

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of September 30, 2024

FUND FACTS

Classification:	Equity Fund	Net Asset Value per Unit (NAVPu):	1.300756
Launch Date:	June 26, 2015	Total Fund Net Asset Value (NAV):	Php438.69 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: 0.0862%	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 Php434.81 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.

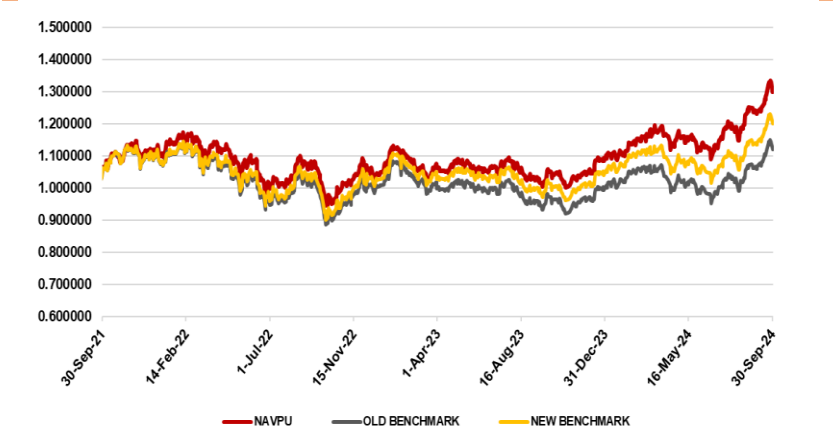
- THE UITF IS A TRUST PRODUCT AND NOT A DEPOSIT ACCOUNT, AND IS NOT INSURED NOR GOVERNED BY THE PDIC.
- THE UITF IS NOT AN OBLIGATION OF, NOR GUARANTEED, NOR INSURED BY THE TRUST ENTITY OR ITS AFFILIATES OR SUBSIDIARIES.
- DUE TO THE NATURE OF THE INVESTMENTS OF A UITF, THE RETURNS/YIELDS CANNOT BE GUARANTEED. 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 SEPTEMBER 30, 2024

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

NAVPU GRAPH



NAVPU OVER THE PAST 12 MONTHS

Highest	1.334777
Lowest	1.003115

STATISTICS

Weighted Average Duration	0.00
Volatility, Past 1 year ²	8.00%
Sharpe Ratio ³	2.38
Information Ratio ⁴	2.51

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	5.03%	14.64%	10.51%	23.62%	22.46%
Benchmark ^a	5.62%	13.84%	7.06%	18.26%	13.12%
Benchmark ^b	5.44%	13.27%	5.68%	15.06%	5.54%

^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.

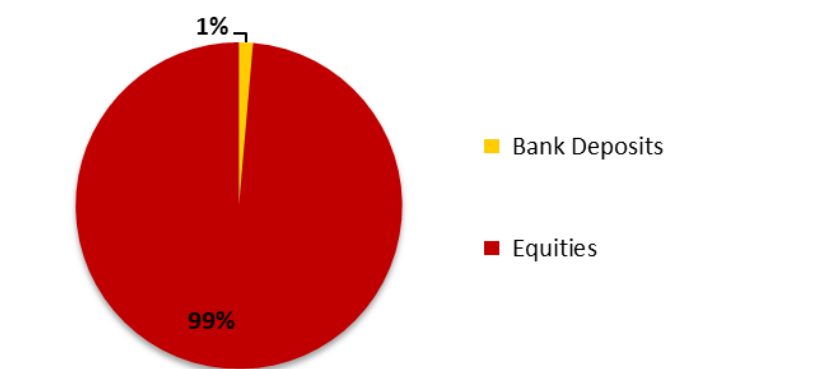
TOP TEN HOLDINGS (%)

SM	11.9%
ICT	10.4%
BDO	9.1%
BPI	8.6%
MER	7.9%
TEL	7.1%
MBT	6.7%
SMPH	6.5%
AC	4.7%
ALI	4.4%

SECTOR HOLDINGS (%)

Financial	25%
Services	21%
Holding	18%
Industrial	18%
Property	17%
Mining	1%

PORTFOLIO COMPOSITION



OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to Php4.23 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) gained 375.11pts or +5.44% in September, closing at the 7272.65 level. This puts the index’s year-to-date performance at +12.75%. Investors cheered as the US Federal Reserve (Fed) initiated their monetary policy easing cycle with a 50bps rate cut. This move brought their policy rate to 4.75%-5.00%. During his prepared remarks, Fed Chairman Powell highlighted that the committee have gained more confidence that inflation is now on a sustained path towards their 2% target, and that recent softness in employment data suggested that it is now the appropriate time to move. Additionally, the Fed’s summary of economic projections revealed that committee members are expecting that policy rates will decline further. Towards the end of 2024, the projections suggest that another 50bps rate cut is on the table, followed by another 100bps and 50bps worth of cuts in 2025 and 2026, respectively. For the part of the Bangko Sentral ng Pilipinas (BSP), this recent development increases the likelihood that they will cut their policy rates again during their October meeting, after already moving ahead with a 25bps cut last August. Additionally, the BSP announced that the reserve requirement ratios (RRR) for banks will be reduced next month, which is expected to increase liquidity in the system. For universal and commercial banks, the RRR will be reduced by 250bps to 7%, with more cuts seen in the coming years.

The risk-on sentiment was apparent during the month, with foreign funds seen as net buyers in the local equities market in all 21 trading days. Total positions added by foreign funds amounted to Php19.38Bn, sufficient to turn the year-to-date tally to a net buying side. Overall volume rose as well, with the average daily traded value coming in at Php6.57Bn, higher compared to the prior year-to-date average of Php5.01Bn. In terms of sector performance, Financials (+8.86%), Holding Firms (+8.54%), and Mining and Oil (+5.46%) outperformed the broad market. Meanwhile, Industrials (+3.89%), Property (+3.84%), and Services (+2.29%), registered more moderate gains. Individually, standouts were JGS (+18.30%), GTCAP (+16.99%), URC (+13.96%), PGOLD (+13.51%), and AEV (+11.90%). On the other hand, SMC (-9.09%), SCC (-4.13%), WLCON (-2.66%), DMC (-1.71%), and ACEN (-1.10%) lagged. Index breadth was positive, with 23 gainers vs 7 decliners.

After the strong run-up to date, the PSEi has finally breached the 7000 level that has served a resistance for over 2 years. From a technical perspective, the said level may serve as the immediate support during market corrections. To the upside, the 7500 level is seen as the next resistance, which is a level that the market has not revisited since before the global pandemic. In terms of valuations, the PSEi trades at a P/E ratio of 12.39x or an earnings yield of +8.07%. At this level, this represents over 200bps equity risk premium vs the 10Y benchmark yield which was last seen at 5.7381%. Interestingly, both the earnings yield and 10Y yield declined by 30bps compared to previous month levels, and with more rate cuts expected on the horizon, the local market’s P/E ratio may have room to expand further. On the earnings side of the equation, the actual H1 2024 growth came at +14.25% based on Bloomberg figures. Consensus estimates for the full year is presently at +17.10%, suggesting that participants are expecting faster growth for H2 2024. Participants will get to see the updated figures beginning in the last week of October, with BDO, MBT, WLCON, SCC, GLO, and DMC’s Q3 report cards on deck. The rest of the index members are then expected to round the earnings season by mid-November.

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.