

PHILIPPINE BUSINESS BANK

PBB PESO BOND FUND

(FORMERLY PBB DIAMOND FUND)

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT FOR THE PERIOD ENDING JUNE 30, 2025

FUND FACTS

Classification	Fixed Income Fund	Net Asset Value per Unit	PHP 243.585470
Launch Date	November 04, 2005	Total Fund NAV	PHP 48,563,330.73
Minimum Investment	PHP 10,000.00	Dealing Day	8:30 AM to 12:00 NN
Minimum Additional Investment	PHP 1,000.00, in multiples of 1,000.00	Settlement Period	T+1 Banking Day
Minimum Holding Period	30 Days	Early Redemption Charge	1% of the amount redeemed

FEES

Trust Fees: 1% p.a. ¹ PBB – Trust and Investment Center	Custodianship Fees: 0% Not Applicable	External Auditor Fees: 0.02% ² Punongbayan & Araullo	Other Fees: 0% Not Applicable
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¹ As a percentage of average daily NAV for the quarter valued at PHP 48,168,929.14.

² As a percentage of average daily NAV for the quarter valued at PHP 48,168,929.14.

INVESTMENT OBJECTIVE AND STRATEGY

PBB Peso Bond Fund is a Peso-denominated medium term fixed income fund which aims to achieve income growth by investing in a mixed portfolio fixed income instruments. The Fund aims to surpass its benchmark which is the Bloomberg Philippine Sovereign Bond Index 1 to 5 Year (BPHIL15).

CLIENT SUITABILITY

A client profiling process shall be performed prior to participating in the Fund to guide the prospective investor if the Fund is suited to his/her investment objective 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.

PBB Peso Bond Fund is suitable for investors who:

- Have at least moderate risk appetite
- Have an investment horizon of medium term

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.

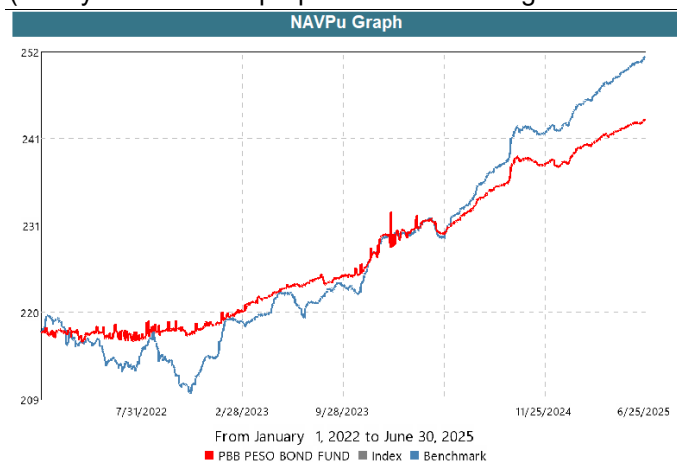
INTEREST RATE RISK	The possibility to experience losses due to changes in interest rates.
MARKET / PRICE RISK	The possibility to experience losses due to changes in market prices of securities (e.g. bonds)
LIQUIDITY RISK	The possibility to experience losses due to the inability to sell or convert assets into cash immediately or in instance where conversion to cash is possible but at a loss.
CREDIT / DEFAULT RISK	The possibility to experience losses due to borrower's failure to pay its obligation or when a counter party fails to deliver on the agreed trade.
REINVESTMENT RISK	The possibility of having lower returns or earnings when maturing funds or interest earnings of funds are reinvested.

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

- 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 JUNE 30, 2025

(Purely for reference purposes and is not a guarantee of future results)



NAVPU over the last 12 months

Highest	243.585470
Lowest	232.544141

Statistics

Weighted Ave. Duration (Yrs.)	2.98 Years
Volatility, Past 1 Year (%)³	0.5856%
Sharpe Ratio⁴	0.90
Information Ratio⁵	(5.04)

3 Volatility measures the degree to which Fund fluctuates vis-à-vis its average return over a period of time.

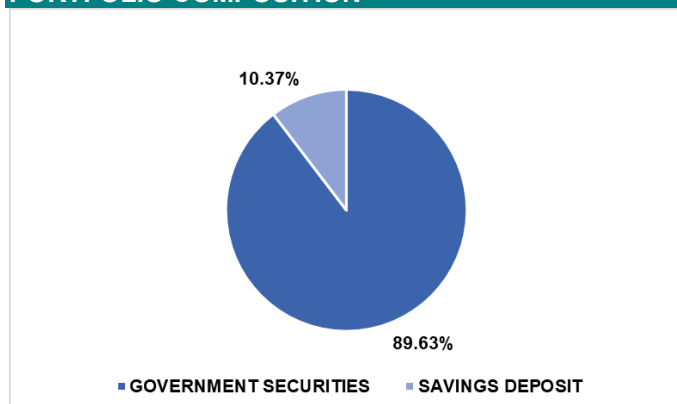
4 Sharpe Ratio is used to characterize how well the return of the Fund compensates the investor for the level of risk taken. The higher the number, the better.

5 Information Ratio measures the reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of the risk.

CUMULATIVE PERFORMANCE (%)

Period	YTD	1 mo.	3 mos.	6 mos.	1 yr.	3 yrs.
Fund	2.451%	0.237%	0.880%	2.451%	4.773%	12.458%
Benchmark	3.802%	0.443%	1.520%	3.802%	7.600%	17.651%

PORTFOLIO COMPOSITION



TOP 10 HOLDINGS %

SECURITY	%
05-18	20.93%
RTB 05-16	19.77%
FXTN 10-63	18.42%
FXTN 07-67	12.19%
SAVINGS	10.14%
FXTN 07-65	9.04%
RTB 05-17	4.15%
FXTN 07-70	3.15%
FXTN 10-65	2.21%
TOTAL	100%

RELATED PARTY TRANSACTIONS

The Fund has deposits with Philippine Business Bank amounting to PHP 4,921,833.41.00. Investments in the said outlet were approved by the Trust Committee. All related party transactions were conducted on a best execution and arm's length basis.

OTHER DISCLOSURES

- Prospective Investments – The following are among the Fund's approved investment outlets, wherein the Trustee intends to invest depending on strategy, availability, or other market-driven circumstances:
 - Peso-denominated Securities issued by or guaranteed by the Philippine Government, or the Bangko Sentral ng Pilipinas;
 - Fixed Income Securities issued by corporations which are listed on an organized exchange;
 - Such other marketable and/or liquid investment outlets/categories and/or any acceptable security/outlet as the Trust Committee and the BSP may allow for open-ended marked-to-market pooled trust funds.
- Change in Benchmark – Effective July 1, 2024, the benchmark is Bloomberg Philippine Sovereign Bond Index 1 to 5 Year (BPHIL15). BPHIL15 is a rules-based market value-weighted index engineered to measure the fixed rate local currency securities publicly issued by the Philippines

OUTLOOK AND STRATEGY

Market Outlook: On June 19, 2025, the Bangko Sentral ng Pilipinas' (BSP) Monetary Board decided to reduce the Target Reverse Repurchase (RRP) Rate by 25 basis points to 5.25 percent. The Monetary Board (MB) took this action as the outlook for inflation moderated. The inflation forecast for 2025 fell from 2.4 percent to 1.6 percent, while for 2026, it rose marginally from 3.3 percent to 3.4 percent. For 2027, the inflation forecast increased slightly from 3.2 percent to 3.3 percent. The Monetary Board also noted indications of a deceleration in global economic activity, primarily driven by uncertainty over US trade policy and the ongoing conflict in the Middle East. This global development is expected to lead to slower growth in the Philippines. Additionally, a rise in oil prices, electricity rate adjustments, and higher rice tariffs would further exacerbate inflationary pressures.

On the other hand, according to the Philippine Statistics Authority (PSA), the Philippines' headline inflation eased to 1.3 percent in May 2025 from 1.4 percent in the previous month. This is the lowest rate since November 2019, at 1.2 percent. The average inflation from January to May 2025 stands at 1.9 percent. The decline in overall inflation was primarily driven by the slower annual increment in the index of housing, water, electricity, gas, and other fuels, which decreased from 2.9 percent in the previous month to 2.3 percent in May 2025.

At the end of June 2025, the yield curve is steepening rapidly due to the compounded impact of aggressive rate cuts and rising inflationary concerns stemming from US trade policy and the ongoing conflict in the Middle East. The fixed income market has been predominantly focused on shorter maturities, contributing to the steepening curve. This trend also anticipates a clarification on US tariff developments. Local fundamentals have been driving the short end of the curve, while concerns about the US economy and global policy uncertainty have influenced the belly and long end of the curve.

Our strategy remains unchanged. Last quarter, we maintained a modified duration ranging from 2.8 to 3.0 through investments in government securities with maturities of up to 5 years. In response to the underperformance of PBB Peso Bond Fund compared to its benchmark in the second quarter, we are allocating a small portion of the fund to corporate bonds with maturities of 5 years (with high coupon rates) to enhance the fund's yield. Moving forward, based on market developments, we may slightly increase the modified duration above 3.0. Despite this, the fund will continue to invest in tenors of at least 3 years with high coupon rates to boost returns, which will be reinvested into new assets. The fund is well-positioned to capitalize on its upside risk potential, although market drivers could influence interest rate direction in the medium term. PBB Peso Bond Fund is strategically positioned to seize these emerging opportunities while carefully managing potential risks amidst changing market conditions.

For more information about PBB Peso Bond Fund, you may contact us at 8363-3333 loc. 4008/ 3020 / 3021 / 1089, or email us at pbbtrust@pbb.com.ph or visit our website, www.pbb.com.ph

PHILIPPINE BUSINESS BANK IS AN ENTITY REGULATED BY THE BANGKO SENTRAL NG PILIPINAS.
BSP Online Buddy (BOB) webchat: <https://www.bsp.gov.ph> / SMS: 21582277 (for Globe subscribers only)
Facebook Messenger: @BangkoSentralngPilipinas