



PNB PRIME PESO MONEY MARKET FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Month Ended September 30, 2019

FUND FACTS

Classification:	Money Market Fund	Net Asset Value per Unit (NAVPU):	1.214808
Launch Date:	September 27, 2010	Total Fund NAV:	Php 12.11 Billion
Minimum Investment:	Php 10,000	Dealing Day:	9:00 to 12:00 NN of any banking day
Additional Investment:	Php 10,000	Redemption Settlement:	T + 0
Minimum Holding Period:	5 banking days	Early Redemption Charge:	50% of income earned
Trust Fee:	0.50% p.a.	Valuation	Accrual

FEES*

Trustee Fees: <u>0.0431%</u> PNB Trust Banking Group	Taxation Fees: <u>0.0603%</u> BIR	Other Fees: <u>0.0000%</u> TOAP Annual Registration Fee	External Auditor Fees: <u>0.0003%</u> SGV and Co.
---	--	--	--

*As a percentage of average daily NAV for the month valued at Php 12.03 Billion.

INVESTMENT OBJECTIVE AND STRATEGY

The PNB Prime Peso Money Market Fund is invested in a portfolio of bank deposits with a maximum weighted average duration of one year. The Fund aims to outperform its benchmark, which is the moving average of the Philippines 30 Day Special Savings Rate General Average, net of taxes.

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.
- 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.

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

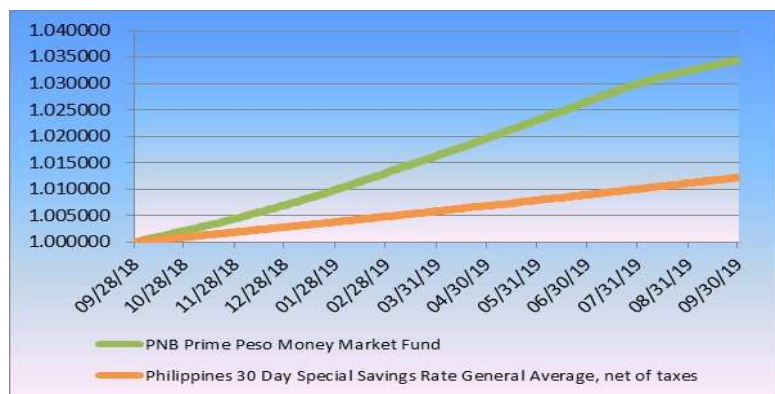
Cooling Off Period - The participant of the Fund may avail of the cooling-off period of two (2) business days immediately following the approval of the participation to cancel his participation without penalty, subject to submission of a written notice during the cooling off period.

- ✓ 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



NAVPU over the past 12 months

Highest	1.214808
Lowest	1.174404

Statistics

Weighted Ave. Duration	0.08
Volatility, Past 1 Year*	0.03%
Sharpe Ratio**	1.58
Information Ratio***	4.21

*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.

Cumulative Performance (%)

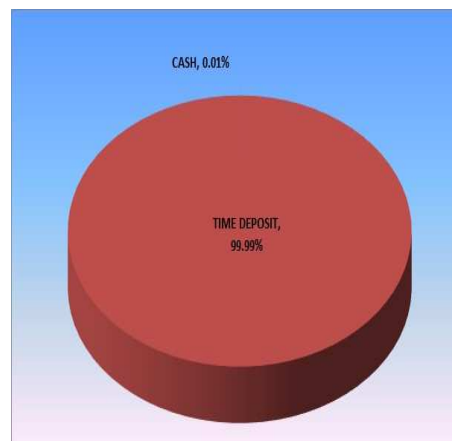
Period	1mo	3mos	6mos	1yr	3yrs	S.I.*
Fund	0.20%	0.79%	1.80%	3.44%	7.01%	21.48%
Benchmark	0.10%	0.33%	0.66%	1.27%	3.28%	11.49%

*Since Inception

Top 10 Holdings (%)

Company Name	% of Portfolio
RCBC Time Deposit	2.68%
Union Bank of the Philippines Time Deposit	2.09%
UCPB Time Deposit	2.00%
Banco de Oro Time Deposit	1.68%
Philippine National Bank Time Deposit	1.66%
Banco de Oro Time Deposit	1.65%
RCBC Time Deposit	1.65%
Banco de Oro Time Deposit	1.65%
UCPB Time Deposit	1.58%
PNB Savings Time Deposit	1.57%

Portfolio Composition



MARKET OUTLOOK

LOCAL BOND MARKET

The Bangko Sentral ng Pilipinas (BSP) trimmed its policy rates for the 3rd time this year last September 26. The BSP cut policy rates by 25 basis points to 4.0%. The decision was widely expected given the country's low inflation rate and the US FOMC's decision to cut the Fed Funds Target Rate last September 9.

August inflation was reported at 1.7%, the slowest pace in three (3) years amid lower prices of food, particularly rice. This was also lower than market consensus of 1.8%. On a year to date basis, average inflation stands at 3.0%.

All auctions for the month were fully awarded and oversubscribed, except for the re-issued 20Y Treasury Bonds (FXTN 20-23) which was fully rejected.

A day after the it cut policy rates, the BSP also announced a 100 basis points reduction in the reserve requirement ratio (RRR) for universal banks and commercial banks, thrift banks and rural banks. This will take effect at the start of November. This will set the stage for the release of more funds for lending activities especially for government projects in the pipeline.

With inflation expectation continuing on the downside and monetary easing from various central banks, we expect local bond yields to move with a downward bias. Although volatility may persist in the short term given geopolitical tensions around the globe.

STRATEGY

The Fund will continue to invest in high yielding deposit instruments.

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:

Accredited Banks		
Banco De Oro Unibank, Inc.	Philippine Business Bank	UCPB Savings Bank
Bank of Commerce	Philippine National Bank	ANZ Bank
Bank of the Philippine Islands	PNB Savings Bank	Chinatrust Commercial Bank Corp.
China Banking Corp.	Philippine Savings Bank	Citigroup Inc.
China Bank Savings	Rizal Commercial Banking Corp.	Deutsche Bank
Development Bank of the Phil.	Robinsons Bank Corp.	HSBC Bank
East West Bank	Security Bank Corp.	ING Bank
Land Bank of the Philippines	Sterling Bank of Asia	JP Morgan
Metropolitan Bank and Trust Co.	Union Bank of the Philippines	Maybank
Philippine Bank of Communications	United Coconut Planters Bank	Standard Chartered 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	1, 287, 147, 799.07
PNB Savings Bank	527, 601, 860.27

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.