

# PBB PESO BOND FUND

(FORMERLY PBB DIAMOND FUND)

## KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT AS OF JUNE 30, 2024

### FUND FACTS

<b>Classification</b>	Fixed Income Fund	<b>Net Asset Value per Unit</b>	PHP 232.544141
<b>Launch Date</b>	November 04, 2005	<b>Total Fund NAV</b>	PHP 12,452,648.08
<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 PHP1,000.00	<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 Fee:</b> 1% p.a. <sup>1</sup> PBB – Trust and Investment Center	<b>Custodianship Fee:</b> 0%	<b>External Auditor Fee:</b> 0.02% <sup>2</sup> Punongbayan & Araullo	<b>Other Fees:</b> 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 Bond Fund that will allow ordinary investors with modest amount of funds to access wider investment opportunities through participations 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; exchange-listed securities, 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 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

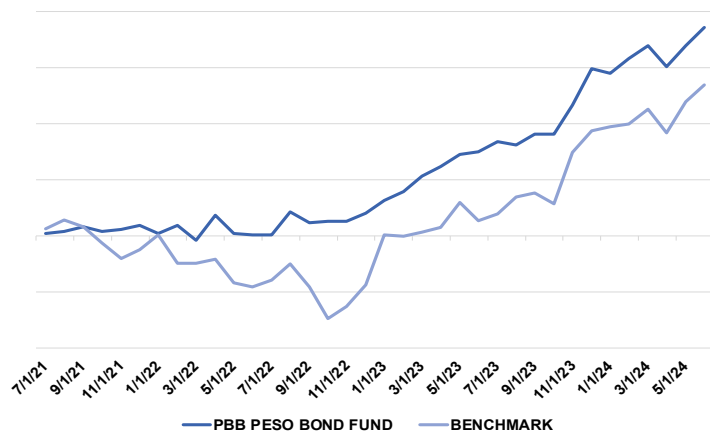
You should not invest in this Fund if you do not understand or are not comfortable with the accompanying risks.

<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 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 JUNE 30, 2024

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



### NAVPU over the last 12 months

<b>Highest</b>	232.544141
<b>Lowest</b>	222.941223

### Statistics

<b>Weighted Ave. Duration (Yrs.)</b>	2.87 Years
<b>Volatility, Past 1 Year (%)<sup>3</sup></b>	2.9845%
<b>Sharpe Ratio<sup>4</sup></b>	0.68
<b>Information Ratio<sup>5</sup></b>	(0.94)

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

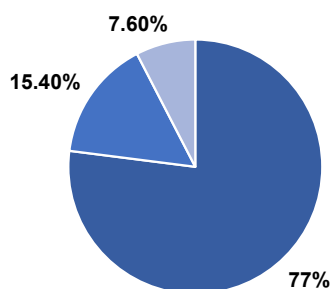
4 Sharpe Ratio is used to characterize how well the return of the Fund compensates the investor for the level of risk taken. The higher the number, the better.

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 (%)

	1mo	3mos	6mos	1yr	3yrs
<b>FUND</b>	<b>7.35</b>	<b>2.26</b>	<b>2.91</b>	<b>4.30</b>	<b>2.48</b>
<b>BENCHMARK</b>	<b>0.58</b>	<b>0.82</b>	<b>3.95</b>	<b>4.82</b>	<b>5.38</b>

### PORTFOLIO COMPOSITION



■ Government Securities ■ Corporate Bonds ■ Savings Deposit

### TOP 10 HOLDINGS %

	%
<b>SECURITY</b>	
<b>FXTN's – FVPL</b>	<b>55.4%</b>
<b>RTB – FVPL</b>	<b>21.6%</b>
<b>CORPORATE BONDS – FVPL</b>	<b>15.4%</b>
<b>SAVINGS DEPOSIT</b>	<b>7.6%</b>
<b>TOTAL</b>	<b>100%</b>

### RELATED PARTY TRANSACTIONS

The Fund has deposits with Philippine Business Bank amounting to PHP 977,815.41. 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

Per the recent monetary policy update, the Monetary Board (MB) decided on June 27, 2024 to maintain the interest rates at 6.50% for the sixth straight meeting. According to the BSP, the balance of risks to the inflation outlook has shifted to the downside for 2024 and 2025, largely due to the impact of lower import tariffs on rice. In addition, the BSP also stated that inflation is moving closer towards the midpoint of the 2% to 4% target range. Also, risk-adjusted inflation forecasts have eased to 3.1% for both 2024 and 2025 from 3.8% and from 3.7%, respectively. Based on the BSP's latest survey of market forecasters, inflation expectations remained well-anchored. The Monetary Board has anticipated price pressures to soften starting the second half of 2024 as an effect of Executive Order 62 that will lower tariff for imported rice and Administrative Order 20 that will ease the importation process for agricultural products.

BSP Governor Eli M. Remolona stated that an improvement in the inflation outlook would allow more flexibility to consider a less restrictive monetary policy stance. He has also added that the Monetary Board is on track to cut rates by 25 bps on its next MB meeting on August 15, 2024 (third quarter of 2024) and another 25 bps in the fourth quarter of 2024, despite the announcement by US Federal Reserve that it may only start easing in December 2024.

On the other hand, yields on government securities were mostly lower for the final week of June 2024. The main reason for this decline was the optimistic stance taken by the BSP, which substantially reduced its inflation projections for 2024 and 2025. Given the favorable market sentiment, we believed that the GS with longer durations is particularly appealing in the current market environment.

In response to this developing news, the PBB Peso Bond Fund will start to increase the modified duration gradually by buying government securities with 3 years to 5 years tenor while carefully considering other potential risks that may arise in the future. PBB Peso Bond Fund is strategically positioned to capitalize on emerging opportunities while prudently managing risks amidst 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