

PNB INSTITUTIONAL MONEY MARKET FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
Month Ended February 29, 2024



FUND FACTS

Classification:	Money Market Fund	Net Asset Value per Unit (NAVPU):	1.239658
Launch Date:	February 14, 2014	Total Fund NAV:	Php 155.92 Million
Minimum Investment	Php 10 Million	Dealing Day:	9:00 to 12:00 NN of any banking day
Additional Investment	Php 1 Million	Redemption Settlement:	T + 0
Minimum Holding Period:	3 banking days	Early Redemption Charge:	50% of income earned
Trust Fee:	0.125% p.a. of FV	Valuation:	Accrual

FEES*

Trustee Fees:	Taxation Fees:	External Auditor Fees:	Other Fees**:
<u>0.0101%</u>	<u>0.0958%</u>	<u>0.0000%</u>	<u>0.0000%</u>
PNB Trust Banking Group	BIR	SGV and Co.	None

*As a percentage of average daily NAV for the month valued at Php 155.64 Million.
**Other Fees may include transaction, broker's, and TOAP website fees.

INVESTMENT OBJECTIVE AND STRATEGY

The PNB Institutional Money Market Fund was specifically created to meet the investment needs of institutional investors. It is invested in a portfolio of bank deposits with a remaining term to maturity of not more than three (3) years and has a weighted average portfolio life of one (1) year or less. The Fund aims to outperform its benchmark, which is the 91-day Philippine Treasury-Bill rate auction, net of tax. It is the yield received for investing in a government issued treasury security that has a maturity of 3 months. It is computed based on the auction conducted by the Bureau of the Treasury. The risk profile of the fund's benchmark maybe viewed as conservative, having a maturity of only 3 months. Participants are advised that the fund may invest in securities with a remaining term to maturity of not more than three (3) years but with a weighted average portfolio life of one (1) year or less. Additional information on the benchmark may be obtained from Bloomberg or the Bureau of Treasury website.

CLIENT SUITABILITY

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

- The PNB Institutional Money Market Fund is suitable for institutional investors who have conservative risk appetite.
- The Fund's investment horizon shall be one year or less.

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.

- Liquidity Risk** – The possibility for a Trustor to experience losses due to the Fund's inability to sell or convert assets into cash immediately or in instances where conversion to cash is possible but at a loss.
- Credit Risk** – The possibility for a Trustor to experience losses in the event the borrower/issuer defaults on his obligation or in the case of a counterparty, when it fails to deliver on the agreed trade.
- Reinvestment Risk** – This is the risk associated with the possibility that the funds may not be invested at the same rate as it was invested previously.

The Fund's investment strategy and processes are in accordance with the Trustee's written Desk Manual. Regulatory exposure limits are monitored on a regular basis.

COOLING OFF PROVISION

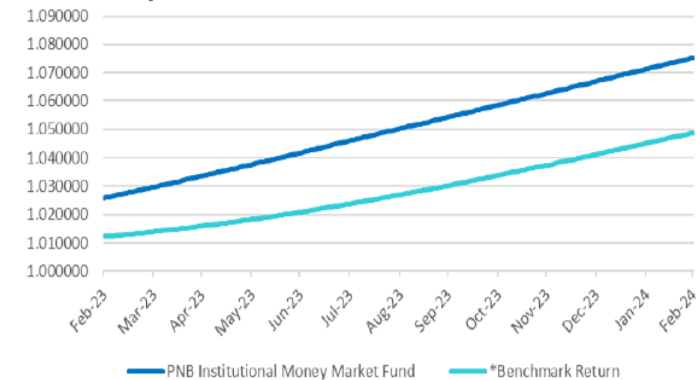
Cooling Off Period – The participant of the Fund may avail of the cooling-off period of two (2) business days immediately following the approval of the participation to cancel his participation without penalty, subject to submission of a written notice during the cooling off period.

- THE UIT FUND IS A TRUST PRODUCT, NOT A DEPOSIT ACCOUNT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC).**
- THE UIT FUND IS NOT AN OBLIGATION OF, NOR GUARANTEED, NOR INSURED BY THE TRUSTEE, ITS AFFILIATES OR SUBSIDIARIES.**
- DUE TO THE NATURE OF THE INVESTMENTS, THE RETURNS/YIELDS CANNOT BE GUARANTEED AND HISTORICAL PERFORMANCE, WHEN PRESENTED IS PURELY FOR REFERENCE PURPOSES AND IS NOT A GUARANTEE OF SIMILAR FUTURE PERFORMANCE.**
- THAT ANY LOSSES AND INCOME ARISING FROM MARKET FLUCTUATIONS AND PRICE VOLATILITY OF THE SECURITIES HELD BY THE UITF, EVEN IF INVESTED IN GOVERNMENT SECURITIES, ARE FOR THE ACCOUNT OF THE CLIENT. AS SUCH, THE UNITS OF PARTICIPATION OF THE CLIENT IN THE UITF, WHEN REDEEMED, MAY BE WORTH MORE OR WORTH LESS THAN HIS/HER INITIAL INVESTMENT/CONTRIBUTION.**
- THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE OF THE TRUSTEE.**
- THE INVESTOR MUST READ THE COMPLETE DETAILS OF THE FUND IN THE UITF'S DECLARATION OF TRUST, MAKE HIS/HER OWN RISK ASSESSMENT, AND WHEN NECESSARY, SEEK AN INDEPENDENT/ PROFESSIONAL OPINION BEFORE MAKING AN INVESTMENT.**

FUND PERFORMANCE AND STATISTICS

Historical performance, when presented, is purely for reference purposes and is not a guarantee of future results.

NAVPU Graph



Cumulative Performance (%)

Period	1 mo	3 mos	6 mos	1 yr	3 yrs	S.I.**
Fund	0.37%	1.18%	2.38%	4.82%	7.51%	23.97%
Benchmark*	0.36%	1.06%	2.24%	4.44%	6.71%	13.0%

*Effective August 15, 2022, the fund's new benchmark is the 91-day Philippine Treasury-Bill rate auction, net of tax. Its previous benchmark was the Moving average of the Philippine 30-Day Special Savings Rate General Average, net of tax.

**Since Inception

Top 10 Holdings (%)

Fund	% of Portfolio
Philippine Business Bank Time Deposit	14.92%
RCBC Time Deposit	12.88%
Union Bank Time Deposit	9.73%
Sterling Bank of Asia Time Deposit	9.67%
UCPB Savings Time Deposit	8.40%
Philippine Savings Bank Time Deposit	5.31%
China Bank Corp. Time Deposit	5.27%
Sterling Bank of Asia Time Deposit	4.75%
China Bank Corp. Time Deposit	4.57%
China Bank Corp. Time Deposit	4.51%

NAVPU over the past 12 months

Highest	1.239658
Lowest	1.178813

Statistics

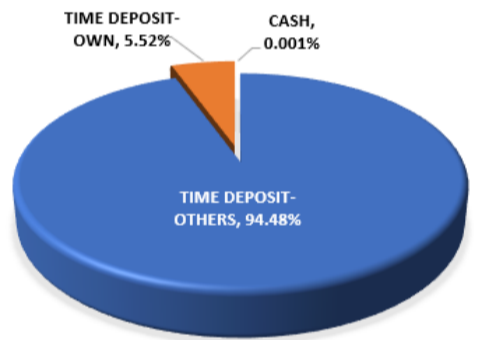
Weighted Ave. Portfolio Life	
Fund	0.07
Benchmark	0.25
Volatility, Past 1 Year*	0.06%
Sharpe Ratio**	2.06
Information Ratio***	2.07

*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 a Fund compensates the investor for the level of risk taken. The higher the number, the better.

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

Portfolio Composition (Fund)



MARKET OUTLOOK: LOCAL BOND MARKET

Ending a four-month decline, February inflation surged to 3.4% higher than last month's figure at 2.8% and exceeded consensus of 3%, but still within the Central Bank's forecast of 2.8 to 3.6%. Main contributors to the increase are food (primarily by rice prices which rapidly climbed to 23.7%, the fastest level in 15 years) and non-alcoholic beverages rising to 4.6% from 3.5% previous month and transport prices which accelerated to 1.2%. Central Bank said that inflation may likely go above its target for the second quarter in anticipation of the El Nino weather impact on farm production. Risk on inflation forecast has diminished but still leans towards the possibility of increase.

US Fed Chair Powell stated that the prudent thing to do is to give it some time and to build confidence that inflation will continue to fall towards their 2% goal and that the start of rate cuts is really going to depend on the data. Market is expecting for the US Fed to begin its easing cycle in June 2024 (25bps rate cut and 25bps each quarter thereafter). The next FOMC meeting is on March 19-20. The BSP kept its benchmark rate steady (6.5% - highest in nearly 17yrs) at its first policy meeting last Feb 15. Market expects that BSP will continue to follow policy movement of the US Fed. BSP Governor Remolona said that "it was too soon to declare victory against inflation" and that they will likely consider cutting rates in the second half, but may need to keep rates tight in the first half amid risks to the inflation outlook. The next MB meeting is on April 4.

Local GS yields for the month rose slightly across the curve by an average of 15bps MoM. The government fully awarded one reissued and one fresh Treasury bonds (Tbonds), reissued 3yr FXTN 03-30 (with coupon rate of 6.00%), and new 20yr FXTN 20-26 (with coupon rate of 6.25%) at average rates of 6.007% and 6.209% respectively. Strong demand was observed for the 2 tenors where bids were more than 2.08-3.04x the auction sizes. On the other hand, BTr rejected all bids for the reissued 5yr FXTN 05-78 (with coupon rate of 6.125%) even if bids were 1.78x the auction size and cancelled two auctions to give way for its RTB primary offering. For the month of February, they were only able to raise Php121.3 Bn out of its Php150 Bn program (Php60 Bn from Tbond auctions and Php61.3 Bn from Tbill offerings). Following the successful issuance of RTB 5-18, the government raised a record Php584.86 Bn (with coupon rate of 6.25%), exceeding the Php400 Bn target as mentioned by BTr OIC Sharon P. Almanza. BTr plans to raise Php180 Bn worth of bills and bonds in March, which is 20% higher than the Php150 Bn plan last month, from the domestic market via Treasury bills (Php60 Bn), and Treasury bonds (Php120 Bn) and external sources to help fund budget deficit. They revised their borrowing program for March to offer bonds with longer tenors, from 3Y, 5Y, 7Y and 10Y to 6Y, 7Y, 10Y and 20Y. Weekly bond auctions will have an issue size of Php5 Bn through 91-, 182- and 364d Tbills and Php30 Bn each for the four Tbonds. This year, the government's borrowing plan is set at Php2.4 Tn, with Php1.85 Tn to be raised from the domestic market and Php606.85 Bn from foreign sources.

S&P Global Ratings, one of the major credit rating agencies, anticipates this year that Philippine banks will remain stable amid expectations of rapid economic and loan growth.

We recommend extending duration and investing cautiously in securities with longer tenor.

OTHER DISCLOSURES

Prospective Investments

The following names are among the Fund’s approved investment outlets where the Trustee intends to invest depending on its availability or other market driven circumstances:

Accredited Banks		
Asia United Bank	Philippine Bank of Communications	Chinatrust Commercial Bank Corp.
BDO Unibank, Inc.	Philippine Business Bank	Citigroup Inc.
Bank of Commerce	Philippine National Bank	Deutsche Bank
Bank of the Philippine Islands	Philippine Savings Bank	HSBC Bank
China Banking Corp.	Rizal Commercial Banking Corp.	ING Bank
China Bank Savings	Robinsons Bank Corp.	JP Morgan Chase
City Savings Bank	Security Bank Corp.	Maybank Philippines Inc.
Development Bank of the Phil.	Sterling Bank of Asia	Mizuho Financial Group, Inc.
East West Banking Corp.	Union Bank of the Philippines	Standard Chartered Bank
Land Bank of the Philippines	UCPB Savings Bank	Sumitomo Mitsui Banking Corp.
Metropolitan Bank and Trust Co.	ANZ Bank	

Related Party Transactions

The Fund has deposits with the Bank Proper and outstanding investments with the following companies related to Philippine National Bank (PNB):

Company Name	Amount
Philippine National Bank	8,610,292.32

Investments in the said outlets were approved by the PNB Board of Directors. Likewise, all related party transactions are conducted on an arm's length and best execution basis and within established limits.