with heightened volatility every now and then. This scenario would likely continue to play out in the next quarter unless U.S. inflation dips below the psychological 3% barrier. Although yields are still hovering at relatively high levels, the peak of the rising interest rate cycle was already reached back in the last quarter of 2022 when the local 10-year yield rose to as high as 7.7%. The million-dollar question now is when the reversal trend will take place and send interest rates decidedly on a general downward trajectory. From the look and feel of things, this isn't far away.

VIEW STRATEGY

The inflection point would likely eventualize once U.S. inflation registers below 3%. Until then, interest rates would just likely move sideways with some volatility. For now, it would be sensible to adopt a barbell strategy of being heavy on the long and short-ends of the curve. Vigilantly monitor developments and re-allocate positions into the long end when U.S. inflation dips below 3%.

Contact Details

For more information, visit, call or email

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Visit our website:

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

UNIT INVESTMENT TRUST FUND

ABOUT THE LANDBANK MEDIUM-TERM BOND FUND'S BENCHMARK

Weighted average percentage change in the following indices:

- a. Bloomberg Philippine Sovereign Bond Index 1 to 3 Years - 95%
- b. 1-month BVAL price - 5%

Description of the Benchmark

- a. Bloomberg Philippine Sovereign Bond Index 1 to 3 Years - 95%

Bloomberg's BVAL Evaluated Pricing Service provides transparent and highly defensible prices for fixed-income securities across the liquidity spectrum. The key to BVAL's methodology is its real-time access to market observations from a wealth of contributed sources. This accumulated mass of market data is the main driver of an innovative and quantitative approach that first corroborates market levels on actively traded bonds and then derives a comparable relative value price for those securities that are less liquid.

This methodology aligns with Bloomberg's trusted capabilities as the financial industry's leading analytics platform and source of fixed-income information. In addition to sophisticated algorithms that generate evaluated prices, the BVAL methodology assigns a BVAL Score based on the amount and consistency of market data used in Bloomberg models.

- b. 1-month BVAL

The shortest benchmark tenor. Based on the one-month prevailing market rate that comprises the front-end of the Philippine yield curve.

Key Characteristics

The Bloomberg Philippine Sovereign Bond Index 1 to 3 years (BPHIL13) is a rules-based market-value weighted index engineered to measure the fixed rate local currency securities publicly issued by the Philippines, including retail securities. To be included in the index, a security must have a minimum par amount of PhP3 billion and a credit quality of BBB.

The 1-month BVAL rate is the front-end of the Philippine yield curve which reflects the current yield for a 30-day fixed-income security.

Relation to the fund's objectives/investment strategies

The fund caters to investors with moderate risk profile. It is principally invested in medium-term government and private bonds with a maximum weighted average portfolio life of up to 5 years. Since the 5-year weighted average portfolio life is almost never maximized because of liquidity considerations and the fact that the tenors of securities are reduced every day, it would be most apt to benchmark the fund performance with the BPHIL13 which is a basket of similar securities.

To manage liquidity risk, the fund has to lodge 5% of its net assets in securities with maturity not longer than 30 days. Hence, 5% of the fund is benchmarked on the 1-month BVAL price.

Change in the Benchmark

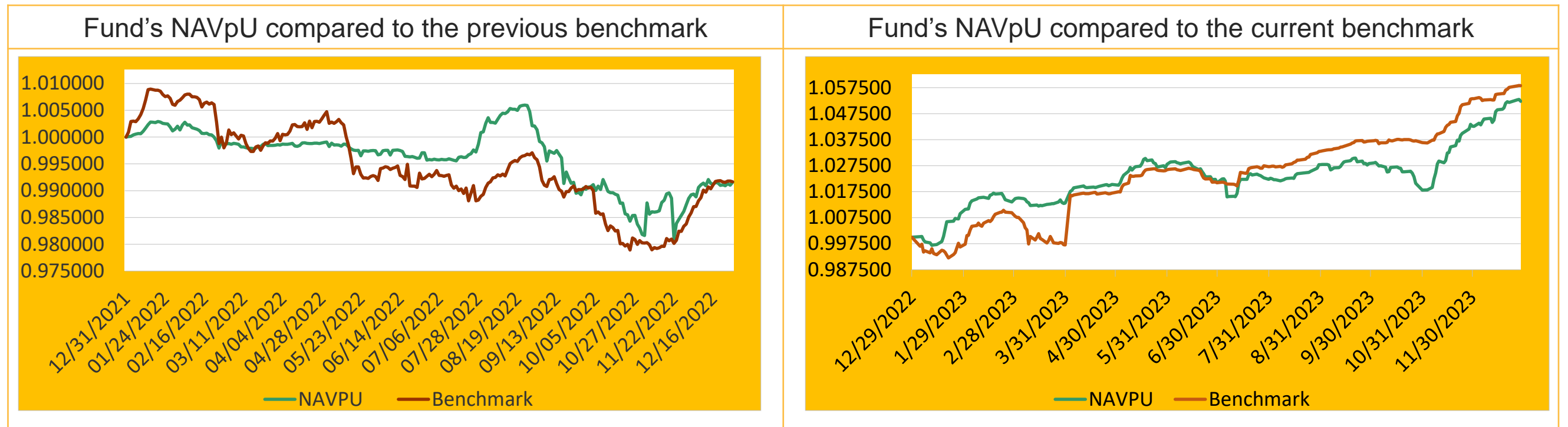
The amendment to the Fund's benchmark was approved by the LANDBANK Board of Directors on 21 November 2022 through Resolution No. 22-851.

From	To
Bloomberg Philippine Local Sovereign Index	<u>Weighted average percentage change in the following indices:</u> <ul style="list-style-type: none">a. Bloomberg Philippine Sovereign Bond Index 1 to 3 Years - 95%b. 1-month BVAL price - 5%

UNIT INVESTMENT TRUST FUND

ABOUT THE LANDBANK MEDIUM-TERM BOND FUND'S BENCHMARK

One Year Fund Performance Comparison



Reason for the Change of the Fund's Benchmark

The amendment to use a blended benchmark for LANDBANK Medium-term Bond Fund (addition of the 1-month BVAL) is part of the Trust Banking Group's regular product review and improvement. The blended benchmark considers the liquidity portion of the funds and makes the fund's return more comparable to the return of its benchmarks.

Additionally, as required by the BSP, the Declaration of Trust/Plan rules of each fund will now include detailed information about its benchmark. This information comprises of a description of the benchmark, its key characteristics, its relevance to the fund's objectives and investment strategies, and references/sources of information.

By amending and using a blended benchmark for LANDBANK Bond Fund, clients will have a more realistic comparison of yield/return, as the benchmarks will now factor in the liquidity portion of the fund.

For more information on the Fund's benchmark, contact your designated Trust Account Officer at (02) 8405-7351.