

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of August 31, 2023

FUND FACTS

Classification:	Equity Fund	Net Asset Value per Unit (NAVPU):	1.026676
Launch Date:	June 26, 2015	Total Fund Net Asset Value (NAV):	Php502.89 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:	30 calendar days	Early Redemption Penalty:	1.0% of the amount redeemed

FEES¹

Trustee Fees: 0.0862%	Custodianship Fees: 0.0012%	External Auditor: 0.0014%	Other Fees: None
Chinabank – Trust and Asset Management Group	Philippine Depository & Trust Corp.	SGV & Co.	

¹As a percentage of average daily NAV for the month valued at Php508.10 million.

INVESTMENT OBJECTIVE AND STRATEGY

The Chinabank 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 Chinabank 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 AUGUST 31, 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 year ²	5.47%
Sharpe Ratio ³	-1.29
Information Ratio ⁴	1.48

²Volatility 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.

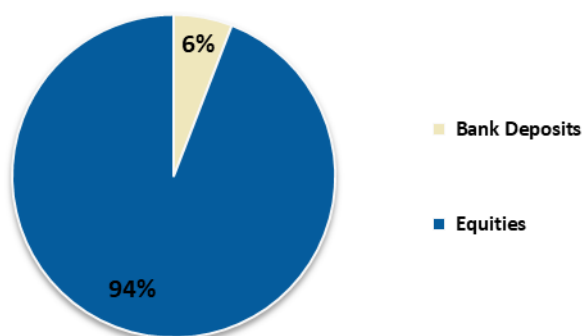
³Sharpe Ratio is used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better. This is computed by dividing the excess return of the fund against the risk-free rate over the fund's volatility.

⁴Information 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	-5.25%	-2.28%	-2.64%	-3.03%	18.58%
Benchmark	-5.98%	-4.37%	-5.41%	-5.70%	5.02%

PORTFOLIO COMPOSITION



SECTOR HOLDINGS (%)

Holding	%
Holding	26%
Financial	22%
Services	19%
Industrial	18%
Property	14%
Mining	1%

TOP TEN HOLDINGS (%)

BDO	9.5%
SM	9.1%
ICT	8.2%
BPI	7.6%
AC	5.9%
Deposit - Own Bank	5.7%
MER	5.7%
SMPH	5.4%
ALI	5.4%
TEL	5.3%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to Php29.59 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

Investors had plenty of reasons to sell risk assets in August. The month kicked off with Fitch Ratings downgrading the long-term foreign currency issuer default rating of the United States from AAA to AA+. The ratings agency cited the repeated debt ceiling standoffs among the main reasons for the change. Similarly, Moody's downgraded the outlook for 10 small and mid-sized US regional banks, and placed 6 major lenders under review, on account of the unfavorable impact of elevated interest rates and potential US recession on their liquidity and profitability positions. Separately, the state of China's property sector made headlines once again. Major developer Country Garden disclosed a \$6.70 billion loss in the first half, renewing fears of another default similar to Evergrande from two years ago. Finally, during the highly anticipated Jackson Hole symposium, Fed Chairman Jerome Powell reaffirmed the central bank's commitment to reach the 2% inflation target. While he acknowledged the recent decline in inflation, he noted that it remains too high, and that policy rates may have to remain restrictive for some time. By the close of the month, both developed and emerging market equity indices published by MSCI registered losses of -2.55% and -6.36%, respectively.

In the local market setting, the Philippine Stock Exchange Index (PSEi) dropped by 416.22pts or -6.31% to close at the year to date low at 6175.25. All sectors were down, with Property (-7.45%), Services (-6.98%), Holding Firms (-6.70%), Industrials (-5.31%), Financials (-4.67%), and Mining and Oil (-2.71%) posting losses. In terms of individual stock performance, CNVRG (-23.07%), JGS (-15.10%), AEV (-12.64%), SMPH (-12.57%), and MONDE (-12.09%) were the top decliners. On the other hand, SCC (+10.92%), GTCAP (+5.05%), MPI (+4.72%), DMC (+0.63%), and AGI (+0.45%) were the top gainers. Various local news flows added to the risk-off mood. The Philippine's Q2 2023 GDP growth came in at 4.30%, slower than the 6.40% from the previous quarter. This was also behind the 6.0% figure forecasted by economists, as government spending and capital formation contracted. On monetary policy, despite holding rates steady during the month's meeting, the BSP revised its inflation forecasts for 2023 to 2025 upward, and kept the door open for further rate hikes. Separately, index heavyweight SMPH was sold down on news that it halted its reclamation operations in Manila Bay. This was in compliance with President

CHINABANK HIGH DIVIDEND EQUITY FUND

Key Information and Investment Disclosure Statement

Marcos' order on the suspension of all 22 reclamation projects in the area, pending review of the approval process. Finally, MSCI rebalancing related trades were executed during the last day of the month, which saw the Philippine's country weight declining by another -0.016% to 0.62% in the MSCI Emerging Markets Index. In the background, the reporting of Q2 2023 and 1H 2023 performance of PSEi members has concluded. By our count, 14 were in line, 8 were above, and 8 were below consensus expectations.

Post earnings season, inflation prints will continue to be near term catalysts. The recent uptick in the price of oil and other commodities continue to present upward risk, which may keep policy rates elevated and push back the expected timing of easing. With this, we expect the PSEi to continue to trade defensively in the following month. From a technical standpoint, near term support may be expected at the 6000 area. At that level, the index's 12-month forward earnings yield will be at 9.40%, offering a decent premium over bond yields, which may encourage additional risk taking.

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 (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.