

# PHILIPPINE SAVINGS BANK



## KEY INFORMATION AND INVESTMENT DISCLOSURES STATEMENT

January 31, 2024

### FUND FACTS

<b>Classification:</b> Money Market	<b>Net Asset Value per Unit (NAVPU)<sup>1</sup>:</b> 122.179974
<b>Launch Date:</b> January 2, 2014	<b>Total Fund NAV (in Php Bn) :</b> 0.64
<b>Minimum Investment:</b> Php 10,000.00	<b>Dealing Day:</b> Banking day until 1:30 PM
<b>Additional Subscription:</b> Php 5,000.00	<b>Redemption Settlement:</b> Next banking day from date of redemption
<b>Minimum Redemption:</b> Php 5,000.00	
<b>Minimum Holding Period:</b> 30 calendar days	<b>Early Redemption Charge:</b> 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\*

<b>Trustee Fees:</b> 0.50% p.a. based on NAV <b>Philippine Savings Bank</b>	<b>Custodianship Fee: Minimum monthly fee</b> of \$250 or its peso equivalent <b>HSBC</b>	<b>External Auditor Fees:</b> 0.006% <b>SGV</b>	<b>Other Fees:</b> 0.00% <b>Other Fees: NONE</b>
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\*As percentage of average daily NAV for the quarter valued at (in Php Bns)

0.64

### 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:

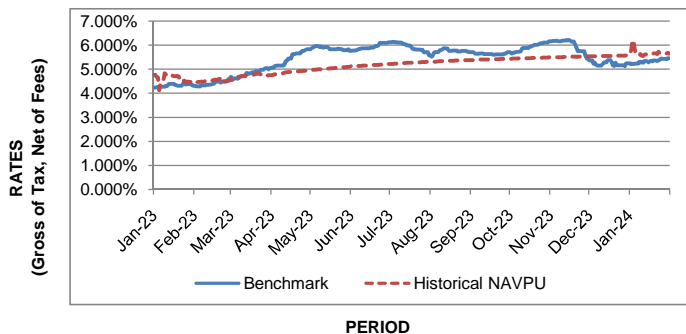
- **Interest Rate Risk :** This is the possibility for an investor to experience losses due to changes in interest rates. The purchase and sale of a debt instrument may result in profit or loss because the value of a debt instrument changes inversely with prevailing interest rates.
- **Market/Price Risk :** 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).

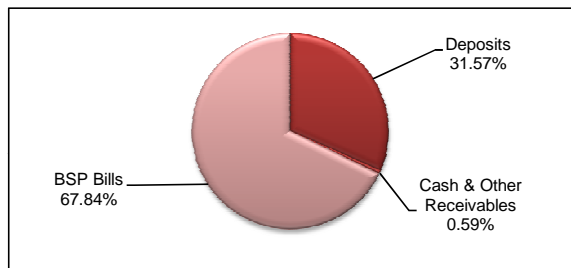
- THE UITF FUND IS NOT A DEPOSIT ACCOUNT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC)
- THAT DUE TO THE NATURE OF THE INVESTMENT OF A UITF, THE RETURNS/YIELDS CANNOT BE GUARANTEED, HISTORICAL PERFORMANCE WHEN PRESENTED IS PURELY FOR REFERENCE PURPOSES AND IS NOT A GUARANTEE 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

### COOLING-OFF PERIOD

Subject to exemptions under BSP regulations governing the mandatory cooling-off period, the TRUSTOR/s is/are entitled to a cooling off period of two (2) banking days from the date of initial participation (the "Cooling-Off Period") in the applicable FUND. Should the TRUSTOR/s decide(s) to avail of their right to Cooling-Off period, the TRUSTOR/s shall give the TRUSTEE/MANAGER a written notice to cancel within such 2-banking day period. In which case, the TRUSTEE/MANAGER shall refund or return to the TRUSTOR/s the amounts invested, including the documents submitted, without undue delay and within a maximum period of fifteen (15) banking days after receipt of such notice to cancel and shall charge and withhold from said refund such processing fees or charges that are not greater than the actual or reasonable approximation of administrative costs incurred by the TRUSTEE as recovery thereof. As a result of the cancellation, the TRUSTOR/s understand(s) that such a cancellation may also result in mark to market gain or loss depending on the prevailing NAVPU which shall be for the TRUSTOR/s' own account. Otherwise if the TRUSTOR/s fail to exercise such a right within the said Cooling-Off period, the cancellation of investment beyond which shall be treated as a normal redemption subject to the applicable early redemption penalty.

**FUND PERFORMANCE AND STATISTICS AS OF JANUARY 31, 2024***(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	0.376%	2.316%	0.388%	4.607%	6.976%	13.014%	22.180%
Benchmark	0.355%	2.256%	0.367%	4.420%	7.296%	12.193%	21.637%

*Note: Rates are net of tax***Portfolio Composition****NAVPu OVER THE PAST 12 MONTHS**

Highest	122.179974
Lowest	116.798938

<sup>1</sup>Net of fees and taxes.**Statistics**

Weighted Modified Duration	0.09
Volatility, Past 1 Year*	0.11%
Sharpe Ratio**	0.44
Information Ratio***	2.78

*\*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	2/20/2024	15.46%
BSP Bills	3/19/2024	15.38%
BSP Bills	3/26/2024	15.36%
BSP Bills	2/20/2024	13.92%
TD - PSBank	2/14/2024	6.98%
TD - China Banking Corporation	3/18/2024	4.66%
BSP Bills	2/6/2024	3.87%
BSP Bills	3/5/2024	3.85%
TD - China Banking Corporation	2/15/2024	3.32%
TD - China Banking Corporation	2/21/2024	3.14%

**OTHER DISCLOSURES****1) RELATED PARTY TRANSACTIONS**

The Fund has deposits with the Bank Proper amounting to Php92,906,065.49 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**

Yields on government securities increased by 15 on average month-on-month with the 91-day T-bills closing at 5.45% up by 21 bps as most end-users locked-in-gains from their long term holdings ahead of the anticipated Retail Treasury Bonds (RTB) jumbo issuance this coming February. Meanwhile, the Fund's 30-day and year-to-date absolute performance were 0.376% and 0.388%, outperforming the 91-day T-bills benchmark by 2.1 bps which were at 0.355% and 0.367% respectively. Headline inflation in January declined to 2.8% from 3.9% in December (lower than consensus forecast of 3.1%). This is within the BSP's target range for inflation of 2.0-4.0%. Core inflation also declined to 3.8% from 4.4% in November. The lower headline inflation figure was mainly due to a slower growth in prices of certain food products and non-alcoholic beverages, lower prices of fuel products and utilities, and high base effects from 2023.

Last January, the U.S. Federal Reserve kept interest rates steady for the fourth straight policy meeting. Fed Chair Powell said it is unlikely the Fed will cut rates during its next meeting in March saying the committee has yet to reach a level of confidence that the path of inflation is heading sustainably toward its target of 2.0%. Meanwhile, locally, BSP Gov. Remolona reiterated that the BSP will likely not cut interest rates during the first half of 2024. BSP Gov. Remolona said that despite the downward trend of inflation, the risks to inflation remain tilted to the upside amid potential food supply shocks due to a strong El Nino, higher oil prices due to geopolitical conflicts in the Middle East, higher utilities and transport prices, and petitions for minimum wage adjustments. As such, interest rates may remain higher for longer and these uncertainties may contribute to increased market volatility. Looking ahead, any resumption in monetary tightening 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's duration stood at .09 years as maturities were reinvested in short-term fixed income instruments. The Fund will continue be invested in high yielding short-term fixed income securities to lessen the impact of market volatility and maximize return. We will continue to monitor foreign and local economic developments for any market opportunities.

**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](mailto:customerexperience@psbank.com.ph) or call BSP Financial Consumer Department at Tel. No. 8708-7087.

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