

PNB DREAM BUILDER MONEY MARKET FUND*

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT Month Ended August 31, 2020

FUND FACTS

Classification:	Money Market Fund	Net Asset Value per Unit:	1.285623
Re-launch Date:	October 01, 2014	Total Fund NAV:	Php 42.86 Million
Minimum Investment:	Php 2,000	Dealing Day:	9:00 to 12:00 NN of any banking day
Additional Investment:	Php 2,000	Redemption Settlement:	T + 0
Minimum Holding Period:	30 calendar days	Early Redemption Charge:	50% of income earned
Trust Fee:	0.50% p.a.	Valuation	Accrual

FEES**

Trustee Fees:	Taxation Fees:	Other Fees:	External Auditor Fees:
<u>0.0411%</u> PNB Trust Banking Group	<u>0.0139%</u> BIR	<u>0.0000%</u> None	<u>0.0000%</u> SGV and Co.

*The Dream Builder Money Market Fund will be discontinued effective September 7, 2020.

**As a percentage of average daily NAV for the month valued at Php 61.57 Million.

INVESTMENT OBJECTIVE AND STRATEGY

The PNB DREAM Builder Money Market Fund aims to help investors reach their goals of providing for their child's education, endowment gifts, start-up capital for a small business, among others. It 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 DREAM Builder 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**

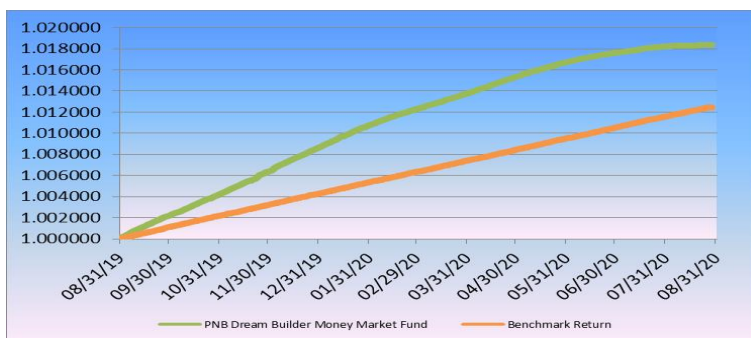
✓ **WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES WILL BE SOLELY FOR THE ACCOUNT OF THE CLIENT**

✓ **THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE**

FUND PERFORMANCE AND STATISTICS AS OF AUGUST 31, 2020

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

NAVPU Graph



Cumulative Performance (%)

Period	1 mo	3 mos	6 mos	1 yr	3 yrs	S.I.**
Fund	0.01%	0.17%	0.60%	1.83%	7.75%	28.56%
Benchmark*	0.04%	0.19%	0.53%	1.10%	3.45%	17.03%

*The use of three banks' average Time Deposit rates as replacement for the discontinued PSAVAVE rates is temporary until a new benchmark is approved.

**Since Inception

Top 10 Holdings (%)

Company Name	% of Portfolio
Philippine National Bank Time Deposit	27.95%
PS Bank Time Deposit	14.34%
Union Bank of the Philippines Time Deposit	13.24%
China Bank Time Deposit	11.95%
RCBC Time Deposit	8.36%
UCPB Savings Time Deposit	7.43%
EastWest Bank Time Deposit	7.17%
Union Bank of the Philippines Time Deposit	5.97%
Bank of Commerce Time Deposit	3.36%
PNB SA	0.23%

NAVPU over the past 12 months

Highest	1.285629
Lowest	1.262475

Statistics

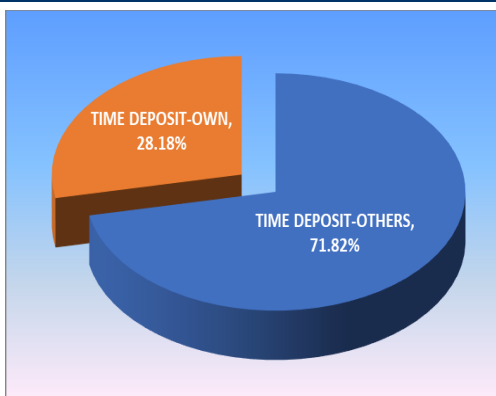
Weighted Ave. Duration	0.02
Volatility, Past 1 Year*	0.01%
Sharpe Ratio**	-6.74
Information Ratio***	-1.79

*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

LOCAL BOND MARKET

Yields on government securities ended mixed in August driven mainly by the BSP's decision to pause monetary easing cycle and the BTR's plan to increase domestic borrowings. This is following the average decline almost across the curve month-on-month (MoM) for July (-11 bps), June (-34 bps), May (-53 bps), and April (-99 bps).

On average, yields still decreased 2 basis points MoM in August, weighed down by the drop in 91- and 182-day T-Bills and 25-year Bonds. The belly of the curve increased the most in August.

At the short end of the curve, yields went down for the 91- and 182-day T-bills by 23 basis points and 17 basis points, respectively, while the 1-year T-bills increased marginally by 1 basis point. Yields at the belly of the curve climbed by an average of 9 basis points. At the long end of the curve, yields inched up by 2 basis points for the 10-year Bonds. The 20- and 25-year papers fell by an average of 13 basis points.

The BSP kept benchmark interest rates unchanged during its August 20 monetary board meeting. The Monetary Board's decision was based on its assessment that the inflation environment remains benign. In addition, there is improvement in domestic economic activity following relaxed lockdown measures. BSP Governor Diokno said that the policy stance will likely be on hold for the next few quarters. BSP Deputy Governor Dakila said that it's appropriate to keep policy rates steady to allow previous policy response to work its way fully through the economy.

The central bank decided also to relax the real estate loan exposure limit of banks from 20% to 25% to bolster loan activity. The BSP Governor estimates that around Php1.2 Trillion will be available for lending to the sector based on end-March 2020 figures.

FUND PERFORMANCE AND STATISTICS AS OF AUGUST 31, 2020

August inflation eased to 2.4% from July inflation of 2.7%. Slowdown was a result of lower prices for heavily-weighted food and non-alcoholic beverages according to the PSA. Inflation for the first 8 months averaged 2.5%, within the 2% - 4% BSP target band.

The government plans to raise Php3.0 Trillion in 2021, 85% of which will be borrowed domestically to finance the Php4.506-Trillion spending plan and fiscal gap. Market expectations of higher debt supply exerted upward pressure on bond yields.

The Bureau of Treasury rejected tender offers for the 20-year Treasury Bonds worth more than Php46 Billion as investors sought higher returns. The bonds have a remaining life of 12 years and 7 months with coupon rate of 3.635%. If BTR awarded the full Php30.0 Billion offer, the notes would have been quoted at 3.501%. According to National Treasurer Rosalia de Leon, the bids are high versus valuation for the tenor. Treasury expected the bonds to be below 3%.

We expect yields to move with an upward bias on the back of BSP's announcement that policy rates will remain steady in the next few months and the BTR's announcement of its borrowing program for 2021. The short end of the curve may move slightly lower as demand for short-dated securities may increase. Yields for debts from the belly to the long end of the curve is expected to rise.

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	11,796,309.31

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.