

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of January 31, 2024

FUND FACTS

Classification:	Equity Fund	Net Asset Value per Unit (NAVPu):	1.106684
Launch Date:	June 26, 2015	Total Fund Net Asset Value (NAV):	Php454.40
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<sup>1</sup>

Trustee Fees: 0.0916%	Custodianship Fees: 0.0015%	External Auditor: 0.0012%	Other Fees: None
China Bank – Trust and Asset Management Group	Deutsche Bank AG, Manila Branch Philippine Depository & Trust Corp.	SGV & Co.	

<sup>1</sup>As a percentage of average daily NAV for the month valued at Php488.89 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% Philippine Stock Exchange PSEi Total Return Index (PSEi TRI) + 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 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.

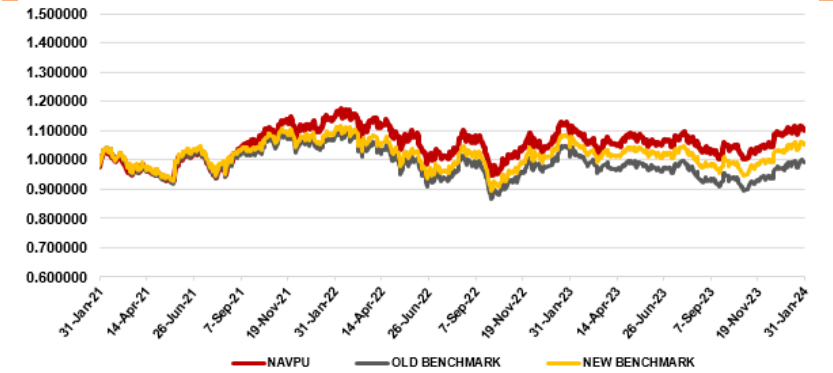
The Trustee only transacts with reputable counterparties and invests in debt securities issued by prime corporate borrowers which have undergone a rigorous accreditation and evaluation process. Internal and regulatory exposure limits are monitored regularly to ensure that exposures are managed. The Fund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

FUND PERFORMANCE AND STATISTICS AS OF JANUARY 31, 2024

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

NAVPU GRAPH



NAVPU OVER THE PAST 12 MONTHS

Highest	1.117697
Lowest	1.003115

STATISTICS

Weighted Average Duration	0.04
Volatility, Past 1 year <sup>2</sup>	6.00%
Sharpe Ratio <sup>3</sup>	-0.31
Information Ratio <sup>4</sup>	1.46

<sup>2</sup>**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.

<sup>3</sup>**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.

<sup>4</sup>**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	1.80%	10.09%	2.14%	2.61%	13.11%
Benchmark <sup>a</sup>	2.92%	11.18%	1.87%	0.74%	7.33%
Benchmark <sup>b</sup>	2.91%	10.77%	0.92%	-1.83%	0.88%

<sup>a</sup>New Benchmark; <sup>b</sup>Old Benchmark

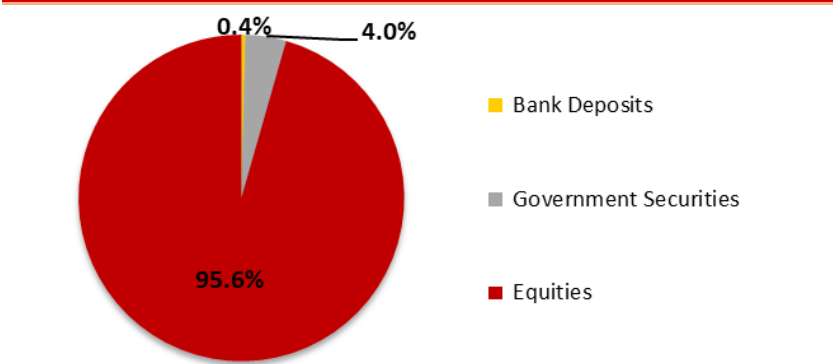
The Fund's benchmark was amended from 95% PSEi + 5% BPHILMM Index to 95% PSEi TRI + 5% BPHILMM Index effective January 1, 2024 in compliance with BSP Circular No. 1178 (Guidelines on the Use of Benchmarks for Unit Investment Trust Funds) on the use of a total return benchmark that will more adequately 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. Additional information on PSEi TRI and/or its administrator is available on [www.pse.com.ph/indices](http://www.pse.com.ph/indices). The BPHILMM Index is a systematically designed, rules-based, market value-weighted index that measures the performance of short-term, fixed-rate and zero-coupon local currency securities that are publicly issued by the Philippines. It includes liquid money market instruments such as treasury bills with maturities of less than one year and minimum par amounts of Php3.0Bn. This Index is adjusted for tax by the Trustee. Additional information on BPHILMM Index and/or its administrator can be found on Bloomberg, and be made available to investors upon request.

TOP TEN HOLDINGS (%)

SM	13.7%
ICT	11.6%
BDO	8.9%
BPI	7.4%
SMPH	7.2%
ALI	6.5%
TEL	6.2%
MER	6.1%
AC	5.7%
AP	4.0%

PORTFOLIO COMPOSITION



SECTOR HOLDINGS (%)

Property	22%
Holding	21%
Financial	21%
Services	20%
Industrial	16%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to Php782.80 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

Risk assets continued to rally in January, adding to the momentum from the previous 2 months. Developed markets, as represented by the MSCI World Index, were up by +1.14% on average. US major averages registered all-time highs, with the S&P 500, Nasdaq, and Dow Jones adding +1.59%, +1.85%, and +1.22%, respectively. The rally was supported by encouraging economic reports. Headline CPI print was at 3.40% for December, representing a significant progress from the 6.50% reading a year ago. Additionally, the country's Q4 GDP came in at annualized pace of +3.30%, ahead of the 2.00% consensus expectations. On the other hand, emerging markets underperformed, with the MSCI Emerging Markets Index posting a -4.68% performance. China was the main drag, with the CSI 300 Index declining by -7.17%. This comes as the country's property market crisis lingered. In an effort to stabilize the equities market, China has since pledged a \$282Bn package, although participants remain doubtful about its impact. In the case of the Philippines, its equities market performance has recently resembled those of developed markets, rather than the emerging markets basket, posting a +1.68% gain in USD terms over the same period.

In local currency terms, the Philippine Stock Exchange Index (PSEi) registered a gain of +196.40pts or +3.04%, closing at the 6646.44 level. During the month, the Philippine Statistics Authority released the country's 2023 GDP print. Despite coming in behind government targets, the country's +5.60% growth bested other major Asian economies, outpacing China's 5.20%, Indonesia's 5.10%, Vietnam's 5.0%, and Malaysia's 3.70%. With the latest figure, the country has now fully recovered from the pandemic in terms of GDP size. On the inflation front, the CPI for December came in at 3.90%. While the average for the full year at 6.00% remained above the 2.00%-4.00% target of the Bangko Sentral ng Pilipinas (BSP), the recent reading was an improvement compared to the previous month's 4.10% and the 8.10% reading from a year ago. Lastly, the unemployment rate for November was reported to be at 3.60%, the lowest in almost two decades. Separately, in terms of market activity, foreigners were net buyers in 17 out of 22 trading days, accumulating \$75.15Mn worth of positions. Total volume improved, with average daily traded value seen at Php4.48Bn, compared to the Php3.80Bn average during the past 3 months. On sector performance, Financials (+8.45%), Holding Firms (+3.65%), Property (+2.33%), and Services (+0.83%) advanced during the month. Meanwhile, Mining and Oil (-7.53%) and Industrials (-1.72%) bucked the trend. As to individual stock performance, BLOOM (+13.62%), GTCAP (+12.80%), MBT (+11.31%), BDO (+11.11%), and CNVRG (+10.62%) led the advancers. On the other hand, NIKL (-11.68%), MER (-9.27%), URC (-5.67%), ACEN (-2.97%), and ICT (-1.54%) led the decliners. Index breadth was positive, with advancers outnumbering decliners 21-9.

With the hefty gains seen in the past few months, it may be prudent to take stock of the risks that could determine whether the current trajectory will continue or take a turn. Some caution may be warranted as recent Fed speak and strong US economic data resulted in the market adjusting expectations on the timing of the highly anticipated rate cuts. Futures markets are now penciling in only a 35% probability of a move in March, compared to near certainty a month ago. On a separate note, next month will see 8 out of the 30 index members reporting their Q4 and FY 2023 performance. These 8 names are mostly index heavyweights, representing a combined 58% of the PSEi. It will be interesting to see if the country's recent economic progress translates to strong corporate earnings, and eventually to stock price performance.

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