

PNB PROFIT DOLLAR 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):	1.518955
Launch Date:	October 3, 2005	Total Fund NAV:	USD 2.23 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**:
0.0646%	0.0280%	0.0021%	0.0014%	0.0014%
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 2.23 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

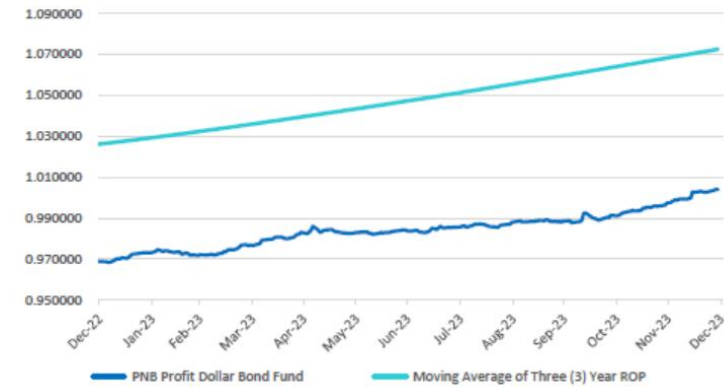
Cooling Off Period - The participant of the Fund may avail of the cooling-off period of two (2) business days immediately following the approval of the participation to cancel his participation without penalty, subject to submission of a written notice during the cooling off period.

- **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	0.64%	1.56%	2.07%	3.63%	0.25%	49.53%
Benchmark	0.38%	1.29%	2.54%	4.81%	9.03%	51.75%

*Since Inception

Top 10 Holdings (%)

Fund	% of Portfolio
ROP 26	19.28%
ROP 24	18.12%
PNB BONDS	13.06%
Retail Dollar Bonds 29	10.78%
ROP 28	9.14%
RCBC Bank Time Deposit	5.34%
China Bank Time Deposit	4.13%
RCBC Bank Time Deposit	2.92%
PBCom Time Deposit	2.86%
ROP 24o	2.50%

NAVPU over the past 12 months

Highest	1.519154
Lowest	1.509343

Statistics

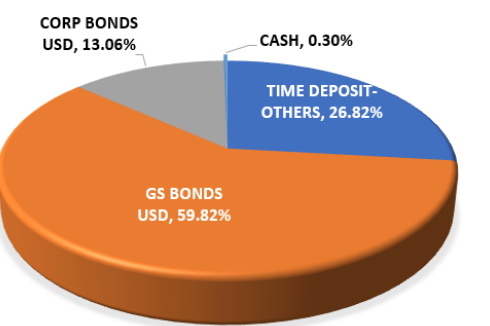
Weighted Ave. Portfolio Life	
Fund	1.58
Benchmark	2.90
Volatility, Past 1 Year*	0.45%
Sharpe Ratio**	0.84
Information Ratio***	0.91

*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 FOMC, at the Dec. 12-13 meeting, voted unanimously to keep the federal funds target range unchanged at 5.25-5.50% range. 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.”

Yields on US Treasuries rallied on the tone of the US Fed. In December, yields were mostly lower and declined by an average of 30.7bps mom led by the 20y (52bps), 30y(51bps), and 2y & 7y (50 bps each). Only the 2m(5bps) and 1m(4bps) rose. The UST 2y closed at 4.24% while 10y at 3.87%. The inversion of the 2y and the 10y remained at 37bps.

On the local front, finally, after 20 months of breaching the central bank's 2-4% target band, inflation in the Philippines is finally within target. December inflation rose 3.9% YoY, lower than market consensus forecast of 4.0% and within the 3.6% to 4.4% range forecasted by BSP. The 3.9% YoY rate of increase in December is the slowest rate for 2023. Now the main question is, will inflation stay within target? Recent estimates show that inflation in 2024 will be below target, 3.5%-3.7%. However, risks persist, especially on food and transport prices.

The BSP now has more leg room to adjust monetary policy with the inflation outlook more benign, but we think that local policy rates would still be largely a function of future Fed rate moves (hike, pause or cut) as well as the local inflation trend. We expect the BSP to cut its policy rate only when the Fed begins its easing cycle, which we expect to happen in the 2nd half of the year. Market views 4 rate cuts from the US Fed in 2024.

BSP also disclosed that it is unlikely to start policy easing in the next few months and will only consider rate cuts if inflation settles at the midpoint of the 2-4% target.

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	
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.
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	299,631.743

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.