UNITED FUND, INC.

MARCH 2019

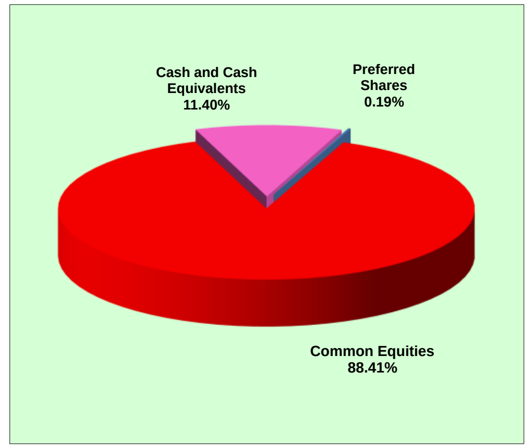
United Fund, Inc. is a growth-oriented mutual fund, which seeks to maximize income and maintain liquidity of investments, through a diversified portfolio of listed equity issues.

FUND FACTS AND FIGURES

Launch Date	1993
Structure	Mutual Fund
Domicile	Republic of the Philippines
Currency	Philippine Peso
Minimum Initial Investment	Php 1,000.00
Minimum Additional	Php 500.00
Sales Load	2% of the NAVPS
Redemption Fee	
< 1 year from purchase date	3.5% of NAVPS

Fund Manager	Cocolife Asset Management Co., Inc.
Custodian Bank	UCPB-TBD
Transfer Agent	UCPB-TBD
External Auditor	Punongbayan & Araullo

PORTFOLIO ALLOCATION



FUND PERFORMANCE

EQUITIES BY SECTOR

Banks and Other Financial Institutions	11.67%
Electricity, Energy, Power & Water	5.06%
Food and Beverage	3.76%
Holding Firms	31.11%
Industrials	1.16%
Property	29.52%
Telecommunications	2.30%
Other Services	4.01%
	88.60%

NAVPS 3/29/2019	Year-to-Date
3.7221	6.31%

	Compounded Annual Return	Cumulative Return
One-year	1.96%	1.96%
Three-year	4.97%	15.68%
Five-year	4.20%	22.81%

Figures above were based on the fund's actual returns as of March 29, 2019. Note, however, that historical performance is not a guarantee of future results.

TOP 10 EQUITY HOLDINGS

Issue	Sector	% of Fund
SM Prime Holdings, Inc.	Property	13.88%
Ayala Land, Inc.	Property	13.68%
SM Investments Corp.	Holding Firm	13.32%
Ayala Corporation	Holding Firm	8.58%
BDO Unibank, Inc.	Bank	4.70%
Metropolitan Bank and Trust Co.	Bank	3.12%
GT Capital Holdings, Inc.	Holding Firm	2.57%
International Container Terminal Services Inc.	Other Services	2.46%
Manila Electric Co.	Electricity, Energy, Power & Water	2.43%
Metro Pacific Investments Corp.	Holding Firm	2.20%

FUND MANAGER'S REPORT

The Philippine Stock Exchange Index (PSEi) recovered in March to close at 7,920.93, up by 2.80% from end-February's 7,705. Sentiments slightly improved amid favorable developments at home and abroad, but with market consolidation still imminent. The local bourse also ended the first quarter on a positive tone as it posted 6.09% growth from end-2018 close of 7,466. Foreign flows, likewise, remained robust as it recorded a year-to-date net buying of P32.6-billion despite the slimmer net inflows of P4.67-billion registered in March.

March was a cautious trading month for the PSEi, traversing the 7,600-8,000 range alongside mixed catalysts in the investment façade. Onset of the month, the stock market observed a selling spree as it tracked overseas' bloodbath amid fears of the global economic growth slowdown. Major economies including China has lowered their growth target for 2019 to 6.0-6.5%, from 2018 target of 6.5%. The Eurozone also drastically slashed its growth outlook for the year from 1.7% to 1.1%. The Organization of Economic Cooperation and Development (OECD), likewise, trimmed its forecast for the global economy to 3.3% in 2019 and 3.4% in 2020, citing the concurrent trade tensions and political uncertainties may beat down global growth. Despite the looming threat of an economic downshift, optimism was relived with the progress in the ongoing Sino-American trade negotiations. Reports stated that both parties are now on the final stages of their accord which could involve the lowering of Chinese tariffs on some US goods. The superpowers were optimistic, ending a summit in Beijing last March 28 with hopes of a harmonious continuity of talks in Washington by the first week of April. Furthermore, souring sentiments eased after the European Commission agreed on the changes in Britain's divorce agreement with the European Union (EU). The UK Parliament have approved the suggestion of Prime Minister Theresa May to delay the deadline for Britain to depart the EU on March 29, cushioning concerns of the detrimental 'no-deal' Brexit. Investors further cheered over the decision of the Federal Reserve to keep interest rates steady during their March 19-20 Federal Open Market Committee (FOMC) meeting. The US central bank maintained the 2.25-2.5% benchmark range, and even changed its 2019 outlook to no policy movement coming from the two increases projected back in December. At home, sentiments also were positive after the Bangko Sentral ng Pilipinas (BSP) kept policy settings steady in its March 21 meeting, with the Monetary Board leaving the door open for potential policy loosening in the future.

This April, the local index may trade within the 7,700-8,000 level as traders ogle on upcoming catalysts at home and abroad. The index has slightly built up its momentum in March, pumped up by improved investment environment generally swayed by the two largest economies' trade talk developments. Yet, the 8,000-mark was quite hard to pierce and sustain amidst lingering global growth uneasiness. As players await further leads on the follow-up meeting of US and China in Washington this first week of April and the pending Brexit deal, we expect cautious trading to persist. Also, market consolidation is likely to continue with thin volumes prompting investors to stay sidelined. At home, the case of the sluggish infra roll-out amid the P3.757-trillion 2019 national budget delay has persuaded the country's economic managers to downgrade the 2019 target to 6-7% range and to 6.5-7.5% for 2020 from the previous estimate of 7-8%. Meanwhile, the upcoming May 13 elections may bring some relief since local shares tend to climb in the month before the election, historically.

RISK DISCLOSURE. *The value of investments in mutual funds is not guaranteed and will vary from day to day depending on the market value of the individual securities in its portfolio. Factors that can affect the value of these securities include economic conditions, interest rates, government regulations and taxations, and corporate performance.*

RISK MANAGEMENT. *Equity risk will be managed through prudent selection and avoidance of speculative and doubtful securities as well as portfolio diversification to reduce the impact of possible risks. The company shall manage interest rate risk by actively monitoring the prevailing interest rates. The fund maintains sufficient liquidity in the form of short term deposits which may be withdrawn anytime at minimal cost. Loans to private corporations will be limited only to high credit quality Philippine companies that meet the set standards.*

Inflation decelerates to 3.3% in March. According to the Philippine Statistics Authority (PSA), the country's inflation rate eased further to 3.3% in March, registering the lowest reading since January 2018's 3.4%. The Bangko Sentral ng Pilipinas (BSP) attributed the cooling of the inflation with the lower prices of rice and other agricultural products. On a year-to-date basis, the inflation print averaged to 3.8%, which settled within the 2-4% government target band yet higher than the 3.1% BSP forecast for full-year 2019. Meanwhile, core inflation slid further to 3.5%, coming from the 3.9% in February and the 3.4% in March 2018.

BSP keeps policy rates in first meeting under Diokno. The BSP decided to maintain benchmark policy rates unchanged during its Monetary Board meeting last March 21, keeping rates within the 4.25-5.25% range, with the key rate of 4.75% still at decade high. Note that this year's second rate-setting meeting was the first of the new BSP Governor Benjamin E. Diokno. The central bank's decision was based on its assessment that prevailing policy settings remain appropriate. Latest forecasts indicate inflation may settle within the 2-4% for both 2019 and 2020, while inflation expectations continue to stabilize within the target band.

PSA revises 4Q2018 GDP growth to 6.3%. The PSA adjusted the country's gross domestic product (GDP) growth for the 4th quarter to 6.3% from the previous 6.1% estimate amid data changes related to trade and several other commodities. The Philippines' gross national income (GNI) and net primary income (NPI) were also revised upward to 5.7% and 2.7%, respectively, from 5.2% and 0.9%. However, full-year GDP stayed at 6.2% which was below the government's downwardly-revised 6.5-6.9% target in 2018 and slower than 2017's 6.7%.

Unemployment rate falls to 10-year low in January. According to the PSA, the country's unemployment rate further declined to 5.2% in January, slightly improving from the 5.3% registered a year earlier and the lowest rate recorded since 2009. Nevertheless, the labor force participation rate fell to 60.2% in January 2019 from 62.2% in January 2018. The National Economic and Development Authority (NEDA) attributed this to lower labor participation in the agriculture sector that "overshadowed" employment gains in the industry and services sectors.

February posts 6-year low money supply growth. Money supply grew by 7.1% in February to P11.497 trillion, registering anew its slowest pace in over six years following the softer growth in bank loans. Domestic liquidity further eased, posting lower than the upwardly-revised 7.7% pace in January and the weakest since September 2012. Meanwhile, the money supply still rose by 0.7% on a month-on-month basis.

Net exports commence 2019 with $3.76B deficit. Exports in January reached $5.279 billion, 1.7% less than the $5.373 billion recorded in the same month last year. Analysts attributed the decline of exports to 'weak perception' on the prospects of trade, particularly in Asia, as well as the 'inherent economic slowdown in major economies'. Meanwhile, the country's imports grew by 5.8% to $9.035 billion in January from last year's $8.536 billion. With the easing inflation and domestic consumption seen to recover, imports also spiked anew and is expected to continue growing this year. Accordingly, January's trade deficit stood at $3.756 billion, bigger than the $3.752 billion deficit in December 2018 and the $3.163 billion in January 2018.

Remittances post $2.48B inflows. The country's remittances grew in January to $2.484 billion, climbing by 4.4% from the $2.379 billion of the comparable 2018 figure. However, month-on-month, the latest inflows were 12.8% less than December's all-time high $2.849 billion. The BSP attributed the decline with the weakening of the peso, which was considered as a boon for beneficiaries of remittances as they end up getting higher peso value for their dollars.

FX reserves rise in February at $82.9B. The country's gross international reserves (GIR) settled at $82.89 billion in February, higher than the revised $82.49 billion in January. Notably, this was the highest GIR level in 27 months or since hitting $85.11 billion in October 2016. The rise in GIR was attributed to inflows arising from the BSP's foreign exchange operations, net foreign currency deposits by the national government, and income from its investments abroad'. Current foreign reserves are equivalent to 7.3 months' worth of imports of goods and payments of services and primary income. It is also equivalent to 6.3 times the country's short-term external debt based on original maturity and 4.1 times based on residual maturity.

BoP posts 4th month of surplus in February. The country's balance of payments (BoP) strengthened anew in February, posting $467 million surplus, a turnaround from the $429 million deficit recorded in the same month last year. The BSP said the continued inflows in February stemmed mainly from the national government's foreign currency deposits as well as its foreign exchange operations and income from investments abroad. Moreover, the central bank noted that the latest statistics was the 4th consecutive month that the BoP data posted a surplus. Year-to-date, the country's BOP position yielded a surplus of $3.17 billion due to higher remittances, reversing the $961 million deficit registered in January and February last year.

January records P44.5B budget surplus, reverses 9-month deficit. The country's budget balance posted its first fiscal surplus in nine months last January following the drop in state spending amid the delayed enactment of 2019's P3.757 trillion national budget. The fiscal balance yielded a P44.5 billion surplus as it commenced the year, more than four times of the P10.2 billion surfeit recorded in 2018 and a reversal of the nine straight months of deficit since April 2018's P46.315 billion. Broken down, the government raked P256.7 billion in revenues, roughly 7% more than the P238.9 billion collected in January last year. Meanwhile, interest payments grew by 6% to P45.9 billion from P43.5 billion in the comparable year ago data.

2018 FDI ends at $9.8B, misses gov't target. Foreign direct investments (FDI) settled at $677 million in December, 4.8% lower than the $712 million received in the same month in 2017, marking a sustained year-on-year drop since August. The latest data brought full-year FDI at $9.802 billion, down 4.4% from the $10.256 billion received in 2017. Markedly, the full-year FDI inflows were the first drop recorded in three years. Moreover, the amount is also lower than the $10.4 billion net inflows targeted figure, which would otherwise been a fresh record high. The decline in FDIs may be attributed to the continuing uncertainty over TRABAHO bill and risks to peace and order in certain areas of the country, which may discourage investor confidence.

Hot money records $340M inflows in February. Foreign portfolio investments, also known as hot money, registered $340 million net inflows in February, reversing the $529 million net outflows posted a year ago yet lower than the $763 million recorded in January. The BSP attributed the net inflows in February to 'investor optimism arising from developments on the trade negotiations between the US and China as well as the passage of the tariffication law, which is expected to help boost the rice supply in the country and thereby temper inflation'.

Peso depreciates anew on global growth fears. The Philippine peso closed March at P52.50/dollar, weaker by 1.55% from P51.70/$ close in February. The decline of the peso was attributed to investors' souring sentiments alongside fears on the global economic slowdown. As central banks globally adopt a more dovish stance, players flock back to safer haven currencies such as the Japanese yen and the US dollar. Despite the depreciation, the foreign exchange is still seen with slight window of opportune amid the resumption of trade talks between the US and China which may contribute to risk-on sentiment for most Asian markets. Moreover, the forex still posted a year-to-date gain of 0.15% from 2018's close of P52.58.