

# PHILIPPINE BUSINESS BANK PBB PESO BOND FUND

(FORMERLY PBB DIAMOND FUND)

## KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT FOR THE PERIOD ENDING DECEMBER 31, 2024

### FUND FACTS

<b>Classification</b>	Fixed Income Fund	<b>Net Asset Value per Unit</b>	PHP 237.823130
<b>Launch Date</b>	November 04, 2005	<b>Total Fund NAV</b>	PHP 48,827,371.84
<b>Minimum Investment</b>	PHP 10,000.00	<b>Dealing Day</b>	8:30 AM to 12:00 NN
<b>Minimum Additional Investment</b>	PHP 1,000.00, in multiples of 1,000.00	<b>Settlement Period</b>	T+1 Banking Day
<b>Minimum Holding Period</b>	30 Days	<b>Early Redemption Charge</b>	1% of the amount redeemed

### FEES

<b>Trust Fees: 1% p.a<sup>1</sup></b> PBB – Trust and Investment Center	<b>Custodianship Fees: 0%</b> Not Applicable	<b>External Auditor Fees: 0.02%<sup>2</sup></b> Punongbayan & Araullo	<b>Other Fees: 0%</b> Not Applicable
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1 As a percentage of average daily NAV for the quarter valued at PHP 48,118,158.06.

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### 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.

<b>INTEREST RATE RISK</b>	The possibility to experience losses due to changes in interest rates.
<b>MARKET / PRICE RISK</b>	The possibility to experience losses due to changes in market prices of securities (e.g. bonds)
<b>LIQUIDITY RISK</b>	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.
<b>CREDIT / DEFAULT RISK</b>	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.
<b>REINVESTMENT RISK</b>	The possibility of having lower returns or earnings when maturing funds or interest earnings of funds are reinvested.

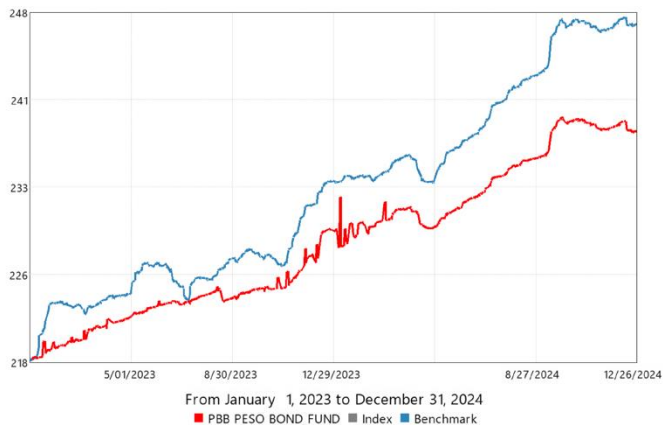
The Fund employs a risk management policy based on duration. Duration measures the sensitivity of NAVPu to interest rate movements. As interest rate rise, bond prices fall. The higher the duration, the more NAVPu will fluctuate in relation to changes in interest rates.

- **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 DECEMBER 31, 2024

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

NAVPU Graph



### NAVPU over the last 12 months

<b>Highest</b>	238.979351
<b>Lowest</b>	227.835653

### Statistics

<b>Weighted Ave. Duration (Yrs.)</b>	2.91 Years
<b>Volatility, Past 1 Year (%)<sup>3</sup></b>	2.6655%
<b>Sharpe Ratio<sup>4</sup></b>	0.55
<b>Information Ratio<sup>5</sup></b>	(1.73)

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

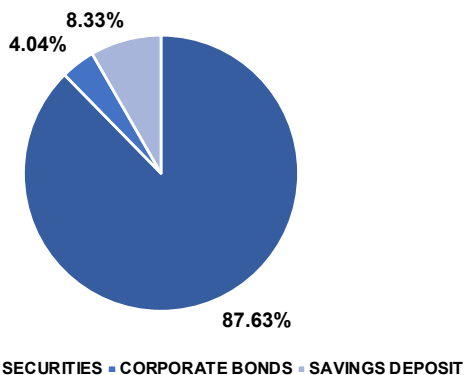
4 Sharpe Ratio is used to characterize how well the return of the Fund compensates the investor for the level of risk taken. The higher the number, the better.

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	3.703%	-1.329%	-1.935%	4.233%	3.703%	3.161%
Benchmark	5.781%	0.126%	-0.169%	3.417%	5.753%	11.546%

### PORTFOLIO COMPOSITION



### TOP 10 HOLDINGS %

SECURITY	%
RTB 05-16	19.48%
FXTN 10-63	18.18%
RTB 05-18	16.45%
FXTN 07-64	10.54%
FXTN 07-67	9.95%
FXTN 07-65	8.85%
SAVINGS	8.33%
RTB 10-05	4.18%
AEV 08-25 R23	2.02%
FLI 25 R24	2.02%
<b>TOTAL</b>	<b>100%</b>

### RELATED PARTY TRANSACTIONS

The Fund has deposits with Philippine Business Bank amounting to PHP 4,049,932.96. 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 reduce the BSP's Target Reverse Repurchase (RRP) Rate by 25 basis points to 5.75%. Inflation is projected to stay within the target range over the policy horizon. The risk-adjusted inflation forecast for 2025 has risen slightly to 3.4% from 3.3% in the previous meeting. For 2026, the risk-adjusted inflation forecast is unchanged at 3.7%. The balance of risks to the inflation outlook continues to lean to the upside due largely to potential upward adjustments in transport fares and electricity rates. The impact of lower import tariffs on rice remains the main downside risk to inflation. The within-target inflation outlook and well-anchored inflation expectations continue to support the BSP's shift toward less restrictive monetary policy.

On the last week of December 2024, yields at the short end of the curve continued to trend higher, while yields on the belly and at the long end of the curve were trending lower but still above the yield curve last September 2024. This happened due to thin volume of trades as no further news was seen to move the fixed income market. Moving forward, we believe yields for all tenors will depend on largely on Philippine inflation, and the expectations and future decisions of the BSP and Federal Reserve.

**Strategy:** The Fund has increased its modified duration through investments in government securities with maturities of up to 5 years. In response to current market movement, the Fund will maintain its position to overweight on government securities, which are considered lower in risk. Also, the Fund will be invested into tenors of at least three (3) years with high coupon rate to boost its returns, which will be reinvested to new assets. 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](mailto:pbbtrust@pbb.com.ph) or visit our website, [www.pbb.com.ph](http://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