CHINABANK BALANCED FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of June 30, 2025

FUND FACTS

Classification:	Multi-Asset Fund	**Net Asset Value per Unit (NAVPu):**	1.787952
Launch Date:	February 18, 2011	**Total Fund Net Asset Value (NAV):**	Php267.38 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[1]

Trustee Fees:	0.0861%	**Custodianship Fees:**	0.0009%	**External Auditor:**	0.0021%	**Other Fees:**	None
China Bank – Trust and Asset Management Group		Deutsche Bank AG, Manila Branch Philippine Depository & Trust Corp.		SGV & Co.			

1As a percentage of average daily NAV for the month valued at Php267.99 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 five (5) 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.

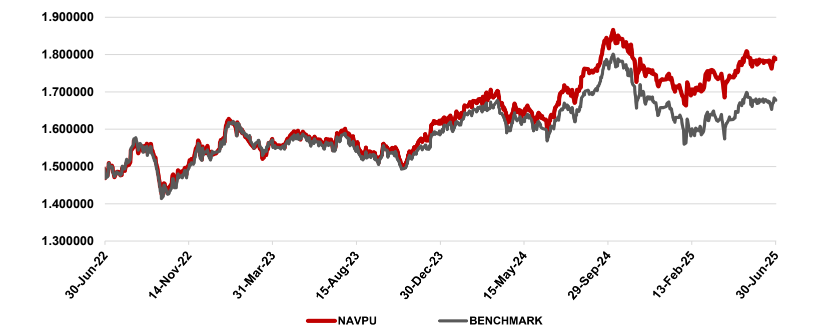
The Trustee only transacts with reputable counterparties and invests in debt securities issued by prime corporate borrowers which have undergone a rigorous accreditation and evaluation process. Internal and regulatory exposure limits as well as the Fund's average duration for its fixed-income investments 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 JUNE 30, 2025

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

NAVPU GRAPH



CUMULATIVE PERFORMANCE (%)

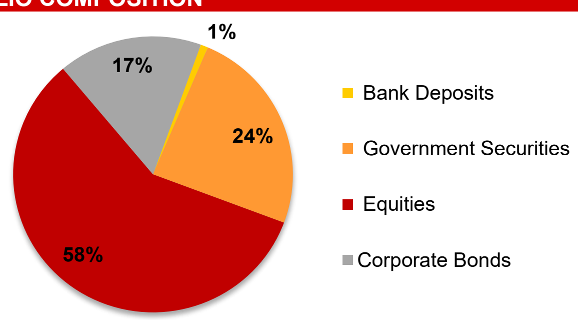
Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.84%	2.79%	3.20%	9.12%	21.74%
Benchmark	0.52%	2.90%	1.03%	3.96%	13.22%

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. This Index is not adjusted for tax by the Trustee and does not reflect deductions for fees and expenses. Additional information on PSEi TRI and/or its administrator is available on 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, but does not reflect deductions for fees and expenses. Additional information on BPHIL15 Index and/or its administrator can be found on Bloomberg, and be made available to investors upon request.

The benchmark provides a standard for evaluating the Fund's performance by helping investors/participants understand how the Fund is performing relative to the markets or asset classes the Fund represents. In the case of PSEi TRI, its characteristics, including its composition and the corresponding weights of its constituents, serve as reference point for the Fund's allocation and security selection profile. Meanwhile, in the case of BPHIL15 Index, its characteristics serve as reference point for the Fund's duration and credit positioning.

PORTFOLIO COMPOSITION



NAVPU OVER THE PAST 12 MONTHS

Highest	1.866254
Lowest	1.631492
STATISTICS	
Weighted Average Duration	4.70
Volatility, Past 1 year[2]	5.86%
Sharpe Ratio[3]	0.80
Information Ratio[4]	4.09

[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.

TOP HOLDINGS (%)

ICT	6.7%
FXTN 25-07	6.7%
BDO	5.7%
SM	5.7%
FXTN 25-06	5.5%
BPI	5.0%
TEL	4.4%
FXTN 07-70	4.0%
RLC 28 R26	3.7%
MER	3.7%

SECTOR HOLDINGS (%)

Financial	23%
Services	23%
Property	20%
Industrial	19%
Holding	15%
Mining	0%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to Php972.07 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

Market volatility returned in mid-June as tensions in the Middle East escalated after Israel launched a major attack on Iran's nuclear facilities, prompting retaliatory missile and drone strikes. The situation worsened when the United States targeted three nuclear sites in Iran. During this period, Brent Oil futures jumped from $63.90 to $81.40 per barrel due to fears of supply disruptions, while the VIX Index increased from 18.57 to 22.50. A ceasefire between Israel and Iran has since held, bringing Brent Oil and the VIX back down to $67.51 per barrel and 16.73, respectively. On the monetary policy side, the US Federal Reserve kept its target rate steady at 4.25% to 4.50%, as widely expected. Fed Chair Jerome Powell stated that this decision was influenced by expectations that upcoming tariffs could reignite inflation pressures. Meanwhile, the Bangko Sentral ng Pilipinas (BSP) lowered its policy rate by 25 basis points to 5.25%. BSP Governor Remolona indicated there is room for at least one more cut this year. This adjustment narrowed the interest rate differential between the Fed and BSP to 75 basis points. The peso weakened against the US dollar during the month, reaching a low of 57.614 before recovering to 56.322.

In equities, the Philippine Stock Exchange Index (PSEi) rose by 23.41 points or 0.37% to close at 6364.94. Sector-wise, Property (+8.20%) experienced the most significant gains, pushing its year-to-date performance into positive territory at +0.74%, as easing interest rates boosted investor sentiment. The PSEi was also supported by gains in Holding Firms (+2.70%), Industrials (+1.32%), and Services (+1.13%). Meanwhile, Financials (-4.90%) and Mining and Oil (-2.90%) underperformed compared to the broader market. Individually, BLOOM (+22.25%) stood out after launching its online gaming platform. Other top gainers included ALI (+17.39%), PGOLD (+16.13%), AGI (+8.15%), and EMI (+7.34%). Conversely, CBC (-10.12%) was the biggest laggard after the Philippine Stock Exchange announced it is considering changes to the criteria for index inclusion. BPI (-5.13%), GLO (-4.97%), BDO (-4.43%), and CNVRG (-3.42%) rounded out the list of decliners. As of June, the PSEi had trimmed its year-to-date loss to 2.51%. The index traded at 10.21x forward 2025 earnings, implying an earnings yield of 9.80%. Consensus earnings per share estimates stand at Php 623, reflecting a growth of 7% to 8% compared to 2024. Next month, trading activity is expected to increase as the stock transaction tax decreases from 0.60% to 0.10% following the implementation of the Capital Markets Efficiency Promotion Act. Additionally, market participants will be watching for updates on US President Donald Trump's reciprocal tariffs, as the 90-day truce is set to expire on July 9. Regarding earnings, Q2 figures from index members are expected to be released later in July, with BPI, BDO, and MER leading the way.

In the fixed-income market, the local yield curve remained relatively stable, with changes limited to a -3bp to +5bp range. The 2-year yield stayed flat at 5.72%, while the 10-year yield rose to as high as 6.42% before easing back to 6.30%. The Bureau of the Treasury (BTr) was active in the primary market, reissuing several key tenors with mixed results. The 5-year FXTN 07-70 was awarded at 5.887% with strong 2.0x demand, enabling an additional Php 5 billion to be raised beyond the Php 30 billion target. The 7-year FXTN 10-69 followed at 6.124% with a 1.9x bid-to-cover ratio. The 10-year FXTN 10-73 was reissued at 6.428%, raising Php 27.6 billion, falling short of the Php 30 billion target. In the final week, a dual-tranche auction drew strong demand for the 3-year FXTN 07-64 at 5.76% with a 2.0x bid-to-cover ratio. Meanwhile, the 25-year FXTN 20-27 saw weaker interest at 6.649%, with a 1.1x ratio, raising only Php 15.1 billion of the Php 20 billion target. The BTr also released its third-quarter bond borrowing program, totaling Php 365 billion, less than the Php 410 billion planned for the second quarter. Year-to-date, the local yield curve remains steeper, with the 2-year yield down 33 basis points and the 10-year yield up 14 basis points. Expectations of further BSP rate cuts may continue to boost demand for intermediate-tenor bonds, while longer-dated issues could stay volatile amid global trade and fiscal policy risks.

Given these dynamics, the Fund will maintain a selective approach to equity positioning, balancing value and growth opportunities. At the same time, the Fund will remain opportunistic in its bond acquisitions, with the goal of gradually enhancing portfolio yield while managing duration risk.

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.
Chinabank is regulated by the BSP with contact number (+632) 8708-7087 and email address: consumeraffairs@bsp.gov.ph.