

CHINABANK

PHILIPPINE EQUITY INDEX TRACKER FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of April 30, 2024



FUND FACTS

Classification:	Equity Fund	Net Asset Value per Unit (NAVPu):	0.998669
Launch Date:	March 1, 2021	Total Fund Net Asset Value (NAV):	Php1,041.58 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:	15 calendar days	Early Redemption Fee:	1.00% of the proceeds

FEES<sup>1</sup>

Trustee Fees: 0.0950%	Custodianship Fees: 0.0014%	External Auditor: 0.0006%	Licensing Fee: 0.0032%
China Bank – Trust and Asset Management Group	Philippine Depository & Trust Corp.	SGV & Co.	Philippine Stock Exchange

<sup>1</sup>As a percentage of average daily NAV for the month valued at Php1,033.23 million.

INVESTMENT OBJECTIVE AND STRATEGY

The Chinabank Philippine Equity Index Tracker Fund intends to achieve capital appreciation by investing in a diversified portfolio of equities representative of the Philippine Stock Exchange Index (PSEi) composition and its corresponding weights. The Fund aims to mirror the returns of 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 Philippine Equity Index Tracker 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.

- **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.
- **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.
- **Index Tracking Risk.** This is the possibility that an investor will not be able to achieve a return that mirrors the index due to operational and fund management expenses.

The Trustee only transacts with reputable counterparties and invests in equities issued by prime companies 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.

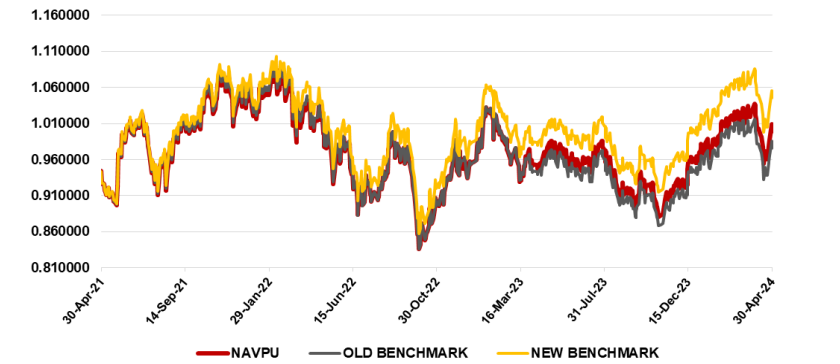
- THE UITF IS A TRUST PRODUCT AND NOT A DEPOSIT ACCOUNT, AND IS NOT INSURED NOR GOVERNED BY THE PDIC.
- THE UITF IS NOT AN OBLIGATION OF, NOR GUARANTEED, NOR INSURED BY THE TRUST ENTITY OR ITS AFFILIATES OR SUBSIDIARIES.
- DUE TO THE NATURE OF THE INVESTMENTS OF A UITF, THE RETURNS/YIELDS CANNOT BE GUARANTEED.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

FUND PERFORMANCE AND STATISTICS AS OF APRIL 30, 2024

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

NAVPU GRAPH



CUMULATIVE PERFORMANCE (%)

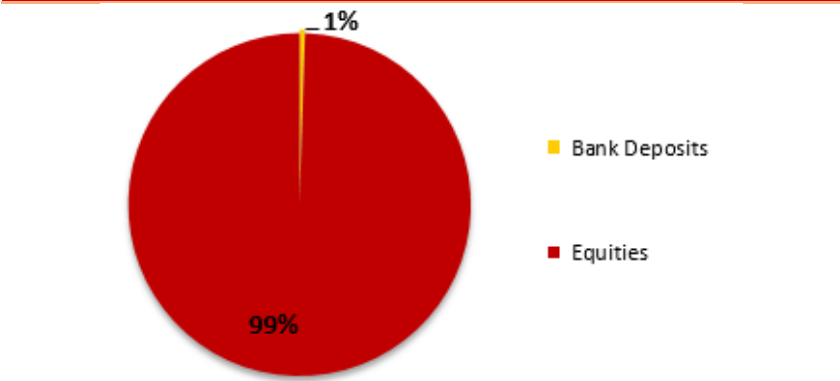
Period	1mo	3mos	6mos	1yr	3yrs
Fund	-2.71%	1.58%	13.17%	2.21%	7.66%
Benchmark <sup>a</sup>	-2.70%	2.02%	13.95%	3.85%	12.67%
Benchmark <sup>b</sup>	-2.94%	0.81%	12.16%	1.14%	5.17%

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

The Fund’s benchmark was amended from PSEi to PSEi TRI 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).

PORTFOLIO COMPOSITION



SECTOR HOLDINGS (%)

Holding	31%
Financial	22%
Services	17%
Industrial	15%
Property	14%
Mining	1%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to Php1.58 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 volatility in the local equities market spiked in April. Early in the month, the Philippine Stock Exchange Index (PSEi) saw a 9-day losing streak. This pushed the local barometer to a year-to-date low of 6404.9, erasing all the gains built over the prior quarter. The disappointing CPI prints from the Philippines and the United States, which came in at 3.70% and 3.40% respectively, prompted a rethink of the timing and magnitude of the highly anticipated rate cuts. In the case of the Bangko Sentral ng Pilipinas,

NAVPU OVER THE PAST 12 MONTHS

Highest	1.037614
Lowest	0.880836

STATISTICS

Weighted Average Duration	0.00
Volatility, Past 1 year <sup>2</sup>	5.74%
Sharpe Ratio <sup>3</sup>	-0.41
Information Ratio <sup>4</sup>	-6.58
Tracking Error <sup>5</sup>	0.69%

<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.

<sup>5</sup>Tracking Error measures how close the Fund’s performance is relative to its benchmark. It is computed as the standard deviation of the Fund’s return over the benchmark return. The lower the tracking error, the closer the Fund approximates its benchmark.

TOP TEN HOLDINGS (%)

SM	14.9%
BDO	9.2%
ICT	9.2%
BPI	9.1%
SMPH	8.0%
ALI	5.5%
AC	5.2%
MBT	4.0%
JFC	3.2%
AEV	2.9%

Governor Remolona noted that rate cuts could be delayed towards 2025 if inflation reaccelerates. Meanwhile, the futures market reflected a reduced number of expected 25bps rate cuts by the US Federal Reserve to 1x, compared to 3x in the prior month. Separately, tensions in the Middle East escalated after Israel launched an air strike on an Iranian diplomatic compound in Damascus, Syria. This caused oil prices to rally, with Brent crude breaching past \$90/barrel. Calls for oil prices to potentially reach \$100/barrel increased fears of inflation reaccelerating, pushing 10Y US bond yield to as high as 4.73%. During the back half of the month, it seemed that cooler heads prevailed, as it appeared that Israel's air strikes did not cause any significant damage or casualties, providing Iran with an off-ramp to refrain from counterattacking. With waning concerns of further escalation, bargain hunters stepped-in in the local equities markets and tempered losses. The PSEi closed at 6700.49, shedding 203.04pts or -2.94% overall.

In terms of sector performance, Property (-10.69%), Holding Firms (-0.94%), and Industrials (-0.94%) pulled the market lower. On the other hand, Mining and Oil (+8.14%), Financials (+2.95%), and Services (+0.32%) offset some of the overall market's weakness. Individually, SMPH (-14.53%), PGOLD (-11.57%), ALI (-10.85%), AEV (-10.35%), and GTCAP (-9.16%) were the top decliners for the month. Meanwhile, BPI (+7.96%), ACEN (+7.79%), MBT (+7.44%), SCC (+5.37%), and DMC (+4.38%) were the top gainers. As for market activity, the average daily traded value excluding block sales reached Php4.81Bn, lower compared to the Php5.03Bn seen in Q1 2024. Foreign investors were net sellers in 15 out of 20 trading days, liquidating a total of \$412Mn during the month. It is important to note that out of the total net foreign selling for the month, around \$300Mn worth of transactions was related to BLOOM's settlement of its dispute with its former management firm. Year-to-date, foreigners have liquidated a total of \$249.61Mn worth of positions.

With the weakness in April, the PSEi's year-to-date performance was reduced to +3.88%. On valuations, the index closed at an 11.28x P/E on a forward earnings per share (EPS) of 595.74. This EPS represents a consensus expectation of around +11% growth in 2024. Market participants will be awaiting the release of Q1 2024 report cards of listed companies in the coming weeks to see if such expectation will hold. Meanwhile, from a technical analysis perspective, support for the PSEi is seen at the 6400-6500 area where the 200-day moving average lies, while resistance is expected at 6800 area near the 50-day moving average.

INVESTMENT POLICY / PROSPECTIVE INVESTMENTS

The Fund may be invested or reinvested in the following:

- a) Equities listed in the PSE;
- b) 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; and
- c) 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.

The PSEi (the "Index") is designed, constructed, calculated and owned by The Philippine Stock Exchange, Inc. (the "PSE"). The PSEi and its contents are provided to China Banking Corporation – Trust and Asset Management Group (the "LICENSEE") without any representations or warranties of any kind, including, but not limited to, guarantees, representations and warranties regarding truth, adequacy, reasonableness, accuracy, timeliness, completeness, non-infringement, merchantability, reliability, availability, satisfactory quality, suitability or fitness for any particular purpose, or any representations or warranties arising from usage or custom or trade by operation of law or non-infringement of third party rights.

While the PSE has granted the LICENSEE permission to use the Index and Index Trademarks in relation to its Chinabank Philippine Equity Index Tracker Fund (the "Licensed Fund"), such license does not, and should not be interpreted to, mean that the Licensed Fund is recommended, sponsored, endorsed, sold, or promoted by the PSE, or that the PSE has any involvement in the creation, issuance and promotion of the same.

The PSE expressly disclaims and does not accept any liability for the results of any action taken on the basis of the Indices or the use of the marks.

Without limiting any of the foregoing, in no event shall the PSE have any liability for any special, punitive, indirect, incidental or consequential damages (including, without limitation, lost profits), even if notified of the possibility of such damages.

For the full Attribution Requirements, please refer to <https://www.chinabank.ph/pdf/PSE-Attribution-Requirements.pdf>.

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)