

CHINA BANK
PHILIPPINE EQUITY INDEX TRACKER FUND
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
As of April 28, 2023



FUND FACTS

Classification:	Equity Fund	Net Asset Value per Unit (NAVPu):	0.977055
Launch Date:	March 01, 2021	Total Fund Net Asset Value (NAV):	Php927.89 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:	15 calendar days	Early Redemption Penalty:	1.0% of the amount redeemed

FEES¹

Trustee Fees: 0.0778%	Custodianship Fees: 0.0018%	External Auditor: 0.0005%	Licensing Fee: 0.0026%
China Bank – Trust and Asset Management Group	Philippine Depository & Trust Corp.	SGV & Co.	Philippine Stock Exchange

¹As a percentage of average daily NAV for the month valued at Php906.33 million.

INVESTMENT OBJECTIVE AND STRATEGY

The China Bank Philippine Equity Index Tracker Fund intends to achieve capital appreciation by investing in a diversified portfolio of equities representative of the Philippine Stock Exchange Index (PSEi) composition and its corresponding weights. The Fund aims to mirror the returns of its benchmark, which is the PSEi.

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 Philippine Equity Index Tracker 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 three (3) years.

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.

- **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.
- **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.
- **Index Tracking Risk.** This is the possibility that an investor will not be able to achieve a return that mirrors the index due to operational and fund management expenses.

The Trustee only transacts with reputable counterparties and invests in equities issued by prime companies 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.

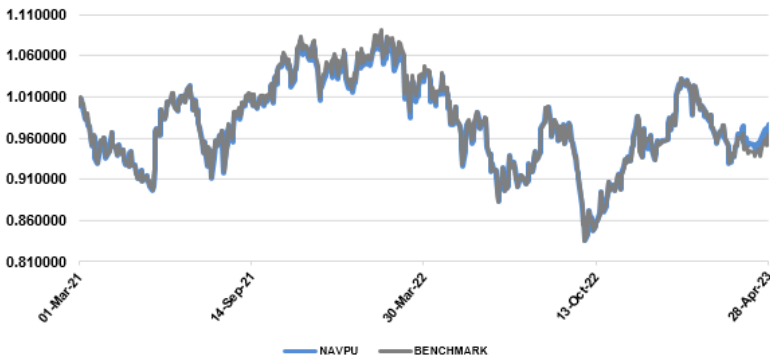
- THE UITF IS A TRUST PRODUCT AND NOT A DEPOSIT ACCOUNT, AND IS NOT INSURED NOR GOVERNED BY THE PDIC.
- THE UITF IS NOT AN OBLIGATION OF, NOR GUARANTEED, NOR INSURED BY THE TRUST ENTITY OR ITS AFFILIATES OR SUBSIDIARIES.
- DUE TO THE NATURE OF THE INVESTMENTS OF A UITF, THE RETURNS/YIELDS CANNOT BE GUARANTEED. 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	1.032274
Lowest	0.836089

STATISTICS

Weighted Average Duration	0.00
Volatility, Past 1 year ²	5.73%
Sharpe Ratio ³	-0.59
Information Ratio ⁴	3.11
Tracking Error ⁵	1.89%

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.

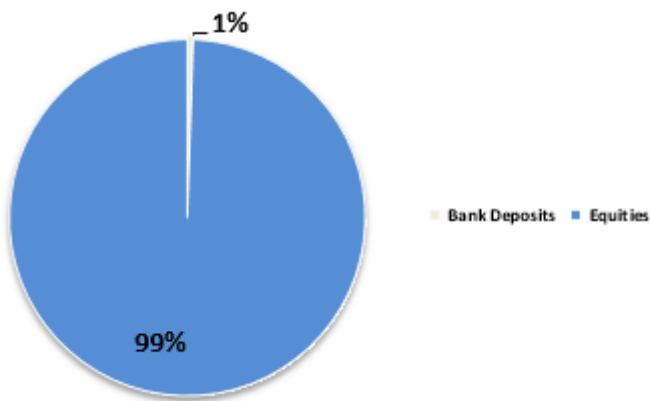
⁴**Information Ratio** measures the reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk. This is computed by dividing the excess return of the fund against the benchmark over the fund's volatility.

⁵**Tracking Error** measures how close the Fund's performance is relative to its benchmark. It is computed as the standard deviation of the Fund's return over the benchmark return. The lower the tracking error, the closer the Fund approximates its benchmark.

CUMULATIVE PERFORMANCE (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	2.27%	-1.13%	9.07%	-0.03%	N/A
Benchmark	1.93%	-2.48%	7.66%	-1.58%	N/A

PORTFOLIO COMPOSITION



SECTOR HOLDINGS (%)

Holding	34%
Financial	21%
Industrial	16%
Property	15%
Services	13%
Mining	1%

TOP TEN HOLDINGS (%)

SM	14.1%
SMPH	9.7%
BDO	9.0%
BPI	7.0%
ICT	6.0%
AC	5.4%
ALI	5.2%
JGS	4.1%
AEV	3.9%
URC	3.8%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to Php8.26 million, 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 Php48Bn to Php33Bn 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) Equities representative of the PSEi composition;
- (b) Cash, bank deposits and tradable money market instruments issued by financial institutions accredited by the Trustee including the Trustee's own commercial banking and treasury units; and
- (c) 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.