

**PHILIPPINE BUSINESS BANK
PBB DIAMOND FUND
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
For the period ending March 31, 2024**

FUND FACTS

| | | | |
|--------------------------------|-------------------|----------------------------------|---|
| Classification: | Fixed Income Fund | Net Asset Value Per Unit: | Php 231.116445 |
| Launch Date: | November 04, 2005 | Total Fund NAV: | Php 12,091,180.39 |
| Minimum Investment: | Php 44, 000.00 | Dealing Day: | 8:30AM to 12:00PM |
| Additional Investment: | Php 11,000.00 | Redemption Settlement: | 1 Banking Day after Transaction Date |
| Minimum Holding Period: | 30 days | Early Redemption Charge: | 75% of earnings if redeemed within 15 days 50% of earnings if redeemed between 16 th – 29 th day |

FEES

| | | | |
|--|------------------------------|---|-----------------------|
| Trust Fee: 0.5% p.a. PBB – Trust and Investment Center | Custodianship Fee: 0% | External Auditor Fee: 0.02% Punongbayan & Araullo | Other Fees: 0% |
|--|------------------------------|---|-----------------------|

*As a percentage of average daily NAV for the quarter valued at PHP 12,900,482.09

INVESTMENT OBJECTIVE AND STRATEGY

The Diamond Fund is a Peso – denominated medium – term Bond Fund that allows ordinary investors with modest amount of funds to access wider investment opportunities through participation in a professionally managed pool of funds which aims to provide higher and better earnings for their funds. The Fund aims to surpass its benchmark which is the BPI Philippine Government Bond 1-5 Year Index. It is understood that this should not be construed as a guaranteed return for the investors of the fund.

The Fund is wholly invested in fixed income instruments such as securities issued by the Republic of the Philippines; tradable securities issued by governments of foreign countries; marketable instruments that are traded in an organized exchange, loans traded in an organized market, and such other tradable investment outlets as the Bangko Sentral ng Pilipinas (BSP) may allow.

CLIENT SUITABILITY

A client profiling should be performed prior to participating in the Fund to guide the prospective investor if the Fund is suited to his/her investment objectives. 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.

A client suitability assessment shall be performed prior to an investor's initial participation in the Fund to determine if the Fund is suitable to the client's investment objectives and risk tolerance. Clients are advised to (1) read the Declaration of Trust, Plan rules of the Fund which may be obtained from the Trustee, (2) make their own risk assessment, and (3) seek an independent/professional opinion before deciding to invest when necessary. The Fund is suitable only for investors with Moderate risk profile, are comfortable with volatility and risks of a medium term bond.

KEY RISKS AND MANAGEMENT

You should not invest in this Fund if you do not understand or are not comfortable with the accompanying risks.

| | |
|------------------------------|--|
| INTEREST RATE RISK | The possibility to experience losses due to changes in interest rates. |
| MARKET / PRICE RISK | The possibility to experience losses due to changes in market prices of securities (e.g., bonds) |
| LIQUIDITY RISK | The possibility to experience losses due to the inability to sell or convert assets into cash immediately or in instance where conversion to cash is possible but at a loss. |
| CREDIT / DEFAULT RISK | The possibility to experience losses due to borrower's failure to pay its obligation or when a counter party fails to deliver on the agreed trade. |
| REINVESTMENT RISK | The possibility of having lower returns or earnings when maturing funds or interest earnings of funds are reinvested. |
| OTHER RISKS | Risk of any actual potential conflict of interest in handling of in-house or related party transaction. |

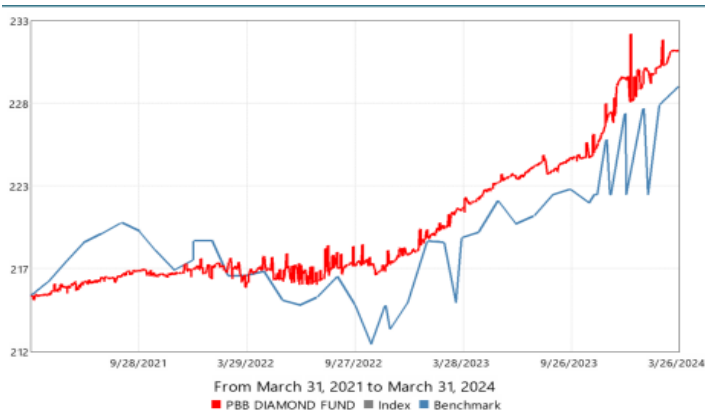
- THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC).
- RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/FLUCTUATIONS ONLY.
- WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY 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 about the PBB Diamond Fund, you may contact us at 8363-3333 loc. 4008/3020/3021/1089. Email us at pbbtrust@pbb.com.ph or visit our website, www.pbb.com.ph.

PHILIPPINE BUSINESS BANK IS AN ENTITY REGULATED BY THE BANGKO SENTRAL NG PILIPINAS.
 BSP Online Buddy (BOB) webchat: <https://www.bsp.gov.ph> SMS: 21582277 (for Globe subscribers only)
 Facebook Messenger: @BangkoSentralngPilipinas

FUND PERFORMANCE AND STATISTICS as of March 31, 2024

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



NAVPU over the past 12 months

| | |
|---------|------------|
| Highest | 232.14709 |
| Lowest | 220.834365 |

Statistics

| | |
|--------------------------|------------|
| Weighted Ave. Duration | 3.08 years |
| Volatility, Past 1 Year* | 2.9927% |
| Sharpe Ratio ** | 0.93 |
| Information Ratio*** | (0.74) |

* Volatility measures the degree to which the Fund fluctuates vis-à-vis its average return over a period of time.

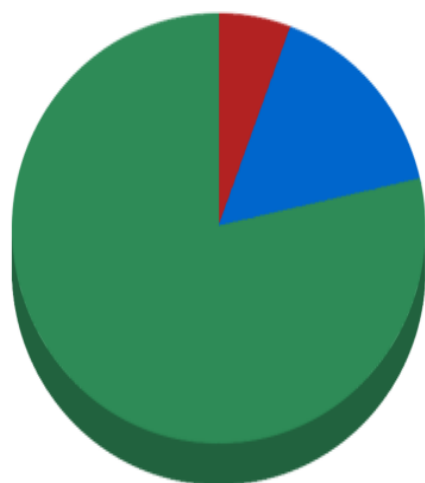
** Sharpe Ratio is used to characterize how well the return of the Fund compensates the investor for the level of risk taken. The higher the number, the better.

*** Information Ratio measures the risk-to-reward efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of the risk

Cumulative Performance %

| | 1 mo. | 3mo. | 6mo. | 1 yr. | 3.yr |
|------------------|--------------|--------------|--------------|--------------|--------------|
| Fund | 5.16% | 3.11% | 6.16% | 4.57% | 2.41% |
| Benchmark | 0.51% | 0.75% | 2.93% | 4.37% | 6.18% |

Portfolio Composition



■ Savings Deposit 5.7% ■ Corp Bonds 15.7% ■ GS Bonds 78.6% ■ Equities 0.0%

Top 10 Holdings %

| Security | % |
|-------------------------------|--------------|
| FXTNs – FVPL | 62.4% |
| RTB – FVPL | 16.2% |
| Corporate Bonds – FVPL | 15.7% |
| Savings Deposit | 5.7% |

Total 100%

OUTLOOK AND STRATEGY

On the inflation rate update, the Philippines' headline inflation increased to 3.4% in February 2024 from 2.8% last January 2024. This brought the national average inflation to 3.1% for the periods January 2024 to February 2024. On the other hand, February 2024's inflation rate was significantly lower than February 2023's inflation at 8.6%. The Bangko Sentral ng Pilipinas (the BSP) forecasted the March 2024 may still be maintained to a low of 3.4% similar to the February 2024 inflation rate, or may climb to a high of 4.2% due to upside price pressures from rice, meat, electricity and fuel.

On the monetary policy update, the BSP's Monetary Board has announced, last February 15, 2024, that its benchmark interest rate will stay at 6.5%. Similarly, the BSP's counterpart in the United States, the Federal Reserve, had signaled that it intends to keep interest rates "higher for longer" in a bid to keep inflation under control. However, the BSP was optimistic of the possibility of an early rate cut. But, the BSP Governor, Gov. Eli Remolona Jr., has also stated that the Monetary Board will only consider cutting rates once inflation settles within the government's target range of 2% to 4%.

In response to this economic update, we are seeing interest to start falling this year, which could bolster returns for longer-duration bonds. Thus, the PBB Diamond Fund can benefit from this recent news since we strategically realized profits on selected Government Securities and redeployed proceeds on Government Securities with 3-to-5-year tenor. The fund is strategically placed to take advantage of this arising opportunities while carefully managing potential risks amid changing market conditions.

RELATED PARTY TRANSACTIONS

The Fund is not invested in any related – party investment outlets. The Fund has deposits with Philippine Business Bank amounting to PHP 1,015,544.91, which were approved by the Trust Committee. Likewise, if there will be any, all related – party transactions will be conducted on a best execution and arm's length basis.

OTHER DISCLOSURE

The Fund's approved allowable and prospective investments are medium-term securities that are fixed income in nature such as government securities, marketable securities that are traded in an organized exchange and other securities allowed by the BSP.