

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of July 31, 2024

FUND FACTS

Classification:	Equity Fund	Net Asset Value per Unit (NAVPu):	1.177770
Launch Date:	June 26, 2015	Total Fund Net Asset Value (NAV):	Php431.20 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: 0.0914%	Custodianship Fees: 0.0009%	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 Php443.17 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.

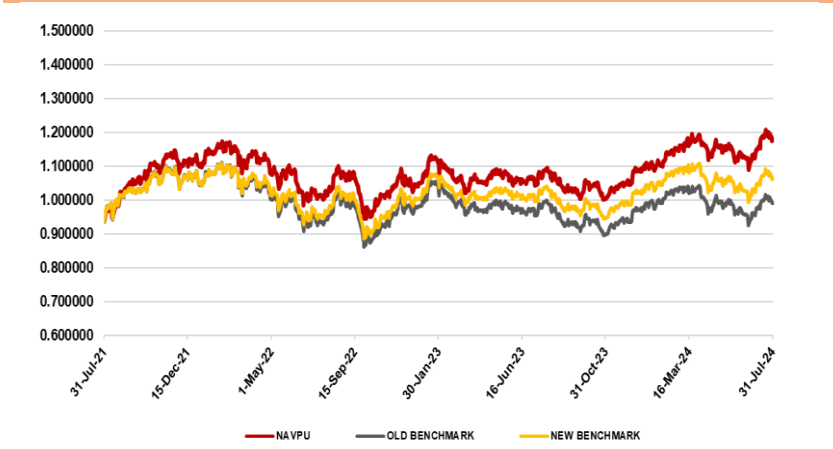
The Trustee only transacts with reputable counterparties and invests in debt securities issued by prime corporate borrowers which have undergone a rigorous accreditation and evaluation process. Internal and regulatory exposure limits are monitored regularly to ensure that exposures are managed. The Fund 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 JULY 31, 2024

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

NAVPU GRAPH



NAVPU OVER THE PAST 12 MONTHS

Highest	1.208506
Lowest	1.003115

STATISTICS

Weighted Average Duration	0.00
Volatility, Past 1 year ²	5.41%
Sharpe Ratio ³	0.77
Information Ratio ⁴	2.47

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	3.80%	1.07%	6.42%	8.70%	25.70%
Benchmark ^a	3.16%	-0.46%	1.50%	3.40%	13.25%
Benchmark ^b	3.09%	-1.09%	-0.27%	0.65%	5.78%

^aNew Benchmark; ^bOld 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.

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.

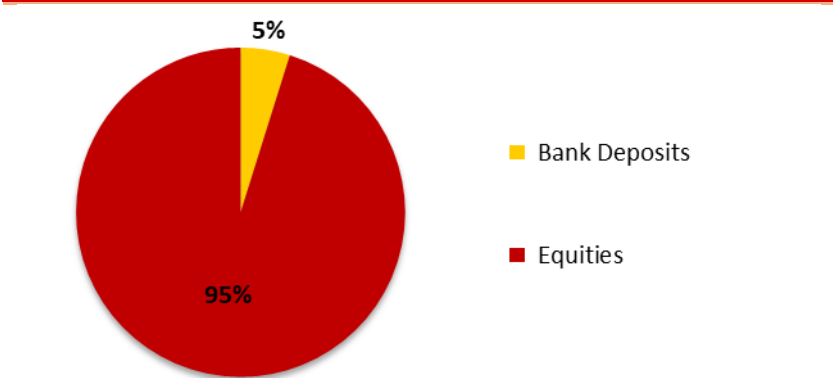
TOP TEN HOLDINGS (%)

SM	13.6%
ICT	10.3%
BDO	8.5%
BPI	7.9%
SMPH	7.6%
TEL	7.1%
MER	6.9%
MBT	6.0%
ALI	5.5%
AC	5.0%

SECTOR HOLDINGS (%)

Financial	24%
Holding	21%
Property	20%
Services	19%
Industrial	15%
Mining	1%

PORTFOLIO COMPOSITION



OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to Php5.95 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 Philippine Stock Exchange Index (PSEi) started the second half of the year on a positive note. Investors cheered as Philippine inflation data continued to soften. The print for June came in at 3.70%, an improvement compared to the prior month's 3.90% reading and last year's 5.40%. This further supports expectations that the Bangko Sentral ng Pilipinas (BSP) will begin reducing policy rates as soon as August of this year. Similarly, US inflation cooled for the third straight month in June, while the unemployment rate ticked up. With the US Federal Reserve (Fed) acknowledging the progress made on the fight against inflation

while at the same time being wary of softening labor market, market participants are increasingly betting for rate cuts to commence soon. The futures market is pricing in with near 100% probability a 25bps cut in September, followed by another 25bps in December.

For the month of July, the index gained +207.18pts or +3.23% to close at the 6619.09 level. This as foreign funds were seen as net buyers in 16 out of 21 trading days, accumulating a total position worth Php3.71Bn. Except for Mining and Oil (-1.88%), all sectors closed in the green with Holding Firms (+4.04%), Financials (+3.41%), Industrials (+3.15%), Property (+2.26%), and Services (+1.05%) pulling the market higher. Notably, the property sector was initially on pace to outperform during the month. However, sentiment soured as during Pres. Marcos' third state of the nation address, he announced the total ban on POGOs effective immediately. In terms of individual stock performance, ACEN (+10.96%), SM (+9.33%), CNPF (+8.87%), PGOLD (+8.68%), and URC (+7.01%) led the index gainers. On the other hand, BLOOM (-13.04%), NIKL (-9.70%), AEV (-8.63%), GTCAP (-4.84%), and MONDE (-2.45%) rounded the list of top index decliners. Index breadth was positive, 21-9. On the earnings front, 8 out of the 30 PSEi members have already reported their Q2 and H1 2024 results. By our count, 3 names were ahead (BPI, MER, SCC), 3 were in-line (BDO, MBT, AEV), and 2 were behind (URC, WLCON) compared to consensus expectations.

Looking at the overall market activity, the average daily traded value ex bloc trades for the month was registered at Php4.45Bn. This was lower compared to the first half average of Php5.021Bn. We may see more of the same low activity in the following month as seasonality is not in favor of risk assets historically during this time of the year. From available Bloomberg data, the month of August brought subdued returns 70% of the time in the local setting. While challenging in the near term, bouts of market weakness can be viewed as opportunities to add on positions. Presently, valuations using 2024 consensus earning sees the PSEi trading at 11.36x P/E. This is equivalent to an earnings yield of 8.80%, offering a 263bps spread compared to the 6.17% yield of the 10Y government security. The anticipated rate cutting cycle, if it materializes, may result to P/E multiple expansion. This then can finally improve PSEi's YTD performance, which currently stands at just +2.62%.

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.