

CHINABANK FIXED INCOME FUND



KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of June 30, 2025

FUND FACTS

| | | | |
|--------------------------------|-----------------------------|--|--|
| Classification: | Long-Term Fixed Income Fund | Net Asset Value per Unit (NAVPU): | 2.046444 |
| Launch Date: | March 24, 2006 | Total Fund Net Asset Value (NAV): | Php234.16 Million |
| Minimum Investment: | Php5,000.00 | Dealing Day: | Daily up to 12:00nn |
| Additional Investment: | At least Php1,000.00 | Redemption Settlement: | Next banking day from date of notification |
| Minimum Holding Period: | 30 calendar days | Early Redemption Fee: | 1.00% of the proceeds |

FEES¹

| | | | | | | | |
|---|---------|--|---------|--------------------------|---------|--------------------|------|
| Trustee Fees: | 0.0652% | Custodianship Fees: | 0.0008% | External Auditor: | 0.0022% | 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 Php221.02 Million.

INVESTMENT OBJECTIVE AND STRATEGY

The Chinabank Fixed Income Fund intends to achieve a steady stream of income by investing in a diversified portfolio of high-grade marketable fixed income securities such as government securities, tradable corporate bonds and notes of varying tenors as well as bank deposits, money market placements and BSP securities with a weighted average portfolio modified duration of not more than ten (10) years. The Fund aims to outperform its benchmark which is the Bloomberg Philippine Sovereign Bond Index 5+ Year (BPHIL5 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 Fixed Income Fund is suitable only for investors who:

- have a moderate risk appetite;
- are looking for higher yields;
- are willing to take the attendant risks that come with portfolios that may have investments with longer tenors; 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.
- **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. Regulatory exposure limits as well as the Fund's average duration 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. The Fund also 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.

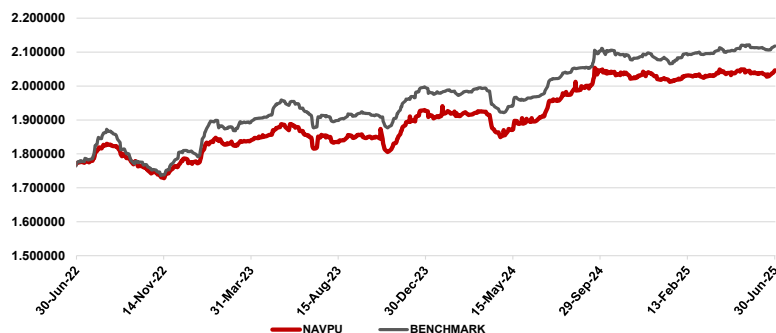
•THE UITF IS A TRUST PRODUCT AND NOT A DEPOSIT ACCOUNT, AND IS NOT INSURED NOR GOVERNED BY THE PDIC.
•THE UITF IS NOT AN OBLIGATION OF, NOR GUARANTEED, NOR INSURED BY THE TRUST ENTITY OR ITS AFFILIATES OR SUBSIDIARIES.
•DUE TO THE NATURE OF THE INVESTMENTS OF A UITF, THE RETURNS/YIELDS CANNOT BE GUARANTEED. 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 8885-5875, or email us at online@chinabank.ph, or visit our website at www.chinabank.ph

FUND PERFORMANCE AND STATISTICS AS OF JUNE 30, 2025

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

NAVPU GRAPH



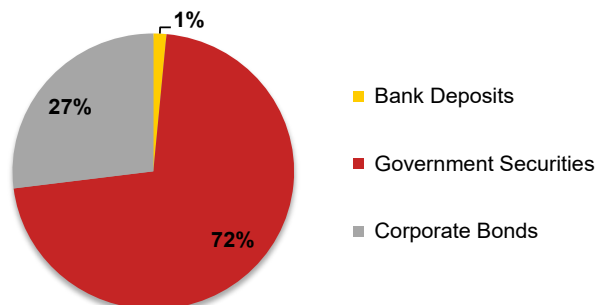
CUMULATIVE PERFORMANCE (%)

| Period | 1mo | 3mos | 6mos | 1yr | 3yrs |
|-----------|-------|-------|-------|-------|--------|
| Fund | 0.42% | 0.35% | 1.28% | 7.23% | 15.44% |
| Benchmark | 0.23% | 0.64% | 1.94% | 7.35% | 19.87% |

The BPHIL5 Index is a systematically designed, rules-based, market value-weighted index that measures the performance of long-term, fixed-rate local currency securities that are publicly issued by the Philippines. It includes a diversified range of fixed income securities with different coupon rates, maturities of 5 years or more, 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 the benchmark 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 market or asset class the Fund represents. The benchmark reflects the performance of peso-denominated fixed income securities with maturities of 5 years or more. Additionally, its characteristics serve as reference point for the Fund's duration and credit positioning.

PORTFOLIO COMPOSITION



NAVPU OVER THE PAST 12 MONTHS

| | |
|--------------------------------------|----------|
| Highest | 2.054070 |
| Lowest | 1.908442 |
| STATISTICS | |
| Weighted Average Duration | 7.11 |
| Volatility, Past 1 year ² | 2.37% |
| Sharpe Ratio ³ | 1.19 |
| Information Ratio ⁴ | -0.20 |

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 (%)

| | |
|--------------|-------|
| FXTN 20-27 | 23.4% |
| FXTN 20-23 | 8.7% |
| FXTN 20-22 | 8.7% |
| FXTN 25-07 | 8.1% |
| FXTN 13-01 | 6.4% |
| SMCGP 32 R29 | 6.4% |
| ALI 28 R24 | 6.4% |
| FXTN 25-06 | 5.1% |
| RLC 28 R26 | 4.6% |
| RTB 25-01 | 4.2% |

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to Php3.49 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 conflict in the Middle East dominated news headlines in June. Israel launched a major attack on Iran's nuclear facilities, which Iran responded to with barrages of ballistic missiles and drones. The intense fighting lasted for days and escalated further when the United States attacked three nuclear sites in Iran. During this period, Brent Oil futures surged from \$63.90 to \$81.40 per barrel amid concerns about supply disruptions. Since then, a ceasefire between Israel and Iran has taken hold, causing the price of Brent Oil to ease back to \$67.51 per barrel. Outside of geopolitics, developments in monetary policy also influenced market movements. The US Federal Reserve decided to keep policy rates at the 4.25%-4.50% range, as widely expected. Federal Reserve Chair Jerome Powell noted that this decision was influenced by the expectation that upcoming tariffs would cause inflation to reaccelerate in the coming months. Meanwhile, in the local market, the Bangko Sentral ng Pilipinas (BSP) decided to cut its policy rate by 25 basis points to 5.25%. BSP Governor Remolona mentioned that the central bank has room to cut at least one more time for the rest of the year, with their inflation forecast adjusted from

2.4% to 1.6%. With this move, the interest rate differential between the Fed's and BSP's policy rates has narrowed 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.

The local yield curve remained relatively stable, with changes limited to a -3bp to +5bp range. While the 2Y remained flat at 5.72%, the 10Y saw more fluctuation, rising by 16 basis points to 6.42% before falling back to 6.30%. The Bureau of the Treasury (BTr) remained active in the primary market. In the first week of June, the BTr reissued the 5-year FXTN 07-70 at a yield of 5.887%. Due to a strong bid-to-cover ratio of 2.0 times, the auction committee increased the initial target of Php30 billion and added Php5 billion via the tap facility. The following week, the BTr reissued Php30 billion of the 7-year FXTN 10-69 at 6.124%, with a bid-to-cover ratio of 1.9x. The week after, the 10-year FXTN 10-73 offering attracted a bid-to-cover ratio of 1.8 times. The BTr capped yields at 6.428%, raising Php 27.6 billion, falling short of the Php 30 billion target. In the final auction of the month, the BTr conducted a dual-tranche auction with mixed results. The 3-year FXTN 07-64 was awarded at an average yield of 5.76% and saw strong demand with a bid-to-cover ratio of 2.0 times, allowing the BTr to raise the full Php20 billion target. Meanwhile, the 25-year FXTN 20-27 received more modest interest with a bid-to-cover ratio of 1.1 times and was awarded at an average yield of 6.649%. The amount raised for this offering was Php15.1 billion, compared to the Php20 billion target. Additionally, the BTr released its complete Q3 bond borrowing program, totaling Php365 billion, which is lower than the planned borrowing for Q2 of Php410 billion.

Following June's movements, the yield curve remains steeper than at the beginning of the year. Year-to-date, the 2-year yield has already fallen by 33 basis points, while the 10-year yield has increased by 14 basis points. Expectations of additional BSP rate cuts may continue to support bonds in the intermediate to medium-term. However, the narrowing interest rate differential and peso movements could delay the next move toward the latter part of the year. Meanwhile, longer-dated bonds may stay volatile due to developments in trade and fiscal policy abroad. In light of these factors, the Fund will remain opportunistic in its bond acquisitions, aiming to improve portfolio yield gradually while managing duration risk.

INVESTMENT POLICY / PROSPECTIVE INVESTMENTS

The Fund may be invested or reinvested in the following:

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

OTHER BASIC FUND FACTS

| | | | |
|-----------------------|------------|------------------------------------|---|
| Trust Fee: | 0.75% 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.