

PNB PROFIT DOLLAR BOND FUND



KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Month Ended January 31, 2024



FUND FACTS

Classification:	Fixed Income Fund	Net Asset Value per Unit (NAVPU):	1.527996
Launch Date:	October 3, 2005	Total Fund NAV:	USD 2.17 Million
Minimum / Additional Investment – Class I:	USD 1,000 (via any PNB branch)	Dealing Day:	9:00 to 11:00 AM of any banking day
Minimum / Additional Investment – Class II:	USD 100 (via PNB UITF Online)	Redemption Settlement:	T + 1
Minimum Holding Period:	30 calendar days	Early Redemption Charge:	50% of income earned
Trust Fee:	0.75% p.a.	Valuation:	Marked-to-Market
FEES*			

Trustee Fees:	Taxation Fees:	Custodianship Fees:	External Auditor Fees:	Other Fees**:
0.0645%	0.0208%	0.0012%	0.0014%	0.0023%
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 USD 2.18 Million.

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

INVESTMENT OBJECTIVE AND STRATEGY

The PNB Profit Dollar Bond Fund is invested in a 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 moving average of the yield of a 3 Year ROP instrument. It reflects the market yield of the 3 Year USD denominated Philippine Sovereign Bonds for the covered period. It is based on the present value of future coupon payments and the final principal payment at maturity. 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 Profit Dollar 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.

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

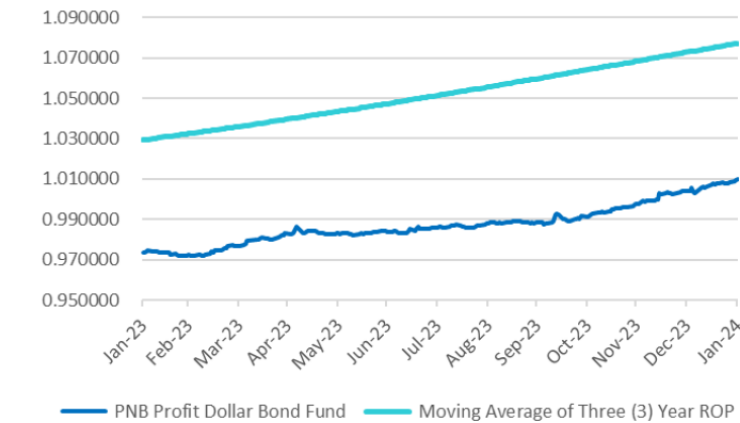
Cooling Off Period - The participant of the Fund may avail of the cooling-off period of two (2) business days immediately following the approval of the participation to cancel his participation without penalty, subject to submission of a written notice during the cooling off period.

- **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	0.60%	1.89%	2.45%	3.76%	1.00%	50.42%
Benchmark	0.43%	1.25%	2.55%	4.83%	9.41%	52.18%

*Since Inception

Top 10 Holdings (%)

Fund	% of Portfolio
ROP 26	19.93%
PNB BONDS	13.56%
Retail Dollar Bonds 26	11.52%
Retail Dollar Bonds 29	11.26%
ROP 28	9.18%
ROP 27	8.88%
US Treasury 021324	8.26%
RCBC Bank Time Deposit	5.52%
ROP 24o	2.59%
RCBC Bank Time Deposit	1.94%

NAVPU over the past 12 months

Highest	1.527996
Lowest	1.465264

Statistics

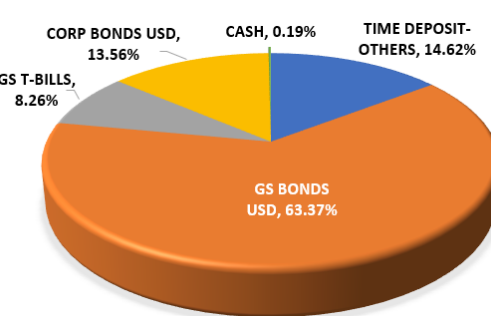
Weighted Ave. Portfolio Life	
Fund	2.14
Benchmark	2.81
Volatility, Past 1 Year*	0.44%
Sharpe Ratio**	0.62
Information Ratio***	0.71

*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: ROP MARKET

The US Federal Reserve kept the federal funds target range unchanged at 5.25-5.5% at their first FOMC meeting last January 30-31. US Fed Chair Jerome Powell indicated that a March rate cut seems unlikely. Inflation, still, will be the key variable in determining the timing of rate cuts. Economists continue to forecast the first rate cut in June, with a total of 75bps of rate reductions for the year.

Yields on US Treasuries for January were mixed. The front end declined by 8-13 bps while the belly to the long end inched up by 11-19 bps. Markets continue to price in a recession with the yield curve inversion of 28bps between the UST 2y (4.27%) and 10y (3.99%). ROPs followed this trend in the belly and the long end, inching up by 15-30bps.

On the local front, headline CPI print in January eased further to 2.8% from the 3.9% in December 2023 and lower than the 3.1% market consensus forecast. Given that inflation is already within BSP’s inflation target range for 2 months in a row, market expectation is that the BSP will keep policy rate unchanged in at their February 15 policy review meeting. BSP Governor Remolona previously said the BSP might cut borrowing costs this year, but policy easing in the 1st half may be too soon amid risks to the inflation outlook.

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:

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

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	299,396.28

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.