

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of August 30, 2024

FUND FACTS

| | | | |
|-------------------------|----------------------|-----------------------------------|--|
| Classification: | Equity Fund | Net Asset Value per Unit (NAVPu): | 1.238412 |
| Launch Date: | June 26, 2015 | Total Fund Net Asset Value (NAV): | Php423.70 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 |

FEES¹

| | | | |
|---|--|---------------------------|------------------|
| Trustee Fees: 0.0832% | Custodianship Fees: 0.0011% | External Auditor: 0.0014% | 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 Php434.02 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 100% of the Fund may be invested in equity issues at any point in time. The Fund aims to outperform its benchmark which is the Philippine Stock Exchange PSEi Total Return Index (PSEi TRI).

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 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 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.

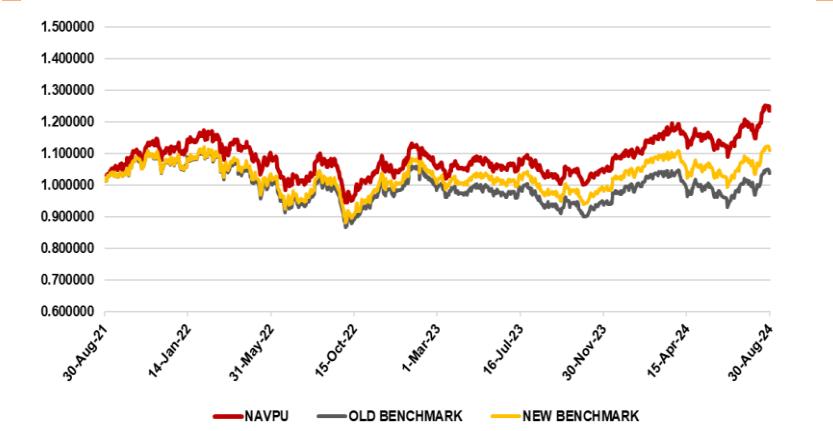
- THE UITF IS A TRUST PRODUCT AND NOT A DEPOSIT ACCOUNT, AND IS NOT INSURED NOR GOVERNED BY THE PDIC.
- THE UITF IS NOT AN OBLIGATION OF, NOR GUARANTEED, NOR INSURED BY THE TRUST ENTITY OR ITS AFFILIATES OR SUBSIDIARIES.
- DUE TO THE NATURE OF THE INVESTMENTS OF A UITF, THE RETURNS/YIELDS CANNOT BE GUARANTEED.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

FUND PERFORMANCE AND STATISTICS AS OF AUGUST 30, 2024

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

NAVPU GRAPH



NAVPU OVER THE PAST 12 MONTHS

| | |
|---------|----------|
| Highest | 1.252157 |
| Lowest | 1.003115 |

STATISTICS

| | |
|--------------------------------------|-------|
| Weighted Average Duration | 0.00 |
| Volatility, Past 1 year ² | 6.45% |
| Sharpe Ratio ³ | 2.49 |
| Information Ratio ⁴ | 2.55 |

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.

CUMULATIVE PERFORMANCE (%)

| Period | 1mo | 3mos | 6mos | 1yr | 3yrs |
|------------------------|-------|--------|--------|--------|--------|
| Fund | 5.15% | 10.25% | 6.68% | 20.62% | 20.83% |
| Benchmark ^a | 4.48% | 7.69% | 1.70% | 14.64% | 8.56% |
| Benchmark ^b | 4.21% | 7.12% | -0.32% | 11.60% | 1.45% |

^aNew Benchmark; ^bOld Benchmark

The Fund's benchmark was amended to 100% PSEi TRI effective August 1, 2024, which is more aligned with the investment objective and strategy of the fund. Prior to this, the fund's benchmark was amended to 95% PSEi TRI + 5% BPHILMM from 95% PSEi + 5% BPHILMM effective Jan 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. 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 benchmark provides a standard for evaluating the Fund's performance by helping investors/participants understand how the Fund is performing relative to the performance of the Philippine equities market as represented by the PSEi TRI. The benchmark's characteristics, including its composition and the corresponding weights of its constituents, serve as reference point for the Fund's allocation and security selection profile.

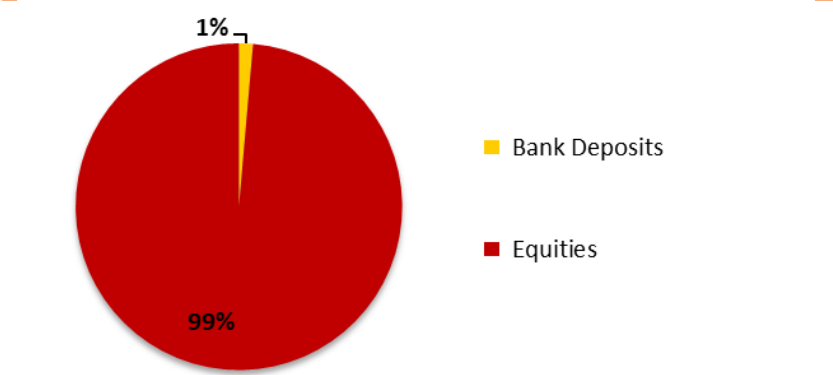
TOP TEN HOLDINGS (%)

| | |
|------|-------|
| ICT | 11.8% |
| SM | 11.7% |
| BDO | 9.7% |
| BPI | 8.9% |
| MER | 7.9% |
| TEL | 7.4% |
| SMPH | 6.7% |
| MBT | 6.5% |
| AC | 5.3% |
| ALI | 4.6% |
| ICT | 11.8% |

SECTOR HOLDINGS (%)

| | |
|------------|-----|
| Financial | 25% |
| Services | 21% |
| Holding | 18% |
| Property | 18% |
| Industrial | 16% |
| Mining | 2% |

PORTFOLIO COMPOSITION



OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to Php827.59 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 Philippine Stock Exchange Index (PSEi) had a volatile month of August. Early in the month, it joined the global market sell-off. The MSCI All-Country Index (ACWX), which measures the performance of equities markets of developed and emerging markets, was down by as much as -6.06% on a closing basis in the first week of trading. During this period, the PSEi hit a low of 6433 or -2.81% compared to the previous month. The risk-off sentiment stemmed from the softening labor market in the US, fueling concerns on an imminent recession. The US reported that the unemployment rate for the month of July ticked up to 4.4% from 4.1% the month prior. Additionally, the month's non-farm payroll figures came in lower than expected, while the number of jobs added for the previous 12 months were revised downward. Separately, the Bank of Japan's (BOJ) decision to raise their policy rate by 25 bps and announcement to taper their bond buying program added to the volatility. Strategies that used the Japanese Yen (JPY) as the funding currency in what is known as a carry-trade were unwound, as borrowing JPY is seen to get more expensive moving forward.

Various drivers continued to pour in during the following weeks. On the local macro front, Philippine inflation for July came in at 4.4%. This was higher than the previous month's 3.7% and beyond the 2-4% target of the Bangko Sentral ng Pilipinas (BSP). The print casted some doubts about the anticipated policy rate cut, with BSP Governor Remolona even commenting that it is less likely to occur during the August monetary board meeting. Meanwhile, the country's Q2 2024 GDP came in at 6.3%, higher than both last year's 4.3% and the upwardly revised Q1 2024 figure of 5.8%. Higher government spending and investment components at +10.7% and +11.50%, respectively, were the main contributors. Meanwhile consumption remained subdued at +4.60%. Separately, after seeing the market reaction on the initial rate hike, the BOJ backpedaled from their hawkish tone. For the part of the BSP, after a nearly year-long pause and mixed messaging, the central bank pushed through with the 25bp cut to bring the policy rate to 6.25%. The BSP Governor hinted at another possible rate cut in either October or December, noting that there are no immediate threats that could derail this plan. Finally, the much anticipated annual Jackson Hole symposium did not disappoint. At his prepared statement, Federal Reserve (Fed) Chairman Jerome Powell noted that the time has come for policy rates to adjust and that the direction of travel is clear. Powell acknowledged that the downside risk to employment has increased, while at the same time sharing his optimism that inflation is at a sustainable path towards their 2% target. These statements cemented the expectations of a policy rate cut from the current 5.25%-5.50% level in the upcoming Fed meeting in September 17-18. The only question that remains is whether they will cut by 25 bps or 50 bps to begin the easing cycle.

With all the above developments, risk assets staged a huge comeback to close in the green in August. The ACWX gained +2.71%, while the PSEi gained +278.45pts or +4.21%. A 14-day stretch of foreign buying, halted only by the MSCI rebalancing related outflows on the last trading day, helped push the market higher. In terms of sector performance, Property (+9.63%), Services (+8.13%), Financials (+6.05%) led the rally. Meanwhile, Holding Firms (-1.92%), Mining and Oil (-1.14%), and Industrials (+0.84%) lagged. In terms of individual stock performance, CNVRG (+29.98%), ALI (+19.66%), JFC (+12.96%), MER (+11.78%), and BDO (+11.53%) were the top index gainers. On the other hand, URC (-21.99%), JGS (-15.47%), AEV (-6.35%), BLOOM (-4.84%), and SM (-2.53%) rounded the list of top index decliners. On the earnings front, the Q2 2024 results came in mixed. By our count, 13 were in-line, 6 were ahead, and 11 were behind compared to consensus expectations. In terms of valuations, the PSEi remains at the cheaper end at 11.81x P/E or an earnings yield of 8.46%. On a year-to-date basis, the PSEi has delivered a +6.94% performance so far.

INVESTMENT POLICY / PROSPECTIVE INVESTMENTS

- The Fund may be invested or reinvested in the following:
- a) Equities listed in the PSE which have a regular dividend payment policy and/or track record or regular dividend payments;
 - 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 or 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.