



PNB PROFIT DOLLAR INTERMEDIATE TERM BOND FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Month Ended September 30, 2019

FUND FACTS

Classification:	Intermediate Term Bond Fund	Net Asset Value per Unit (NAVPU):	1.486211
Launch Date:	October 3, 2005	Total Fund NAV:	USD 1.82 Million
Minimum Investment:	USD 1,000	Dealing Day:	9:00 to 11:00 AM of any banking day
Additional Investment:	USD 1,000	Redemption Settlement:	T + 1
Minimum Holding Period:	30 calendar days	Early Redemption Charge:	50% of income earned
Trust Fee:	1.00% p.a.	Valuation	Marked-to-Market

FEES*

Trustee Fees: <u>0.0866%</u> PNB Trust Banking Group	Taxation Fees: <u>0.0173%</u> BIR	Other Fees: <u>0.0001%</u> TOAP Annual Registration Fee	External Auditor Fees: <u>0.0153%</u> SGV and Co.
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Custodianship Fees: 0.0007% Deutsche Bank AG, Manila

*As a percentage of average daily NAV for the month valued at USD 1.82 Million.

INVESTMENT OBJECTIVE AND STRATEGY

The PNB Profit Dollar Intermediate Term Bond Fund is suited for investors in search of higher-earning investments for their US dollar funds. It is invested in a portfolio of fixed income instruments with a maximum weighted average duration of three years. The Fund aims to outperform its benchmark, which is the moving average of the yield of a 3 Year ROP instrument.

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 Intermediate Term Bond Fund is suitable for investors who have moderate risk appetite.
- Participants are recommended to stay invested in the fund for at least three (3) years.

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 employs a risk management policy based on duration. Duration measures the sensitivity of NAVPu to interest rate movements. As interest rates rise, bond prices fall. The higher the duration, the more the NAVPu will fluctuate in relation to changes in interest rates.

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

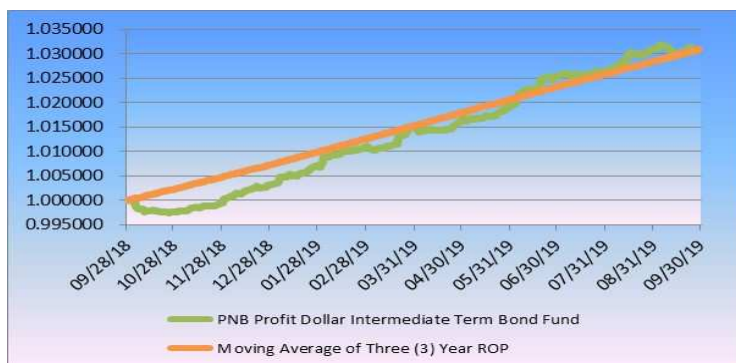
Cooling Off Period - The participant of the Fund may avail of the cooling-off period of two (2) business days immediately following the approval of the participation to cancel his participation without penalty, subject to submission of a written notice during the cooling off period.

- ✓ THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC)
- ✓ RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/FLUCTUATIONS ONLY
- ✓ WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES WILL BE SOLELY FOR THE ACCOUNT OF THE CLIENT
- ✓ THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE

FUND PERFORMANCE AND STATISTICS AS OF SEPTEMBER 30, 2019

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

NAVPU Graph



Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs	S.I.*
Fund	-0.01%	0.55%	1.56%	3.08%	3.29%	48.62%
Benchmark	0.22%	0.65%	1.34%	2.85%	7.52%	40.60%

*Since Inception

Top 10 Holdings (%)

Company Name	% of Portfolio
Republic of the Philippines 21	22.48%
Republic of the Philippines 20	12.85%
Republic of the Philippines 31	9.99%
Security Bank Time Deposit	6.31%
Philippine National Bank Time Deposit	4.37%
China Bank Savings Time Deposit	4.14%
Philippine National Bank Time Deposit	3.84%
PS Bank Time Deposit	3.56%
PS Bank Time Deposit	3.08%
PS Bank Time Deposit	2.73%

NAVPU over the past 12 months

Highest	1.487739
Lowest	1.438034

Statistics

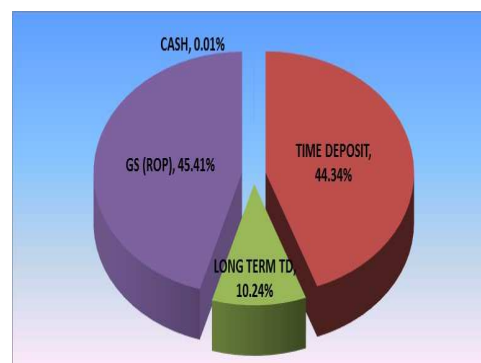
Weighted Ave. Duration	1.36
Volatility, Past 1 Year*	0.18%
Sharpe Ratio**	(0.63)
Information Ratio***	(0.82)

*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



MARKET OUTLOOK

ROP MARKET

The US-China trade war has been a consistent source of market volatility. It has been more than a year since it started to affected the financial markets - equities, bonds and currency market. News on geopolitical tensions and the impeachment proceedings versus US President Trump also contributed to market volatility.

Yield of the benchmark 10Y US Treasury bond ended higher by 16.86 basis point month-on-month from 1.4994% in August versus 1.6680% in September after it touched a low of 1.4590%

At the local front, BPI and RCBC issued dollar denominated bonds. Both issuances are qualified under the Green Finance Framework.

We expect sovereigns to keep tracking the movement of US Treasuries, the developments in the US-China trade war as well as geopolitical tensions happening around the globe.

By: Dennis Anthony L. Elayda
Head, Investment Management Division

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	
	Banco De Oro Unibank, Inc. Bank of Commerce Bank of the Philippine Islands China Banking Corp. China Bank Savings Development Bank of the Phils. East West Bank Land Bank of the Philippines Metropolitan Bank and Trust Co. Philippine Bank of Communications Philippine Business Bank Philippine National Bank PNB Savings Bank Philippine Savings Bank Rizal Commercial Banking Corp. Robinsons Bank Corp.	Security Bank Corp. Sterling Bank of Asia Union Bank of the Philippines United Coconut Planters Bank UCPB Savings Bank ANZ Bank Chinatrust Commercial Bank Corp. Citigroup Inc. Deutsche Bank HSBC Bank ING Bank JP Morgan Maybank Standard Chartered Bank
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	196, 894.39

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.