

PHILIPPINE BUSINESS BANK PBB PESO BOND FUND

(FORMERLY PBB DIAMOND FUND)

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT FOR THE PERIOD ENDING MARCH 31, 2025

FUND FACTS

Classification	Fixed Income Fund	Net Asset Value per Unit	PHP 241.512403
Launch Date	November 04, 2005	Total Fund NAV	PHP 47,428,534.34
Minimum Investment	PHP 10,000.00	Dealing Day	8:30 AM to 12:00 NN
Minimum Additional Investment	PHP 1,000.00, in multiples of 1,000.00	Settlement Period	T+1 Banking Day
Minimum Holding Period	30 Days	Early Redemption Charge	1% of the amount redeemed

FEES

Trust Fees: 1% p.a ¹ PBB – Trust and Investment Center	Custodianship Fees: 0% Not Applicable	External Auditor Fees: 0.02% ² Punongbayan & Araullo	Other Fees: 0% Not Applicable
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1 As a percentage of average daily NAV for the quarter valued at PHP 46,503,555.62.

2 As a percentage of average daily NAV for the quarter valued at PHP 46,503,555.62.

INVESTMENT OBJECTIVE AND STRATEGY

PBB Peso Bond Fund is a Peso-denominated medium term fixed income fund which aims to achieve income growth by investing in a mixed portfolio fixed income instruments. The Fund aims to surpass its benchmark which is the Bloomberg Philippine Sovereign Bond Index 1 to 5 Year (BPHIL15).

CLIENT SUITABILITY

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

PBB Peso Bond Fund is suitable for investors who:

- Have at least moderate risk appetite
- Have an investment horizon of medium term

KEY RISKS AND RISK MANAGEMENT

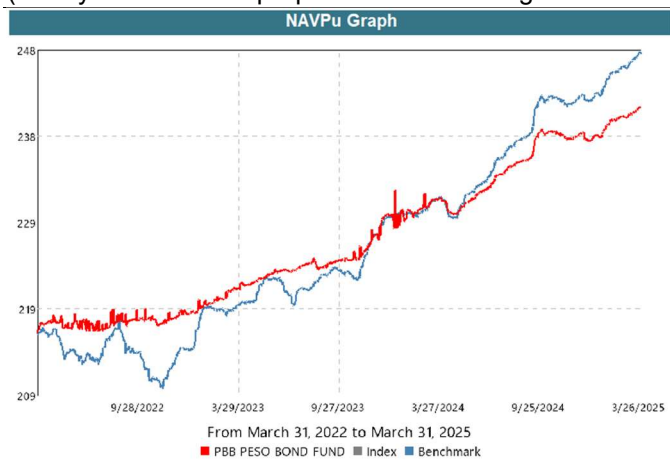
You should not invest in this Fund if you do not understand or are not comfortable with the accompanying risks.

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.

The Fund employs a risk management policy based on duration. Duration measures the sensitivity of NAVPu to interest rate movements. As interest rate rise, bond prices fall. The higher the duration, the more NAVPu will fluctuate in relation to changes in interest rates.

- **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.**

FUND PERFORMANCE AND STATISTICS AS OF MARCH 31, 2025
(Purely for reference purposes and is not a guarantee of future results)



NAVPU over the last 12 months

Highest	241.512403
Lowest	229.441926

Statistics

Weighted Ave. Duration (Yrs.)	2.91 Years
Volatility, Past 1 Year (%)³	0.6834%
Sharpe Ratio⁴	0.68
Information Ratio⁵	(2.69)

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

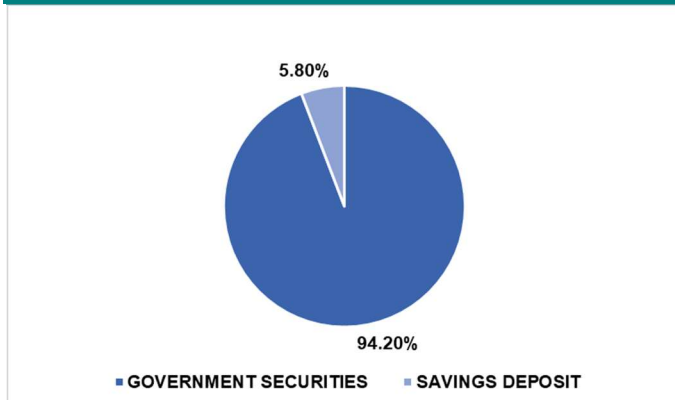
4 Sharpe Ratio is used to characterize how well the return of the Fund compensates the investor for the level of risk taken. The higher the number, the better.

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

CUMULATIVE PERFORMANCE (%)

Period	YTD	1 mo.	3 mos.	6 mos.	1 yr.	3 yrs.
Fund	1.579%	0.439%	1.579%	1.143%	4.498%	11.774%
Benchmark	2.289%	0.698%	2.289%	2.167%	7.123%	14.671%

PORTFOLIO COMPOSITION



TOP 10 HOLDINGS %

SECURITY	%
05-18	21.39%
RTB 05-16	20.21%
FXTN 10-63	18.84%
FXTN 07-67	12.47%
FXTN 07-65	9.19%
SAVINGS	5.80%
03-30	4.44%
RTB 10-05	4.33%
RTB 05-17	2.13%
FXTN 07-64	1.20%
TOTAL	100%

RELATED PARTY TRANSACTIONS

The Fund has deposits with Philippine Business Bank amounting to PHP 2,752,032.00. Investments in the said outlet were approved by the Trust Committee. All related party transactions were conducted on a best execution and arm's length basis.

OTHER DISCLOSURES

- Prospective Investments – The following are among the Fund's approved investment outlets, wherein the Trustee intends to invest depending on strategy, availability, or other market-driven circumstances:
 - Peso-denominated Securities issued by or guaranteed by the Philippine Government, or the Bangko Sentral ng Pilipinas;
 - Fixed Income Securities issued by corporations which are listed on an organized exchange;
 - Such other marketable and/or liquid investment outlets/categories and/or any acceptable security/outlet as the Trust Committee and the BSP may allow for open-ended marked-to-market pooled trust funds.
- Change in Benchmark – Effective July 1, 2024, the benchmark is Bloomberg Philippine Sovereign Bond Index 1 to 5 Year (BPHIL15). BPHIL15 is a rules-based market value-weighted index engineered to measure the fixed rate local currency securities publicly issued by the Philippines

OUTLOOK AND STRATEGY

Market Outlook: On monetary policy update, the BSP's Monetary Board decided to keep the BSP's Target Reverse Repurchase Rate (RRP) at 5.75%. According to the BSP, the latest inflation forecasts are not materially different from the previous forecasts in December 2024. For the year 2025, the risk-adjusted inflation forecast rose to 3.5% from 3.4% in the previous meeting. The risk-adjusted forecast for 2026 is unchanged at 3.7%. The risk to the inflation outlook have become broadly balanced for 2025 and 2026. Upside pressures are seen to come from the utilities sector. The impact of lower tariffs on rice remains the main downside risk to inflation. The BSP anticipates continuing its measured shift to less restrictive monetary policy settings, even as previous policy adjustments further work their way through the economy.

Additionally, last March 05, 2025, the Philippines' headline inflation eased to 2.1% in February 2025, down from 2.9% last January 2025. The latest inflation also come in below the median market estimate of 2.6%. The downtrend was primarily driven by the slower annual increment of food and non-alcoholic beverages, also contributing to the downtrend was housing, water, electricity, gas and other fuels, as well as reduced transport prices.

At the end of March 2025, yields at the short end of the curve and at the belly of the curve started to trend lower, while at the long end of the curve yields were trending higher, indicating that the yield curve is now starting to normalize. This signifies that the PBB Peso Bond Fund is well positioned with its investment. This happened due to latest inflation print was a bit lower than the median market estimate of 2.6%. Moving forward, we believe yields for all tenors will remain within the range as we expect that the BSP will keep its RRP rate unchanged due to the increase uncertainty over global economic policies and its impact on the Philippine economy.

Strategy: The Fund maintained its modified duration (compared last December 2024) through investments in government securities with maturities of up to 5 years. In response to the underperformance of PBB Peso Bond Fund to its benchmark, we are changing our strategy by allocating small portion of the fund to corporate bonds (with high coupon rate) in order to increase the yield of the Fund. Furthermore, the Fund will still invest into tenors of at least three (3) years with high coupon rate to boost its returns, which will be reinvested to a new asset. The Fund is also well positioned to capitalized on the its upside risk potential albeit market drivers that could influence interest rate direction in the medium term. PBB Peso Bond Fund is strategically placed to take advantage of this arising opportunities while carefully managing potential risks amid changing market conditions.

For more information about PBB Peso Bond Fund, you may contact us at 8363-3333 loc. 4008/ 3020 / 3021 / 1089, or 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