

PBB PESO BOND FUND

(FORMERLY PBB DIAMOND FUND)

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT AS OF SEPTEMBER 30, 2024

FUND FACTS

Classification	Fixed Income Fund	Net Asset Value per Unit	PHP 238.782258
Launch Date	November 04, 2005	Total Fund NAV	PHP 44,193,538.55
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 Fee: 1% p.a. ¹ PBB – Trust and Investment Center	Custodianship Fee: 0%	External Auditor Fee: 0.02% ² Punongbayan & Araullo	Other Fees: 0%
---	------------------------------	--	-----------------------

1 As a percentage of the daily market value of the net assets of the Fund

2 As a percentage of the daily market value of the net assets of the Fund

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

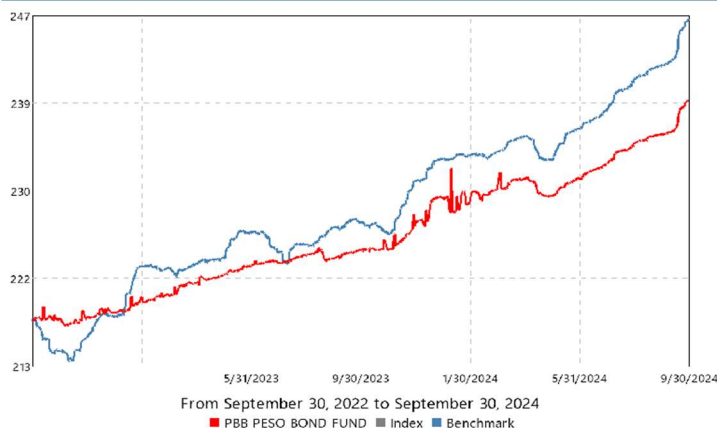
You should not invest in this Fund if you do not understand or are not comfortable with the accompanying risks.

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 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 SEPTEMBER 30, 2024

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



NAVPU over the last 12 months

Highest	238.782258
Lowest	224.062932

Statistics

Weighted Ave. Duration (Yrs.)	3.59 Years
Volatility, Past 1 Year (%)³	2.9768%
Sharpe Ratio⁴	0.91
Information Ratio⁵	(1.47)

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

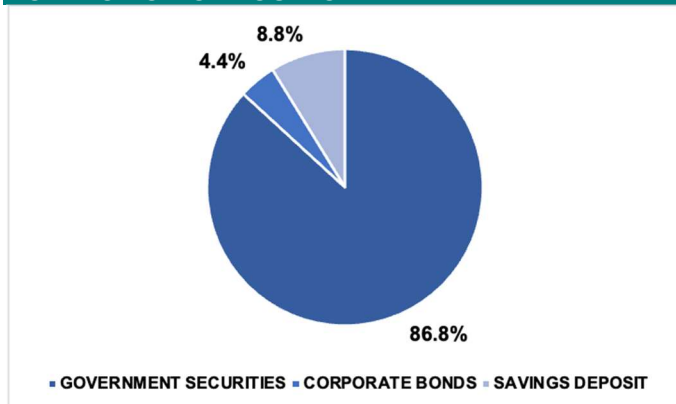
4 Sharpe Ratio is used to characterize how well the return of the Fund compensates the investor for the level of risk taken. The higher the number, the better.

5 Information Ratio measures the 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 (%)

Period	YTD	1 mo.	3 mos.	6 mos.	1 yr.	3 yrs.
Fund	4.121%	16.964%	10.655%	6.496%	6.464%	3.325%
Benchmark	5.860%	1.879%	3.708%	4.875%	8.720%	10.563%

PORTFOLIO COMPOSITION



TOP 10 HOLDINGS %

SECURITY	%
RTB 05-16	21.86%
FXTN 10-63	20.34%
RTB 05-18	18.52%
FXTN 07-64	11.78%
FXTN 07-65	9.88%
SAVINGS DEPOSIT	8.55%
RTB 10-05	4.63%
AEV 08-25 R23	2.22%
FLI 25 R24	2.22%
TOTAL	100%

RELATED PARTY TRANSACTIONS

The Fund has deposits with Philippine Business Bank amounting to PHP 3,972,020.90. 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

On monetary policy update, the BSP's Monetary Board decided to reduce the BSP's Target Reverse Repurchase (RRP) Rate by 25 basis points to 6.25%. Headline inflation is projected to trend downward to within the government's 2% to 4% target despite the uptick in July. The risk-adjusted inflation forecasts for 2024 and 2025 now stand at 3.3% and 2.9%, respectively. The balance of risks to the inflation outlook continues to lean toward the downside for 2024 and 2025 with a modest tilt to the upside for 2026. The downside risks are linked mainly to lower import tariffs on rice, while upside risks could come from higher electricity rates and external factors.

Additionally, effective October 25, 2024, the BSP will reduce the reserve requirement ratio (RRRs) by 250 basis points (bps) for universal and commercial banks (U/KBs) and non-bank financial institutions with quasi-banking functions (NBQBs); 200 bps for digital banks; and 100 bps for thrift banks (TBs) and for rural banks and cooperative banks (RCBs). This adjustment which emphasizes by the BSP will reduce distortions in the financial system and will lower intermediation costs and promote better pricing for financial services. This cut results in a liquidity injection of around PHP 310 billion to PHP 330 billion into the economy or around 1.2% of the full-year 2024 GDP.

On the last week of September 2024, PHP BVAL Benchmark tenors edged lower after the announcement of US Federal Reserve's policy decision by cutting rate of 50 bps. Bond investors remained determine as they extended duration across the curve on the expectations that the BSP will follow a rate cut. This 4th Quarter, we anticipate continued strong demand for longer-maturity bonds, as other participants in the fixed income markets are still seeking to secure longer-duration investments.

In response to this developing news, PBB – Trust and Investment Center has already started to increase the modified duration of PBB Peso Bond Fund and will maintain its strategy of investing available funds in government securities with maturities up to five years. 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