

PNB PERA BOND FUND



KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Month Ended December 31, 2023

FUND FACTS

Classification:	Fixed Income Fund	Net Asset Value per Unit (NAVPU):	1.047683
Launch Date:	September 1, 2021	Total Fund NAV:	Php 2.82 Million
Minimum / Additional Investment:	Php 1,000 (via PERA website – https://pera.seedbox.ph/)	Dealing Day:	9:00 to 12:00 NN of any banking day
Minimum Holding Period:	30 calendar days	Redemption Settlement:	T + 1
Trust Fee:	1.00% p.a.	Early Redemption Charge:	50% of income earned
		Valuation:	Marked-to-Market

FEES*

Trustee Fees:	Taxation Fees:	Custodianship Fees:	External Auditor Fees:	Other Fees**:
<u>0.0431%</u>	<u>0.0000%</u>	<u>0.0015%</u>	<u>0.0000%</u>	<u>0.0561%</u>
PNB Trust Banking Group	BIR	Deutsche Bank AG, Manila	SGV and Co.	Others

*As a percentage of average daily NAV for the month valued at Php 2.61 Million.

**Other Fees may include transaction, broker's, and TOAP website fees.

INVESTMENT OBJECTIVE AND STRATEGY

The PNB PERA Bond Fund is a Unit Investment Trust Fund qualified as a PERA Investment Product that is invested in a mixed portfolio of fixed income instruments with a weighted average portfolio life of more than one (1) year. The Fund aims to outperform its benchmark, which is the Markit iBoxx ALBI Philippines 1-5 Year Index. It contains Philippine government bonds and Treasury Bills with a remaining maturity between 1 year and 5 years. End-of-day closing values are calculated once daily after the close of trading in the market. The indices are calculated every day except on holidays common to all Asian markets. The risk profile of the fund's benchmark maybe viewed as moderate. Additional information on the benchmark may be obtained from Bloomberg.

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 PERA Bond Fund is suitable for investors who have moderate risk appetite.
- Participants are recommended to stay invested in the fund for at least one (1) year.

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.
- **Interest Rate/Price Risk** – This is the possibility for a Trustor to experience losses due to changes in interest rates or due to a decline in the price of a security or a portfolio. C

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

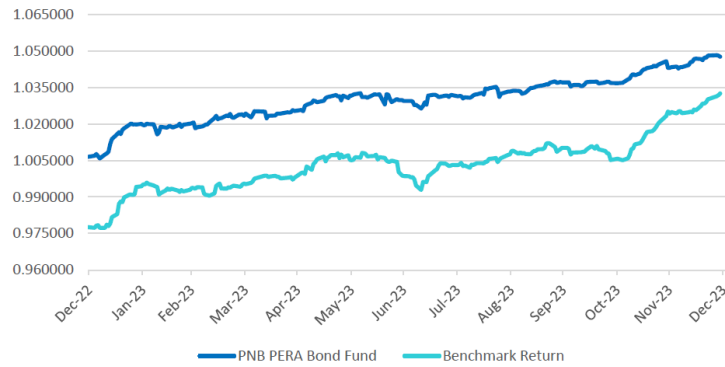
Cooling Off Period - The participant of the Fund may avail of the cooling-off period of two (2) business days immediately following the approval of the participation to cancel his participation without penalty, subject to submission of a written notice during the cooling off period.

- **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	0.44%	1.02%	1.77%	4.11%	N/A	4.11%
Benchmark*	0.81%	2.22%	3.40%	5.61%	N/A	3.26%

*Effective August 15, 2022, the fund's new benchmark is the Markit iBoxx ALBI Philippines 1-5 Year Index. Its previous benchmark was the BPI Philippine Government Bond 1-5 Year Index.

**Since Inception

NAVPU over the past 12 months

Highest	1.048291
Lowest	1.042860

Statistics

Weighted Ave. Portfolio Life	
Fund	2.27
Benchmark	2.89
Volatility, Past 1 Year*	0.30%
Sharpe Ratio**	0.78
Information Ratio***	-0.75

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

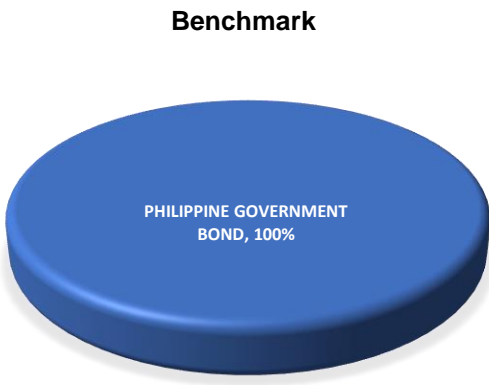
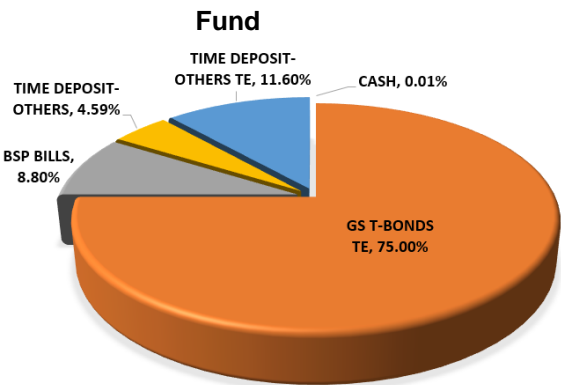
**Sharpe Ratio is used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better.

***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.

Top 10 Holdings (%)

Fund	% of Portfolio	Benchmark	% of Portfolio
Retail Treasury Bonds 5-16	20.37%	Philippine Government Bond due 12Aug2025	11.74%
Retail Treasury Bonds 3-11	14.04%	Philippine Government Bond due 04Mar2027	10.69%
Fixed Rate Treasury Notes 5-77	11.27%	Philippine Government Bond due 07Mar2028	10.02%
Fixed Rate Treasury Notes 7-65	11.23%	Philippine Government Bond due 02Jun2027	8.33%
Retail Treasury Bonds 5-15	10.58%	Philippine Government Bond due 22Aug2028	6.78%
Retail Treasury Bonds 5-14	7.51%	Philippine Government Bond due 09Sep2025	6.68%
Union Bank Time Deposit	5.81%	Philippine Government Bond due 08Apr2026	6.42%
Union Bank Time Deposit	5.79%	Philippine Government Bond due 04May2027	6.33%
Bangko Sentral ng Pilipinas Bills Due 23Jan2024	5.27%	Philippine Government Bond due 12Aug2028	6.12%
RCBC Time Deposit	4.59%	Philippine Government Bond due 22Apr2028	5.76%

Portfolio Composition



MARKET OUTLOOK: LOCAL BOND MARKET

Philippine inflation marks its lowest inflation for 2023 at 3.9% causing the full-year average to 6%, still within the 3.6% to 4.4% BSP's expectation. The main drivers of deceleration were housing, water, power, gas and other fuels, and food and non-alcoholic beverages. This month's figure was not enough to bring the 2023 annual average to the Central Banks target of 2% to 4%. Still, the government remains cautious to keep its monetary policy tight until a continuous downtrend in inflation is seen and they will continue to enforce measures to control inflation while strengthening the economy.

The US Fed, at its December 13 FOMC meeting, kept its policy rate steady at 5.25-5.50% range for a 3rd straight meeting. US Fed Chair Powell stated that the historic tightening of monetary policy is likely over as inflation falls faster than expected and with a discussion of cuts in borrowing costs coming "into view." Market views 4 rate cuts from the US Fed in 2024. The BSP likewise has kept its policy rates unchanged at a 16-year high of 6.50% for a 2nd consecutive meeting last December 14. BSP has raised key rates by 450 basis points since May 2022 to curb inflation.

Local GS yields for the month fell across the curve by an average of 15bps as inflation expectation continue to cool down. The government fully awarded the reissued 10y FXTN 10-71 (with coupon rate of 6.625) at an average rate of 6.224%, where bids reached 2x the auction size. Funds raised from this auction helped the BTr complete its annual domestic funding requirement, therefore cancelling its remaining auctions for the year. In January, the BTr plans to raise Php 195B worth of Treasury bills (Php75B) and Treasury bonds (Php120B), 225% higher than the P60-billion program in December. They will offer P5 billion each in 91-, 182- and 364-day Tbills, while for Tbonds 3Y, 5Y, 7Y and 10Y tenor buckets with P30 billion volume per issue. During the 1st quarter of 2024, BTr plans to borrow a total of P435-billion, with the bulk coming from Treasury bond auctions.

We are looking at 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:

Type of Investment	Issuer/Borrower	
Government Securities	Republic of the Philippines	
Bank Deposits	Various Banks	
	Asia United Bank BDO Unibank, Inc. Bank of Commerce Bank of the Philippine Islands China Banking Corp. China Bank Savings City Savings Bank Development Bank of the Philippines East West Banking Corp. Land Bank of the Philippines Metropolitan Bank and Trust Company Philippine Bank of Communications Philippine Business Bank Philippine National Bank Philippine Savings Bank Rizal Commercial Banking Corp.	Robinsons Bank Corp. Security Bank Corp. Sterling Bank of Asia Union Bank of the Philippines UCPB Savings Bank ANZ Bank Chinatrust Commercial Bank Corp. Citigroup Inc. Deutsche Bank HSBC Bank ING Bank JP Morgan Chase Maybank Philippines, Inc. Mizuho Financial Group, Inc. Standard Chartered Bank Sumitomo Mitsui Banking Corp.
Corporate Bonds	Various Corporations	

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	400.25

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.