

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of September 29, 2023

FUND FACTS

Classification:	Equity Fund	Net Asset Value per Unit (NAVPu):	1.052243
Launch Date:	June 26, 2015	Total Fund Net Asset Value (NAV):	Php515.39 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: 0.0806%	Custodianship Fees: 0.0011%	External Auditor: 0.0013%	Other Fees: None
Chinabank – 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 Php504.43 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.

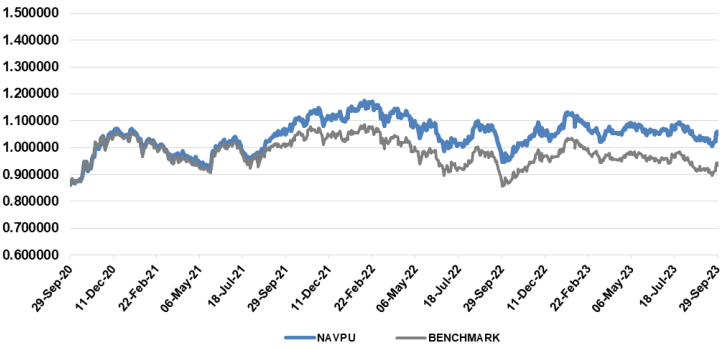
The Trustee only transacts with reputable counterparties and invests in debt securities issued by prime corporate borrowers which have undergone a rigorous accreditation and evaluation process. Internal and regulatory exposure limits are monitored regularly to ensure that exposures are managed. The Fund 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.

FUND PERFORMANCE AND STATISTICS AS OF SEPTEMBER 29, 2023

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

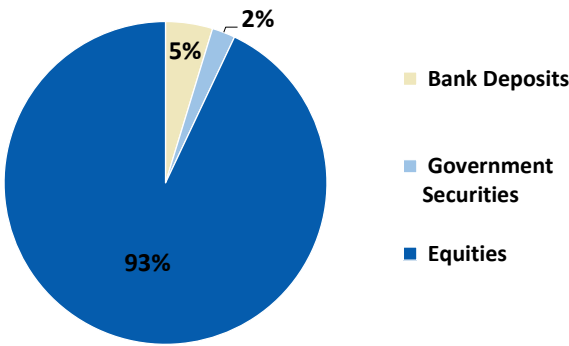
NAVPU GRAPH



CUMULATIVE PERFORMANCE (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	2.49%	-1.16%	-1.01%	11.17%	21.58%
Benchmark	2.27%	-2.09%	-2.49%	9.81%	7.74%

PORTFOLIO COMPOSITION



SECTOR HOLDINGS (%)

Holding	24%
Financial	22%
Services	19%
Industrial	18%
Property	16%
Mining	1%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to Php24.30 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

Volatility in the local equities market continued in September as inflation remained a key concern. The Philippine Statistics Authority reported that headline inflation in the country quickened to 5.3% for the month of August, higher than the previous month’s 4.7%. Contributing to the increase was the higher price of key food items like rice, in part due to protectionist measures of major exporting countries. The rise in energy prices due to the cuts in oil output by OPEC+ nations added to the month’s print as well. Similarly, inflation in the US came in at 3.7%, higher than the previous month’s 3.2%.On the positive side, core inflation, which excludes select food and energy items eased for both countries. The Philippines’ reading decelerated to 6.1% from 6.7%, while the US’s figures declined to 4.3% from 4.7%. The month also saw both the Bangko Sentral ng Pilipinas (BSP) and US Federal Reserve (Fed) holding policy rates at 6.25% and 5.25%-5.50%, respectively. While the latest decisions were in line with expectations, both central banks sounded more hawkish during their board meetings. The BSP adjusted their forecast on average inflation for 2023 to 5.8% from 5.6% previously, and for 2024 to 3.5% from 3.3%, and continued their rhetoric of standing ready to adjust policy rates as needed. Meanwhile, the Fed’s summary of economic projections showed that policy rates are expected to be at 5.625% for 2023 and 5.125% for 2024. This means that one more rate hike is possible this year, followed by a 50bps cut in 2024, instead of the prior 100bps cut expectations, showing the Fed’s bias to keep interest rates higher for longer. The confluence of these factors brought the Philippine Stock Exchange Index (PSEi) to dip below the 6000 level. Interestingly, bargain hunters stepped in at this key technical level, where the 12-month forward earnings yield reached near 9%. Overall, despite the initial selloff, the PSEi managed to gain +145.99pts or +2.36% in September.

In terms of sector performance, Mining and Oil (+7.04%), Property (+4.22%), and Industrials (+2.60%) outperformed. These were followed by Holding Firms (+2.18%), Financials (+0.64%), and Services (+0.52%). In terms of individual stock performance, MONDE (+25.42%), CNVRG (+23.55%), SCC (+9.06%), ALI (+8.47%), and DMC (+7.87%) were the top gainers. On the other hand, AP (-10.08%), UBP (-6.52%), JFC (-3.21%), ACEN (-2.00%), and AGI (-1.44%) lagged. The

NAVPU OVER THE PAST 12 MONTHS

Highest	1.131690
Lowest	0.947830

STATISTICS

Weighted Average Duration	0.02
Volatility, Past 1 year ²	6.34%
Sharpe Ratio ³	1.11
Information Ratio ⁴	0.90

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.

TOP TEN HOLDINGS (%)

BDO	9.4%
SM	9.0%
ICT	8.4%
BPI	7.6%
AC	6.3%
MER	5.9%
ALI	5.7%
SMPH	5.5%
TEL	5.3%
Deposit - Own Bank	4.3%

month of September saw a series of off-cycle rebalancing for the 30-member index. First, AP was removed after its public float dipped below the 20% mark required for inclusion. This was after the company pushed through with its stock buyback transactions, noting that the exercise was aimed at enhancing shareholder value. BLOOM took its place, having the largest market capitalization among qualified candidates. Next, MPI was taken off of the index and was replaced by CNPF, after the former's successful tender offer exercise. Relatedly, GSIS's ownership of MPI was reclassified as non-public, bringing the public float of MPI to below 10%, paving the way for its voluntary delisting from the exchange. Lastly, UPB was booted out of the index after the exchange determined that a number of shares of UPB owned by SSS should be classified as non-public, in accordance with the amendment on public ownership guidelines. This resulted to UPB's public float falling below the 20% level, with NIKL then taking its place in the index.

Despite registering gains in September, the 3rd quarter performance of the PSEi was -2.27% overall. This has been the weakest for the year so far, and in line with the long term trend of historically poor returns during the quarter. Moving into the 4th quarter, the question now is whether strong returns will follow. From available data, the PSEi was up 75% of the time during this period, with some describing the phenomenon as Santa Claus rally. The rationale is that it the period coincides with holiday seasons when consumer spending is the highest. Against the backdrop of higher yields however, with the US 10Y treasury knocking on the 5.0% handle, the rally, if it materializes, may be bumpier than the previous years.

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.