UNITED FUND, INC.

MARCH 2021

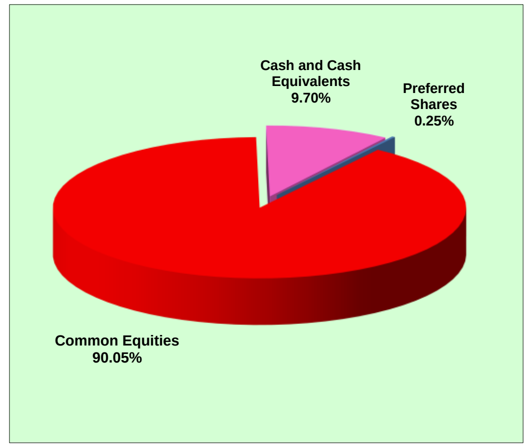
United Fund, Inc. is a growth-oriented mutual fund, which seeks to maximize income and maintain liquidity of investments, through a diversified portfolio of listed equity issues.

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



UFI vs PSEi

EQUITIES BY SECTOR

Banks and Other Financial Institutions	11.00%
Electricity, Energy, Power & Water	5.66%
Food and Beverage	6.00%
Holding Firms	28.50%
Mining and Oil	0.60%
Construction	0.43%
Property	24.90%
Services	13.21%
	90.30%

	03/31/21	YTD Return
UFI	**3.0607**	**-7.77%**
PSEi	**6,443.09**	**-9.76%**

	Compounded Annual Return	Cumulative Return
One-year	**20.57%**	**20.57%**
Three-year	**-5.70%**	**-16.16%**
Five-year	**-1.00%**	**-4.89%**

Figures above were based on the fund's actual returns as of March 31, 2021. 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	12.69%
SM Investments Corp.	Holding Firm	12.06%
Ayala Land, Inc.	Property	10.30%
Ayala Corporation	Holding Firm	6.98%
BDO Unibank, Inc.	Bank	4.46%
International Container Terminal Services Inc.	Transportation	3.25%
Globe Telecom, Inc.	Telecommunications	3.19%
Universal Robina Corp.	Food and Beverage	3.11%
Manila Electric Co.	Electricity, Energy, Power & Water	3.04%
Jollibee Foods Corp.	Food and Beverage	2.88%

FUND MANAGER'S REPORT

The Philippine Stock Exchange index (PSEi) has dropped by 5.18% to close at 6,443.09 last March 31 from end-February's finish of 6,795. The low-spirited ground, coupled along with bloody trading, has dominated the local façade. With the lack of key positive catalysts to prop up sentiments, the index cascaded south to clasp below 6,500-level last seen in November. Meanwhile, foreign flows recorded a net outflow of P23.42 billion. As such, the first quarter tally registered a foreign selling of P45.86 billion, doubling from the P22.44 billion tally until February and nearly half of the P118.85 billion in end-2020.

As the pandemic set foot towards its anniversary, local shares continued to be timid while awaiting leads on the COVID-19 story. Early in the month, the upbeat tone has commenced to solidify momentum with the cheery appetite ensuing after the government started its vaccination program. Despite the delayed campaign for their COVID-19 crisis counterplan, the administration commenced inoculating medical front-liners while waiting for the procurement of additional supplies to address the modern world's most stubborn virus contagion. Moreover, optimism was burning high with expectations that the Inter-Agency Task Force (IATF) would consider shifting the entire Philippines into the modified general community quarantine (MGCQ) scheme. Ominously, such immense hopes burrowed back to the ground as aversion spread across investors anew over fears of tighter lockdown restrictions amid a spike in the daily cases of COVID-19. The informal second wave of the pandemic in the country has caused hysteria towards market players, stunting views of a rebound year and brewing an anxious growth outlook. As the statistical data reached startling all-time high of cases, the administration resolved to impose curfews over the country's capital to curb the spread of more infections. Fortunately, the panicking masses were slightly heaved after fiscal officials announced the acquisition of 30 million doses of vaccines. Facing criticisms about a slow-moving vaccination drive, Chief Enforcer of anti-coronavirus efforts Carlito Galvez, Jr., said more doses should arrive soon. He said nearly 2.4 million doses are expected by early April, comprising 979,200 doses of AstraZeneca's vaccine and 1.4 million Sinovac shots. The government has also signed an agreement with the Serum Institute of India for 30 million Novavax vaccine doses that are due to arrive in the third or fourth quarter of the year. Mirroring the previous year's quarantine measures, government officers restricted the entry of foreigners and at the same time limited the entry of Filipinos to just 1,500 per day. Furthermore, local stocks sizzled up amid the signing of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act. Investors' interest was recalibrated as the optimism in the investment façade was seen to improve coming from the government's commitment to the economy's recovery despite the recent setback of COVID-19 cases resurgence. With the recent legislature win, the country's corporate income tax rate would be reduced to 25% from 30% as well as further slashing the rate by a percentage point every year from 2023 to 2027 until it reaches 20%. Disappointingly, troubled mindset and cautiousness were the trends that recurred towards the end of the month amid speculation that the spiking infectivity of COVID-19 could lead to an out-of-control situation. President Duterte has announced the reimplementation of the enhanced community quarantine (ECQ) arrangement in Metro Manila and nearby provinces for the entirety of April as a rubber-stop to the mounting and dreadful figures of COVID-19 in the country.

For April, the PSEi may further experience flimsiness to trade within 6,200-6,600 as the COVID-19 horrors endure spooking away appetite from the investment façade. The uncertainty over the period of the reimposed ECQ in Metro Manila and nearby provinces, as well as the insistent surge in COVID-19 infections could continue to derail investor appetite as business operations and other sectors are once again sequestered by any growth momentum. Despite the ongoing rollout of the inoculation program, we expect market players to remain cautious, unless a better plan would ensue the ECQ scheme. Such could ensure assurance of the government's commitment to contain the COVID-19 conundrum. Meanwhile, the commencement of corporate earnings would be beneficial to investors in their selections of decent stocks. Further, the supplementary release of the official and revised 2020 gross domestic product (GDP) outturns could dilute the harsh and receptive appetite if the latest data could substantiate a potential rebound for this coming year. Albeit modest to almost no influence, recurring geopolitical tensions could veer and ignite souring bets further following the previous murky trade talks between China and the US during their Alaskan conference, as well as the sporadic agreement between Britain and the European Union since the Brexit.

__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 eases to 4.5% in March. According to the Philippine Statistics Authority (PSA), the country's inflation rate settled at 4.5% in March, cooling from the 4.7% in February but quicker than the 2.5% a year ago. The latest data is within the 4.2% to 5.0% forecast range of the Bangko Sentral ng Pilipinas (BSP) for the month. BSP Governor Benjamin Diokno cited the downward adjustment in power rates, lower prices of key food items as primary sources of downward price pressures in March. However, the higher oil prices and a peso depreciation have "partly offset" these factors. On a year-to-date basis, the consumer price growth averaged 4.5%, surpassing the central bank's 2.0-4.0% target range for 2021.

BSP holds policy rate at record low. The Bangko Sentral ng Pilipinas (BSP) left its key interest rate unchanged at a record low last March 25, as it supports an economy whose recovery is at risk from a renewed surge in COVID-19 infections. The Monetary Board kept the overnight reverse repurchase rate at an all-time low of 2% for a third consecutive meeting. In figures, rates for the overnight lending and deposit facilities were also maintained at 2.5% and 1.5%, respectively. The central bank kept policy settings steady since its December meeting, but BSP Governor Benjamin Diokno hinted that they will respond accordingly when the need arises. Meanwhile, the central bank upwardly revised its inflation outlook to 4.2% this year, from the earlier forecast of 4% given in February. The average print for 2022 is seen at 2.8%, slightly higher than the previous projection of 2.7%.

PH unemployment rate hit 8.8% in February. According to the Philippine Statistics Authority's (PSA) February round of the Labor Force Survey (LFS), the country's unemployment rate was recorded at 8.8% in February, up from 8.7% in January. In figures, about 4.187 million unemployed Filipinos with recorded in February. This was more than the 3.953 million recorded in the January round. The February reading was the third-highest since the jobless rates recorded in April 2020 and July 2020 at 17.6% and 10%, respectively. The February survey round marked the first of the monthly surveys to be conducted by the PSA to closely monitor the current job situation in the country amid the pandemic. On the other hand, the country's employment rate stood at 91.2% in February, down from 91.3% in January. In absolute terms, however, the number of employed Filipinos increased to 43.153 million from 41.248 million in January.

Money supply hastens in February. Money supply (M3) rose by 9.4% year-on-year to P14 trillion, quicker than the revised 8.9% surge in January. Month-on-month and seasonally adjusted, M3 was up by 0.1%. The BSP noted that the acceleration of domestic liquidity was due mainly to the faster growth in net claims on the central government, even as bank lending to the private sector remained tepid.

January net exports shrink as recession bites. Exports shrank by 5.2% to $5.49 billion in January from 9.4% growth a year earlier. Meanwhile, imports also fell by 14.9% to $7.911 billion in January, worse than the declines of 8.2% and 2.8% in December and January 2020, respectively. Accordingly, the latest trade figures brought the trade balance to a $2.421-billion deficit in January, wider than the $2.149-billion gap in December, but narrower than the $3.504-billion shortfall in January last year.

Remittances slip as pandemic drags on. Remittances in January slipped by 1.7% to $2.603 billion from $2.648 billion a year ago, falling for a second straight month. Remittances also declined by a tenth or around 9.93% from $2.89 billion in December, when OFWs typically send more money. The central bank expects remittance inflows to grow by 4% this year, in hopes of economic recovery. The lower remittance inflow in January was due to base effects as well as the continued repatriation of OFWs.

Dollar reserves pick up anew in February. The country's gross international reserves (GIR) climbed to $109.082 billion in February following a slight decline in January, boosted by gains from the central bank's investments abroad and its foreign exchange operations. The end-February level inched up 0.38% from the $108.673-billion level in January and rose 23.7% from $88.187 billion logged a year earlier. The month-on-month increase in the GIR level reflected inflows mainly from the BSP's foreign exchange operations and income from its investments abroad. However, this was offset by the lower revaluation adjustments of the BSP's gold holdings amid the decline in international gold prices as well as foreign currency withdrawals meant to service debt obligations. At its end-February level, the GIR is enough to cover 11.7 months' worth of imports of goods and payments of services, and primary income.

Fiscal deficit balloons in February amid ramped spending. The country's budget balance swung to a deficit more than tripled to P116 billion in February against its year-ago level, as the double-digit growth in spending outpaced the uptick in revenues. The budget gap was more than tripled in February from the P37.6 billion in the comparable year ago. It was also wider than the P14-billion fiscal gap in January. The Treasury attributed the wider budget gap to the faster pace of spending versus revenue growth after the government released P45 billion in additional capital to state-run financial institutions for their credit guarantee and lending programs. Overall state spending jumped by 37.3% to P335.5 billion in February from P244.4 billion a year ago. This was also faster than the 1.18% increase in January spending. On the other hand, total revenues grew by 6.2% to P219.6 billion in February from P206.8 billion a year ago, a turnaround from the 11.5% contraction in January.

BoP swings to deficit in February. The country's balance of payments (BoP) swung to a deficit of $2.02 billion in February after the government paid off more foreign loans. The BoP deficit in February reflected outflows, arising mainly from the local central bank's reserve management operations and the foreign currency withdrawals of the National Government. These outflows were partly offset by inflows from the central bank's foreign exchange operations and income from its investments abroad. The government's foreign debt stock as of end-January reached P3 trillion, down 3.2% from a month earlier after it repaid P93.49 billion in foreign debt.

FDI inflows slump to lowest in 5 years. Foreign direct investments (FDI) to the Philippines slid to a five-year low in 2020, as the pandemic drove investors toward safe-havens. FDI net inflows last year shrank by 24.6% to $6.542 billion from $8.671 billion in 2019. This is the lowest since the $5.63 billion in FDI inflows seen in 2015 but exceeded the $6-billion full-year projection made by the BSP. Markedly, FDI inflows dropped for the second straight year. The BSP expects FDI to reach $7.5 billion this year, up 15% from the 2020 level.

Hot money flees away PH in February. Foreign portfolio investment, also known as "hot money", posted a net outflow of $40.41 million in February, reversing the $97.92 million net inflow booked in January and the $40.06 million in February last year. The BSP attributed funds fled the country despite the passage of key laws to attract more investors amid the ongoing global health crisis. On a year-to-date basis, the two-month tally summed up a net inflow of $57.51 million, a reversal of the $446.04 million net outflow recorded in the same period last year.

Peso slightly picks up on lower global oil prices, CREATE bill passage. The Philippine peso closed at P48.53/dollar last March 31, appreciating by 0.12% from end-February's finish of P48.59/$. Early in the month, an upbeat appetite was observed with the start of vaccinations in the country. However, the budding momentum has retracted amidst renewed cautiousness due to the continued increase in new COVID-19 infections. The risk-averse sentiment for the market has dissipated as players took interest for the Peso anew following the slower-than-expected core inflation in the US and the increase in the Philippine dollar reserves. The downward pressures were slightly relieved by the adjustment in global oil prices, which have minor dents in oil supply production. Moreover, the peso strengthened on the back of the recently signed Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act. Republic Act 11534 was signed by President Duterte, which will immediately bring down corporate income tax to 25% from 30% and will further cut it by a percentage point every year from 2023 to 2027 until it reaches 20%. On a year-to-date basis, the Philippine peso recorded a downside of 1.06% from 2020's close of P48.02/$.