

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of April 30, 2024

FUND FACTS

Classification:	Multi-Asset Fund	Net Asset Value per Unit (NAVPu):	1.664060
Launch Date:	February 18, 2011	Total Fund Net Asset Value (NAV):	Php266.25 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 Fee:	1.00% of the proceeds

FEES<sup>1</sup>

Trustee Fees: 0.0949%	Custodianship Fees: 0.0009%	External Auditor: 0.0023%	Other Fees: None
China Bank – Trust and Asset Management Group	Deutsche Bank AG, Manila Branch Philippine Depository & Trust Corp.	SGV & Co.	

<sup>1</sup>As a percentage of average daily NAV for the month valued at Php266.49 million.

INVESTMENT OBJECTIVE AND STRATEGY

The Chinabank Balanced Fund intends to achieve capital appreciation as well as a steady income stream by investing in a diversified portfolio of high-grade tradable fixed income securities issued by the Philippine government and local corporations and choice equity issues listed in the Philippine Stock Exchange (PSE). Up to 60% of the Fund may be invested in equity issues at any point in time while the balance shall be in fixed income securities with a weighted average portfolio modified duration of not more than ten (10) years. The Fund aims to outperform its benchmark which is 60% Philippine Stock Exchange PSEi Total Return Index (PSEi TRI) + 40% Bloomberg Philippine Sovereign Bond Index 1 to 5 Year (BPHIL15 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 Chinabank Balanced Fund is suitable only for investors who:

- have an aggressive risk appetite;
- are willing to accept higher risks involving volatility of returns and possible erosion of principal in return for capital appreciation and potentially better long-term results; and,
- have an investment horizon of at least five (5) 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.

- **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 60% 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.

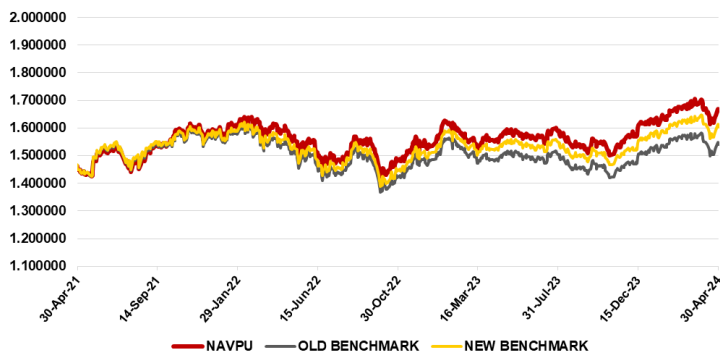
The Trustee only transacts with reputable counterparties and invests in debt securities issued by prime corporate borrowers which have undergone a rigorous accreditation and evaluation process. Internal and regulatory exposure limits as well as the Fund's average duration for its fixed-income investments 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.**

FUND PERFORMANCE AND STATISTICS AS OF APRIL 30, 2024

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

NAVPU GRAPH



CUMULATIVE PERFORMANCE (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	-1.43%	1.89%	10.71%	5.15%	14.83%
Benchmark <sup>a</sup>	-1.93%	1.14%	9.38%	3.67%	9.60%
Benchmark <sup>b</sup>	-2.07%	0.42%	8.31%	2.05%	5.11%

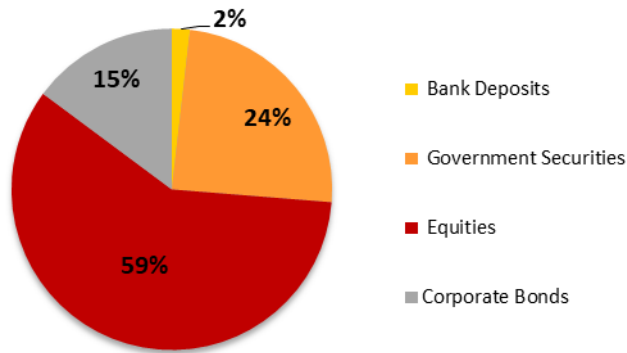
<sup>a</sup>New Benchmark; <sup>b</sup>Old Benchmark

The Fund’s benchmark was amended from 60% PSEi + 40% BPHIL15 Index to 60% PSEi TRI + 40% BPHIL15 Index effective January 1, 2024 in compliance with BSP Circular No. 1178 (Guidelines on the Use of Benchmarks for Unit Investment Trust Funds) on the use of a total return benchmark that will more adequately represent the performance of the Fund.

The PSEi TRI tracks the performance and income from dividend payments of the PSEi constituents by reinvesting cash back to the index. The PSEi is a composite index that tracks the performance of the top 30 publicly listed companies in the Philippines based on market capitalization and is computed using a free-float, market capitalization-weighted methodology. It includes a diversified range of companies from various sectors of the economy including financials, property, industrials, services and holdings firms, among others. Additional information on PSEi TRI and/or its administrator is available on [www.pse.com.ph/indices](http://www.pse.com.ph/indices).

The BPHIL15 Index is a systematically designed, rules-based, market value-weighted index that measures the performance of fixed-rate and zero-coupon local currency securities that are publicly issued in the Philippines. It includes a diversified range of fixed income securities with different coupon rates, maturities of between 1 to 5 years, minimum par amounts of Php3.0Bn, and are traded in the Philippine market. This Index is adjusted for tax by the Trustee. Additional information on BPHIL15 Index and/or its administrator can be found on Bloomberg, and be made available to investors upon request.

PORTFOLIO COMPOSITION



OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to Php850.98 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 volatility in the local equities market spiked in April. Early in the month, the Philippine Stock Exchange Index (PSEi) saw a 9-day losing streak. This pushed the local barometer to a year-to-date low of 6404.9, erasing all the gains built over the prior quarter. The disappointing CPI prints from the Philippines and the United States, which came in at 3.70% and 3.40% respectively, prompted a rethink of the timing and magnitude of the highly anticipated rate cuts. In the case of the Bangko

NAVPU OVER THE PAST 12 MONTHS

Highest	1.705957
Lowest	1.500968

STATISTICS

Weighted Average Duration	4.53
Volatility, Past 1 year <sup>2</sup>	3.45%
Sharpe Ratio <sup>3</sup>	0.17
Information Ratio <sup>4</sup>	2.37

<sup>2</sup>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.

<sup>3</sup>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.

<sup>4</sup>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.

TOP TEN HOLDINGS (%)

SM	10.3%
FXTN 25-07	6.5%
ICT	6.1%
BDO	6.1%
FXTN 25-06	5.4%
BPI	5.1%
SMPH	4.9%
VLL 24 R23	4.8%
AC	4.7%
SMC 27 R25	3.6%

SECTOR HOLDINGS (%)

Holding	25%
Financial	24%
Services	17%
Property	19%
Industrial	14%
Mining	1%

Sentral ng Pilipinas, Governor Remolona noted that rate cuts could be delayed towards 2025 if inflation reaccelerates. Meanwhile, the futures market reflected a reduced number of expected 25bps rate cuts by the US Federal Reserve to 1x, compared to 3x in the prior month. Separately, tensions in the Middle East escalated after Israel launched an air strike on an Iranian diplomatic compound in Damascus, Syria. This caused oil prices to rally, with Brent crude breaching past \$90/barrel. Calls for oil prices to potentially reach \$100/barrel increased fears of inflation reaccelerating, pushing 10Y US bond yield to as high as 4.73%. During the back half of the month, it seemed that cooler heads prevailed, as it appeared that Israel's air strikes did not cause any significant damage or casualties, providing Iran with an off-ramp to refrain from counterattacking. With waning concerns of further escalation, bargain hunters stepped-in in the local equities markets and tempered losses. The PSEi closed at 6700.49, shedding 203.04pts or -2.94% overall.

In terms of sector performance, Property (-10.69%), Holding Firms (-0.94%), and Industrials (-0.94%) pulled the market lower. On the other hand, Mining and Oil (+8.14%), Financials (+2.95%), and Services (+0.32%) offset some of the overall market's weakness. Individually, SMPH (-14.53%), PGOLD (-11.57%), ALI (-10.85%), AEV (-10.35%), and GTCAP (-9.16%) were the top decliners for the month. Meanwhile, BPI (+7.96%), ACEN (+7.79%), MBT (+7.44%), SCC (+5.37%), and DMC (+4.38%) were the top gainers. As for market activity, the average daily traded value excluding block sales reached Php4.81Bn, lower compared to the Php5.03Bn seen in Q1 2024. Foreign investors were net sellers in 15 out of 20 trading days, liquidating a total of \$412Mn during the month. It is important to note that out of the total net foreign selling for the month, around \$300Mn worth of transactions was related to BLOOM's settlement of its dispute with its former management firm. Year-to-date, foreigners have liquidated a total of \$249.61Mn worth of positions.

With the weakness in April, the PSEi's year-to-date performance was reduced to +3.88%. On valuations, the index closed at an 11.28x P/E on a forward earnings per share (EPS) of 595.74. This EPS represents a consensus expectation of around +11% growth in 2024. Market participants will be awaiting the release of Q1 2024 report cards of listed companies in the coming weeks to see if such expectation will hold. Meanwhile, from a technical analysis perspective, support for the PSEi is seen at the 6400-6500 area where the 200-day moving average lies, while resistance is expected at 6800 area near the 50-day moving average. Given that volatility in the market is expected to persist, we continue to tilt the equity portfolios towards high quality names with strong earnings prospects, with the expectations that these will lead the market recovery once the current economic backdrop improves.

In the fixed income space, the peso yield curve bear steepened on the back of hawkish central bank rhetoric due to still elevated inflation. On average, yields jumped by 47 basis points (bps), with the long-end underperforming the other tenors. Long-tenor bond yields rose by 80 bps on average, with the 10-year rate increasing by 80 bps from 6.2322% in March to 7.029%. Meanwhile, rates at the belly also rose by 58 bps, with the 5-year rate inching up by 60 bps to 6.785% from 6.183% in the previous month. Total traded volume for April was Php528.933 billion, which was down by 3% compared to March's Php545.285 billion. The Bangko Sentral ng Pilipinas' (BSP) bills still comprised bulk of the trading activity at 45%, with a volume of Php237.275 billion for the month, an increase of 41% versus March. Meanwhile, FXTNs accounted for 21% of total trading volume amounting to Php108.544 billion.

The Philippines experienced a continued rise in inflation for the second month in a row as headline inflation rate increased to 3.7%, up from 3.4% in February, aligning with the BSP's forecast range of 3.4% to 4.2%. This increase was primarily driven by a significant rise in food and non-alcoholic beverages, which jumped to 5.6% from 4.6% in the previous month. Specifically, food inflation reached 5.7% due to higher prices for meat and rice. The transport index also played a role in the inflation uptrend, climbing to 2.1% from 1.2% due to rising oil prices. However, core inflation, which excludes volatile food and fuel prices, slightly decreased to 3.4% from 3.6% in February.

With inflation still posing an upside risk, the BSP's Monetary Board (MB) decided to keep policy rates unchanged for the fourth consecutive meeting. They noted that although inflation is expected to stay within the target range, the latest inflation trajectory has shifted slightly upward. The BSP's most recent baseline forecast predicts inflation at 3.8%, up from the previous forecast of 3.6%, while the risk-adjusted forecast for the year has increased to 4% from 3.9%. Further price pressures are anticipated primarily from higher transport costs, elevated food prices, increased electricity rates, and global oil prices. Additionally, potential minimum wage adjustments could lead to second-round effects. Considering these factors, the MB found it appropriate to maintain the BSP's tight monetary policy stance.

Meanwhile, macroeconomic indicators suggest a strong economy. Personal remittances increased by 3% year-on-year in February, reaching US\$2.95 billion, up from US\$2.86 billion in the previous month. This growth in remittances may be due to higher inflation in the Philippines, necessitating more funds being sent home. The labor market is also improving, with unemployment falling to 3.5% in February. Moreover, the International Monetary Fund has upgraded its economic forecast for the Philippines, predicting a growth rate of 6.2% in 2024, up from the previous 6%, thanks to positive momentum from a strong Q4 2023. This revised forecast aligns with the local government's target range of 6-7% and surpasses the average growth forecast for ASEAN countries, which stands at 4.6%, highlighting the Philippines' relatively strong economic position in the region.

In the local bond space, the Bureau of Treasury (BTr) offered a total of Php150 billion in bonds and Php77 billion in bills through its weekly auctions. Its bond auctions for 7-, 10-, 15-, 20- and 30-year tenors were met by an average of 1.25 times bid-to-cover ratio amidst increasing rates. Awards fell short of the program as the BTr accepted only Php94.734 billion versus the program to manage interest rates as the market tendered defensive bids. Meanwhile, the T-bill auctions were met by an average of 2.9 times bid-to-cover ratio, as rates increased by 12 bps on average versus the end of March.

In the coming month, we expect the market to take its cue from the April inflation print, which the BSP expects to fall within 3.5% to 4.3%. The market is also on watch for the release of first quarter GDP and for the fresh supply of bills and bonds for the month.

INVESTMENT POLICY / PROSPECTIVE INVESTMENTS

The Fund may be invested or reinvested in the following:

- a) Equities listed in the PSE;
- b) Securities issued by or guaranteed by the Philippine government or the Bangko Sentral ng Pilipinas (BSP);
- c) Tradable fixed income securities issued by private and public corporations which are listed and traded in an organized exchange/market such as bonds and notes;
- d) Deposits and tradable money market instruments issued by local banks, including those of the Trustee's own bank, and foreign banks of their Philippine branches or any financial institution in any foreign country;
- 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 investment outlets/categories as the BSP may allow.

OTHER BASIC FUND FACTS

Trust Fee:	1.00% p.a.	Minimum Maintaining Amount:	Php5,000.00
Initial NAVPu:	P1.000000	Minimum Redemption Amount:	None. Partial redemptions shall be allowed provided that the amount redeemed will not result to a balance below the minimum maintaining amount.

IMPORTANT NOTICE

China Banking Corporation (Chinabank) 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](mailto:online@chinabank.ph). Chinabank is regulated by the BSP with contact number (+632) 8708-7087 and email address: [consumeraffairs@bsp.gov.ph](mailto:consumeraffairs@bsp.gov.ph).