

PHILIPPINE SAVINGS BANK



KEY INFORMATION AND INVESTMENT DISCLOSURES STATEMENT

October 31, 2023

FUND FACTS

Classification: Money Market	Net Asset Value per Unit (NAVPU)¹: 120.763774
Launch Date: January 2, 2014	Total Fund NAV (in Php Bn) : 0.65
Minimum Investment: Php 10,000.00	Dealing Day: Banking day until 1:30 PM
Additional Subscription: Php 5,000.00	Redemption Settlement: Next banking day from date of redemption
Minimum Redemption: Php 5,000.00	
Minimum Holding Period: 30 calendar days	Early Redemption Charge: 1.00% for 1-15 days and 0.50% for 16-30 days of Redemption proceeds for all subscriptions held for less than thirty (30) days

FEES*

Trustee Fees: 0.50% p.a. based on NAV Philippine Savings Bank	Custodianship Fee: Minimum monthly fee of \$250 or its peso equivalent HSBC	External Auditor Fees: 0.012% SGV	Other Fees: 0.00% Other Fees: NONE
--	--	--	---

*As percentage of average daily NAV for the quarter valued at (in Php Bns) 0.65

INVESTMENT OBJECTIVE AND STRATEGY

To achieve liquidity and generate income for its participants by investing in a diversified portfolio of short-term Philippine peso denominated fixed income instruments with a portfolio duration of not more than one (1) year. The Fund aims to outperform its benchmark, the Philippine 91-day Treasury Bills (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 Fund Rules of the Fund, which may be obtained from the Trustee, before deciding to invest.

Suitable for individual and corporate investors with moderately conservative risk appetite.

KEY RISKS AND RISK MANAGEMENT

Investment in UITF exposes the investors to various types of risks including but not limited to:

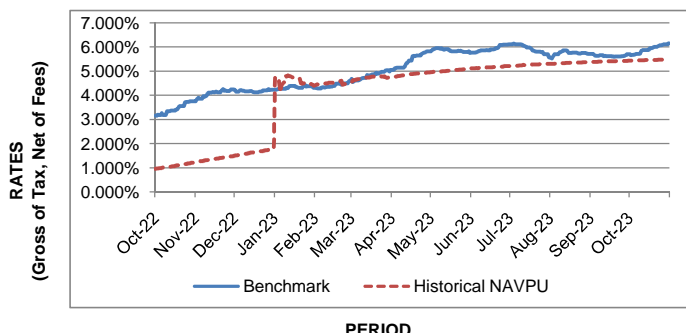
- **Interest Rate Risk :** This is the possibility for an investor to experience losses due to changes in interest rates. The purchase and sale of a debt instrument may result in profit or loss because the value of a debt instrument changes inversely with prevailing interest rates.
- **Market/Price Risk :** This is the possibility for an investor to experience losses due to changes in market prices of securities (e.g., bonds and equities). It is the exposure to the uncertain market value of a portfolio due to price fluctuations.
- **Liquidity Risk :** This is the possibility for an investor to experience losses due to the inability to sell or convert assets into cash immediately or in instances where conversion to cash is possible but at a loss.
- **Credit Risk/Default Risk :** This is the possibility for an investor to experience losses due to a borrower's failure to pay principal and/or interest in a timely manner on instruments such as bonds, loans, or other forms of security which the borrower issued.
- **Reinvestment Risk :** This is the risk associated with the possibility of having lower returns or earnings when maturing funds or the interest earnings of funds are reinvested.
- **Other Risk :** Your participation in the UITFs may be further exposed to the risk of any actual or potential conflicts of interest in the handling of in-house or related party.

PSBank Money Market Fund uses a defined Risk Management policy in identifying and measuring level of risks. The Fund uses weighted modified duration in evaluating market risk for investment in fixed income securities. Modified Duration measures the approximate sensitivity of the value of the security to changes in interest rates. Interest rates have an adverse relationship with fixed income security prices so that an increase in interest rates generally leads to decrease in fixed income prices and vice versa. The higher the duration of an instrument, the higher its risk (considering all other factors are equal).

- THE UITF FUND IS NOT A DEPOSIT ACCOUNT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC)
- THAT DUE TO THE NATURE OF THE INVESTMENT OF A UITF, THE RETURNS/YIELDS CANNOT BE GUARANTEED, 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 LOSSES UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE
- THAT THE INVESTOR MUST READ THE COMPLETE DETAILS OF THE FUND IN THE UITF'S PLAN, MAKE HIS/HER OWN RISK ASSESSMENT, AND WHEN NECESSARY, SEEK AN INDEPENDENT/ PROFESSIONAL OPINION BEFORE MAKING AN INVESTMENT
- THE UITF FUND IS NOT AN OBLIGATION OF, NOR GUARANTEED, NOR INSURED BY THE TRUSTEE OR ITS AFFILIATES OR SUBSIDIARIES

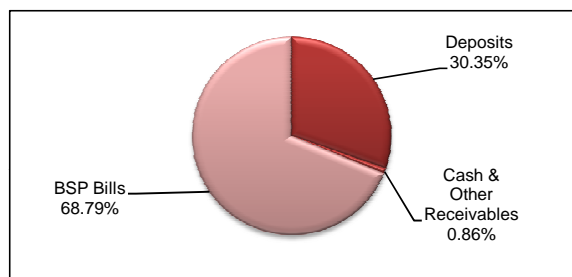
FUND PERFORMANCE AND STATISTICS AS OF OCTOBER 31, 2023

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

Graph**Cumulative Performance (%)**

Period	1 Mo	6 Mos	YTD	1 Yr	3 Yrs	5 Yrs	Since Inception
Fund	0.388%	2.306%	3.707%	4.338%	6.000%	12.815%	20.764%
Benchmark	0.394%	2.333%	3.652%	4.154%	6.411%	12.204%	20.536%

Note: Rates are net of tax

Portfolio Composition**NAVPU OVER THE PAST 12 MONTHS**

Highest	120.763774
Lowest	115.742938

*Net of fees and taxes.

Statistics

Weighted Modified Duration	0.07
Volatility, Past 1 Year*	0.16%
Sharpe Ratio**	0.29
Information Ratio***	1.37

*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.

TOP HOLDINGS:

Name	Maturity	% of Fund
BSP Bills	11/28/2023	30.57%
BSP Bills	11/7/2023	15.35%
BSP Bills	12/26/2023	15.21%
TD - BPI	1/16/2024	7.81%
BSP Bills	11/14/2023	7.66%
TD - PSBank	11/15/2023	4.92%
TD - China Banking Corporation	11/15/2023	3.25%
TD - China Banking Corporation	11/6/2023	3.11%
TD - PSBank	11/16/2023	3.07%
TD - China Banking Corporation	11/22/2023	3.07%

OTHER DISCLOSURES**1) RELATED PARTY TRANSACTIONS**

The Fund has deposits with the Bank Proper amounting to Php79,782,726.70 which were approved by the Trust Committee. Likewise, all related parties transactions are conducted on an arm's length basis.

2) LIST OF 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:

- Bank deposits and such other investments allowed under regulations issued by the BSP.
- Tradable fixed-income instruments issued or guaranteed by the Philippine government or the BSP.
- Tradable fixed-income instruments issued by financial institutions or private corporations; exchange-listed securities; marketable instruments that are traded in an organized exchange; loans traded in an organized market; and such other tradable investment outlets/categories as the BSP may allow.

OUTLOOK AND STRATEGY

Month-on-month, yields on government securities increased by 42 bps on average with the 91-day T-bills closing at 6.15% up by 44 bps for the same period as market players remained defensive and stayed on the sidelines following BSP's off-cycle rate hike of 25 bps which brought the policy rate to 6.50%. Meanwhile, the government plans to borrow Php225 billion worth of T-bills and T-bonds in November, Php75Bn higher than the previous month's GS auction. The Fund's 30-day and year-to-date absolute performance was at 0.388% and 3.707% vs. benchmark of 0.394% and 3.652% respectively, while duration stood at 0.07-year as maturities were re-invested in short term fixed income instruments. Headline inflation in October declined to 4.9% from 6.1% in September (lower than consensus forecast of 5.6%). This is still higher than the BSP's target range for inflation of 2.0-4.0%. This brings the average headline inflation from Jan-October 2023 to 6.4%. Core inflation also declined to 5.3% from 5.9% in September. The lower headline inflation figure was mainly due to a deceleration in prices of certain food products and non-alcoholic beverages despite higher cost of gas and utilities during the month.

Last October, the Fed kept interest rates steady for a second consecutive meeting as it decided to assess the effects on the economy of its previous rate hikes. However, Fed Chair Jerome Powell maintained a hawkish stance as he stated that he is not confident financial conditions are restrictive enough to finish off high inflation and that the Fed still intends to hold policy rates at a higher for longer level until it is confident that inflation is moving sustainably down. Meanwhile, locally, the Monetary Board raised key rates by 25bps in an off-cycle move. BSP Gov. Remolona said the MB hiked rates amid potential upside risks to inflation from higher oil and transport prices, electricity rates, food supply issues, and petitions for wage hikes. Furthermore, the MB deemed it "necessary to keep monetary policy settings tighter for longer until inflationary expectations are better anchored and a sustained downward trend in inflation becomes evident." The next MB meeting will be held on November 16th and while Gov. Remolona did not rule out the possibility of another rate hike, the lower-than-expected October inflation gives the MB more room to keep rates steady. These uncertainties may contribute to increased market volatility and looking ahead, any potential rate hike may cause domestic interest rates to rise which, in turn, may lead to lower mark-to-market values in the short-term. As such, the Fund will continue to maintain a short portfolio duration to lessen the impact of market volatility and will remain to be invested in high yielding short-term fixed income instruments to maximize returns.

Customer Complaints, Concerns and Other Queries - In case of complaints, concerns and other queries regarding PSBank Trust Division Products and Services, the Client may contact the Bank's 24/7 Customer Experience Hotline at (02) 8845-8888; text (63) 998-8458888; e-mail at customerexperience@psbank.com.ph or call BSP Financial Consumer Department at Tel. No. 8708-7087.

This document was downloaded from www.psbank.com.ph.

Duplication or reproduction is allowed. Please do not modify its content.

Document Classification: **PUBLIC**