

PNB PRIME PESO MONEY MARKET FUND



KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Month Ended December 31, 2023

FUND FACTS

Classification:	Money Market Fund	Net Asset Value per Unit (NAVPU):	1.307006
Launch Date:	September 27, 2010	Total Fund NAV:	Php 8.70 Billion
Minimum / Additional Investment – Class I:	Php 10,000 (via any PNB branch)	Dealing Day:	9:00 to 12:00 NN of any banking day
Minimum / Additional Investment – Class II:	Php 2,000 (via PNB UITF Online)	Redemption Settlement:	T + 1
Minimum Holding Period:	5 banking days	Early Redemption Charge:	50% of income earned
Trust Fee:	0.50% p.a.	Valuation:	Marked-to-Market

FEES*

Trustee Fees:	Taxation Fees:	Custodianship Fees:	External Auditor Fees:	Other Fees**:
<u>0.0430%</u>	<u>0.0452%</u>	<u>0.0011%</u>	<u>0.0008%</u>	<u>0.0519%</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 8.69 Billion.*
***Other Fees may include transaction, broker's, and TOAP website fees.*

INVESTMENT OBJECTIVE AND STRATEGY

The PNB Prime Peso Money Market Fund is invested in a diversified portfolio of bank deposits and fixed income instruments issued by the Philippine government 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 Prime Peso Money Market Fund is suitable for 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.
- **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.

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.**

PNB PRIME PESO MONEY MARKET FUND



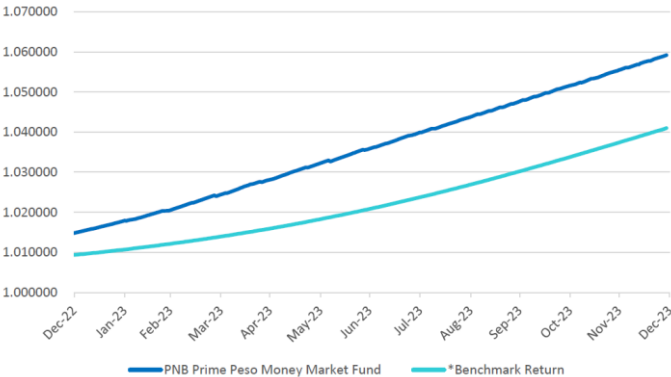
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Month Ended December 31, 2023

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	0.35%	1.12%	2.26%	4.39%	5.93%	30.70%
Benchmark*	0.32%	1.14%	2.29%	4.29%	6.02%	18.65%

*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 taxes.

**Since Inception

Top 10 Holdings (%)

Fund	% of Portfolio
Bangko Sentral ng Pilipinas Bills due 02Jan2024	20.71%
Bangko Sentral ng Pilipinas Bills due 16Jan2024	18.48%
Bangko Sentral ng Pilipinas Bills due 23Jan2024	13.75%
Bangko Sentral ng Pilipinas Bills due 09Jan2024	7.76%
Robinsons Bank Corp. Time Deposit	2.77%
Robinsons Bank Corp. Time Deposit	2.68%
RCBC Time Deposit	2.32%
Robinsons Bank Corp. Time Deposit	1.95%
Philippine Business Bank Time Deposit	1.85%
China Bank Time Deposit	1.73%

NAVPU over the past 12 months

Highest	1.307006
Lowest	1.302553

Statistics

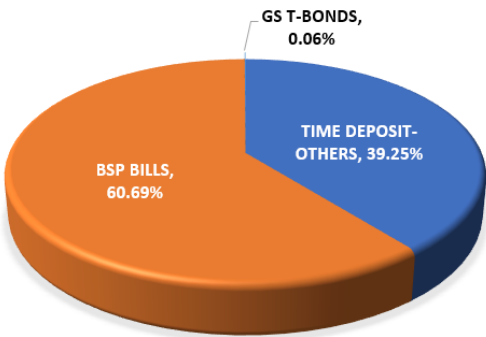
Weighted Ave. Portfolio Life	
Fund	0.05
Benchmark	0.25
Volatility, Past 1 Year*	0.10%
Sharpe Ratio**	1.53
Information Ratio***	1.63

*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

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 Tbonsds 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:

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	220,515.87

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.