

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of April 28, 2023

FUND FACTS

Classification:	Equity Fund	Net Asset Value per Unit (NAVPu):	1.082533
Launch Date:	June 26, 2015	Total Fund Net Asset Value (NAV):	Php534.43 million
Minimum Investment :	Php5,000.00	Dealing Day:	Daily up to 12:00nn
Additional Investment:	At least Php1,000.00	Redemption Settlement:	3 banking days from date of notification
Minimum Holding Period:	30 calendar days	Early Redemption Penalty:	1.0% of the amount redeemed

FEES¹

Trustee Fees: 0.0779%	Custodianship Fees: 0.0009%	External Auditor: 0.0009%	Other Fees: None
China Bank – Trust and Asset Management Group	Philippine Depository & Trust Corp.	SGV & Co.	

¹As a percentage of average daily NAV for the month valued at Php532.15 million.

INVESTMENT OBJECTIVE AND STRATEGY

The China Bank High Dividend Equity Fund intends to achieve long-term capital appreciation by investing in a diversified portfolio of choice common and preferred equity issues listed in the Philippine Stock Exchange (PSE) which have a regular dividend payment policy and/or dividend payment track record. Up to 95% of the Fund may be invested in equity issues at any point in time while the balance shall be in tradable fixed-income securities and bank deposits. The Fund aims to outperform its benchmark which is 95% PSE Index (PSEI) + 5% Bloomberg Philippine Sovereign Bond Index Money Market (BPHILMM Index).

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 objectives and risk tolerance. Before deciding to invest, clients are advised to read the Declaration of Trust, a copy of which is available at the Trustee's principal office.

The China Bank Equity Fund is suitable only for investors who:

- Have an aggressive risk appetite;
- Are seeking long-term capital appreciation;
- Are willing to accept higher risks involving volatility of returns and possible erosion of principal for potentially better long-term results; and,
- Have an investment horizon of more than one (1) year.

KEY RISKS AND RISK MANAGEMENT

The client should not invest in this Fund if the client does not understand or is not comfortable with the accompanying risks.

- **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 the market price of securities. It is the exposure to the uncertain market value of a portfolio due to price fluctuations. Given that the Fund may be invested up to 95% in equity issues at any point in time, investors are deemed to be more exposed to this risk.
- **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. These may be caused by different reasons such as trading in securities with small or few outstanding issues, absence of buyers, limited buy/sell activity or underdeveloped capital market.
- **Credit/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. It also includes risk on a counterparty (a party the Trustee trades with) defaulting on a contract to deliver its obligation either in cash or securities.
- **Reinvestment Risk.** This is the possibility for an investor to have lower returns or earnings when maturing funds or the interest earnings of funds are reinvested.

The Trustee only transacts with reputable counterparties and invests in debt securities issued by prime corporate borrowers which have undergone a rigorous accreditation and evaluation process. Internal and regulatory exposure limits are monitored regularly to ensure that exposures are managed. The Fund also employs risk management measures to monitor significant declines in the Fund's NAVPu and alert the Trustee to review current strategies and take corrective action as necessary. Furthermore, the Fund undergoes an annual review to ensure that it is equipped to fund any redemption requirement in a timely manner and at a reasonable cost during times of financial stress.

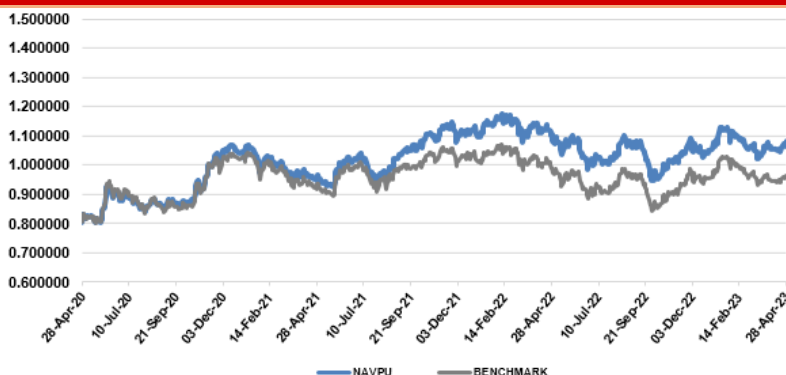
- **THE UITF IS A TRUST PRODUCT AND NOT A DEPOSIT ACCOUNT, AND IS NOT INSURED NOR GOVERNED BY THE PDIC.**
- **THE UITF IS NOT AN OBLIGATION OF, NOR GUARANTEED, NOR INSURED BY THE TRUST ENTITY OR ITS AFFILIATES OR SUBSIDIARIES.**
- **DUE TO THE NATURE OF THE INVESTMENTS OF A UITF, THE RETURNS/YIELDS CANNOT BE GUARANTEED. HISTORICAL PERFORMANCE, WHEN PRESENTED, IS PURELY FOR REFERENCE PURPOSES AND IS NOT A GUARANTEE OF SIMILAR FUTURE PERFORMANCE.**
- **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.**
- **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.**

For more information, you may call us at (+632) 8885-5863, 8885-5857 and 8885-5884, or email us at online@chinabank.ph, or visit our website at www.chinabank.ph

FUND PERFORMANCE AND STATISTICS AS OF APRIL 28, 2023

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

NAVPU GRAPH



NAVPU OVER THE PAST 12 MONTHS

Highest	1.131690
Lowest	0.946539

STATISTICS

Weighted Average Duration	0.00
Volatility, Past 1 year²	6.92%
Sharpe Ratio³	-0.47
Information Ratio⁴	0.47

²**Volatility** measures the degree to which the Fund fluctuates vis-à-vis its average return over a period of time. This is computed by getting the standard deviation of the yearly returns for the past 12 mos.

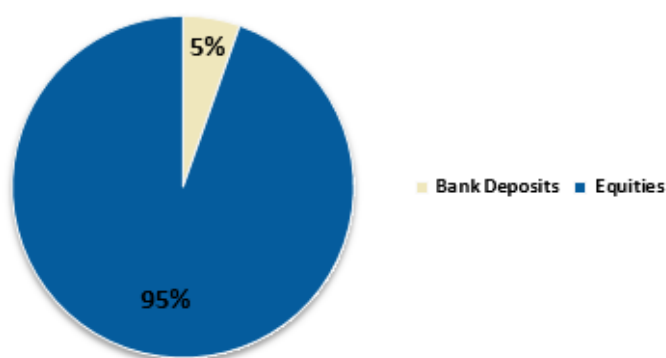
³**Sharpe Ratio** is used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better. This is computed by dividing the excess return of the fund against the risk-free rate over the fund's volatility.

⁴**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 risk. This is computed by dividing the excess return of the fund against the benchmark over the fund's volatility.

CUMULATIVE PERFORMANCE (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	1.84%	0.37%	6.90%	0.07%	30.29%
Benchmark	1.85%	-2.32%	7.37%	-1.38%	15.70%

PORTFOLIO COMPOSITION



SECTOR HOLDINGS (%)

Holding	Percentage
Holding	26%
Financial	24%
Property	18%
Industrial	16%
Services	15%
Mining	1%

TOP TEN HOLDINGS (%)

Holder	Percentage
BDO	10.1%
BPI	7.8%
SM	7.2%
SMPH	6.0%
AC	5.5%
TEL	5.2%
Deposit - Other Banks	5.2%
MBT	5.2%
ALI	5.0%
ICT	4.4%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to Php927.51 thousand, which were approved by the Board of Directors/Trust Investment Committee. Likewise, all related parties transactions are conducted on an arm's length basis.

OUTLOOK AND STRATEGY

The Philippine Stock Exchange Index (PSEi) gained +125.40pts or +1.93% to close at 6625.08 in April. With the month's performance, the PSEi has been able to return in the green in 2023, with the YTD counter standing at +0.89%. Volume however continued to decline, which may have been influenced by multiple holiday shorted weeks. Average daily traded value clocked in at Php3.35Mn. This was lower compared to the prior month's Php4.05Mn and the running YTD average of Php5.76Mn. As for foreign fund flows, it ended the month with a net buying tally of \$34.27Mn, with net buying transactions registered in 8 out of 16 trading days.

In terms of sector performance, Financials (+5.94%), Holding Firms (+2.37%), and Property (+2.13%) outperformed. Meanwhile, Mining and Oil (-3.96%), Services (-3.51%), and Industrials (+1.11%) lagged the broad market. Index breadth was positive at 18-12. On the earnings front, 7 out of the 30 index members have reported their Q1 2023 results. By our count, 3 were ahead (BPI, MER, AP), 3 were in line (BDO, UBP, and WLCON), and 1 was behind (AEV) consensus expectations. In terms of individual stock performance for the month, MPI (+20.38%), AEV (+13.12%), BDO (+12.06%), AGI (+11.65%), and MER (+9.00%) led advancers. On the opposite side, TEL (-11.54%), DMC (-8.90%), GLO (-8.80%), CNVRG (-7.81%), and GTCAP (-7.36%) rounded the list of top decliners. MPI led gainers after disclosing that it received a tender offer notice from a consortium consisting of Metro Pacific Holdings, Inc., GT Capital Holdings, Inc., Mit-Pacific Infrastructure Holdings, Inc., and MIG Holdings Incorporated, with the intention of taking MPI private through a voluntary delisting process. To meet the requirements of the delisting process, the tendered shares plus the shares currently held by the bidders and MPI's directors must be at least 95% of the total outstanding shares of MPI. The notice indicated that unless this requirement is met, no tendered shares will be accepted. Note that MPI's public float, or the % of the company shares that can be publicly traded stood at 37%. Finally, the tender offer price was set at Php4.63/share on an all-cash basis, and represents a 22% premium over the 1 year volume weighted price of MPI. Separately, BDO's Q1 2023 earnings came in at Php16.5Bn, a +41% increase compared to the same period last year, sustaining the +33% growth seen by the company in FY 2022. The bank registered an +8% growth in consumer loans and a +14% increase in deposits. Meanwhile, net interest income and non-interest income grew to Php43.4Bn and Php18.9Bn,

respectively. Additionally, asset quality improved, with non-performing loan ratio declining to 1.98% from 2.72%. Lastly, the bank maintained its conservative credit and provisioning policies, with NPL coverage increasing to 170% from 120%. In other news, TEL's credit rating was downgraded by S&P Global Ratings to BBB from BBB+. The rating agency noted that they expect the company's debt to EBITDA to remain elevated until 2025, owing to the addition of lease liabilities related to the sale of its tower assets. S&P also adjusted TEL's management and governance score to fair from satisfactory, citing the shortcomings that led to the undetected budget overrun from 2019 to 2022. For TEL's part, the company has named replacement officers in key posts in the finance, supply chain management, and network departments as part of the management reorganization process. The company also noted the reduction of the capex budget overrun figure from P48Bn to P33Bn after it entered into a settlement and mutual release agreement with its major vendors.

In the May, the remaining index members will be disclosing their Q1 report cards. Following the strong FY 2022 results, the market will be waiting to see if corporate earnings growth will be able to meet the consensus expectations, which presently stands at +13%.

INVESTMENT POLICY / PROSPECTIVE INVESTMENTS

The Fund may be invested or reinvested in the following:

- (a) Select equity issues covering both common and preferred shares of stock listed in the PSE, which have a regular dividend payment policy and/or track record or regular dividend payments, provided the share of said investments shall not exceed 95% of the portfolio at any given time;
- (b) Evidences of indebtedness issued by or guaranteed by the government of the Republic of the Philippines or the Bangko Sentral ng Pilipinas (BSP) or any of its subdivisions or instrumentalities;
- (c) Tradable fixed-income securities issued by private and public corporations which are listed and traded in an organized exchange or market;
- (d) Cash, bank deposits, tradable money market instruments issued by financial institutions accredited by the Trustee including the Trustee's own commercial banking and treasury units, and collective investment funds managed by the Trustee or other fund managers;
- (e) Financial derivatives instruments solely for the purpose of hedging risk exposures of the existing investments of the Fund, provided that these are accounted for in accordance with existing BSP hedging guidelines as well as the Trustee's risk management and hedging policies duly approved by the Trust Investment Committee and disclosed to participants; and
- (f) Such other tradable financial instruments as may be allowed by the BSP.

OTHER BASIC FUND FACTS

Trust Fee:	1.00% p.a.	Minimum Maintaining Participation:	Php5,000.00
Initial NAVPu:	P1.000000	Redemption Amount:	No minimum amount is imposed provided the minimum maintaining participation is complied with.

IMPORTANT NOTICE

China Banking Corporation (China Bank) may receive customer complaints, inquiries or any concern about its products and services through Customer Contact Center 24/7 Hotline: (+632) 8885-5888 or email: online@chinabank.ph. China Bank is regulated by the BSP with contact number (+632) 8708-7087 and email address: consumeraffairs@bsp.gov.ph.