

CHINABANK

PHILIPPINE EQUITY INDEX TRACKER FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of March 27, 2024



FUND FACTS

Classification:	Equity Fund	Net Asset Value per Unit (NAVPu):	1.026511
Launch Date:	March 1, 2021	Total Fund Net Asset Value (NAV):	Php1,071.16 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

FEES¹

Trustee Fees: 0.0750%	Custodianship Fees: 0.0032%	External Auditor: 0.0006%	Licensing Fee: 0.0025%
China Bank – Trust and Asset Management Group	Philippine Depository & Trust Corp.	SGV & Co.	Philippine Stock Exchange

¹As a percentage of average daily NAV for the month valued at Php1,069.37 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.

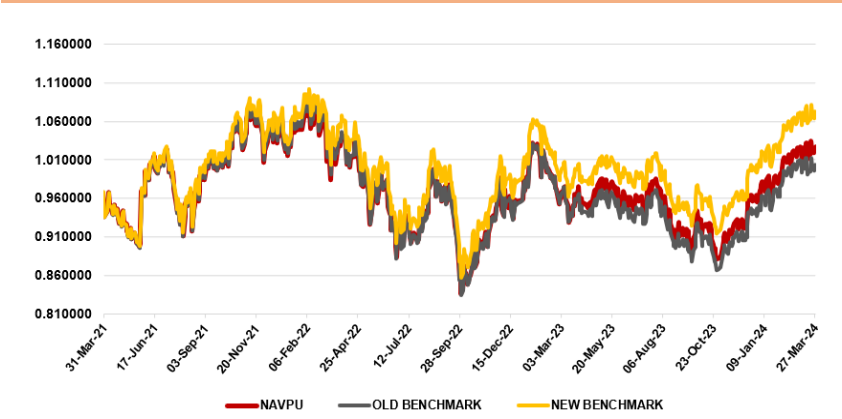
- THE UITF IS A TRUST PRODUCT AND NOT A DEPOSIT ACCOUNT, AND IS NOT INSURED NOR GOVERNED BY THE PDIC.
- THE UITF IS NOT AN OBLIGATION OF, NOR GUARANTEED, NOR INSURED BY THE TRUST ENTITY OR ITS AFFILIATES OR SUBSIDIARIES.
- DUE TO THE NATURE OF THE INVESTMENTS OF A UITF, THE RETURNS/YIELDS CANNOT BE GUARANTEED.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

FUND PERFORMANCE AND STATISTICS AS OF MARCH 27, 2024

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

NAVPU GRAPH



NAVPU OVER THE PAST 12 MONTHS

Highest	1.034471
Lowest	0.880836

STATISTICS

Weighted Average Duration	0.00
Volatility, Past 1 year ²	5.77%
Sharpe Ratio ³	0.50
Information Ratio ⁴	-7.60
Tracking Error ⁵	0.82%

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.

⁵**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.

CUMULATIVE PERFORMANCE (%)

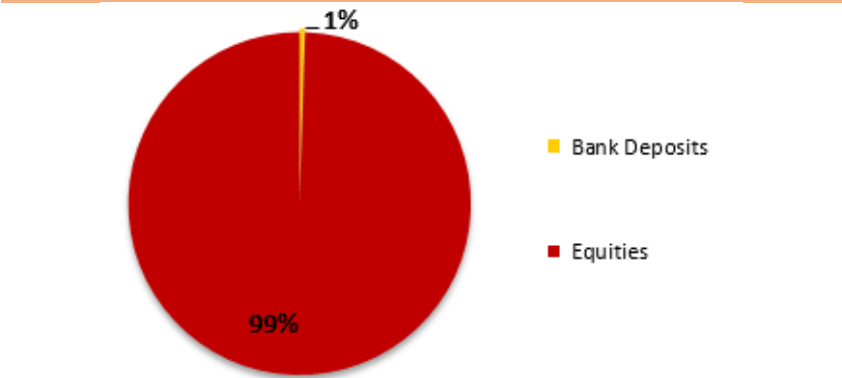
Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.04%	7.46%	9.85%	7.44%	9.64%
Benchmark ^a	0.33%	8.05%	10.88%	9.15%	14.63%
Benchmark ^b	-0.59%	7.03%	9.21%	6.21%	7.15%

^aNew Benchmark; ^bOld 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.

PORTFOLIO COMPOSITION



TOP TEN HOLDINGS (%)

SM	14.7%
BDO	9.3%
SMPH	9.0%
ICT	8.5%
BPI	8.2%
ALI	6.0%
AC	5.2%
MBT	3.6%
JFC	3.3%
AEV	3.1%

SECTOR HOLDINGS (%)

Holding	32%
Financial	21%
Services	16%
Property	15%
Industrial	15%
Mining	1%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to Php8.63 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) was in consolidation mode in March. This comes after the index logged four consecutive months of advance. During the month, the index went as high as 7021.04, and as low as 6790.06. Overall, the index declined by -41.18pts or -0.59%, closing at the 6903.53 level. In terms of market activity, the average daily traded value increased to Php5.77Bn, compared to February's Php4.96Bn. The month's figure was pulled up by FTSE rebalancing related flows. Large

volume was seen on BPI and ICT as they were added to the FTSE ASEAN 40 Index, as well as on SMPH which was removed. Foreigners turned net sellers in March, reducing equity positions by \$45.79Mn.

In terms of sector performance, Mining and Oil (-4.55%), Industrials (-2.59%), Holding Firms (-1.38%), and property (-1.16%) registered declines. Services (+5.30%) bucked the overall weakness in the market and advanced during the month. Individually, WLCON (-17.69%), JGS (-11.22%), URC (-10.00%), AEV (-8.99%), and NIKL (-8.96%) led the list of index decliners. On the other hand, CNPF (+21.06%), ICT (+14.00%), MBT (+11.29%), CNVRG (+10.67%), and MONDE (+9.20%) led the advancers. Index breadth was even, with 15 decliners and 15 advancers, reflecting the sideways move of the PSEi. On the earnings front, the Q4 2023 and FY 2023 reports of index members continue to come in. Among the 30 index members, 24 have already reported, with 7 ahead (CNVRG, GTCAP, ICT, JGS, MER, SMC, and TEL), 8 behind (AEV, BLOOM, DMC, LTG, NIKL, SCC, URC, and WLCON), and 9 in-line (AC, ALI, BDO, BPI, GLO, JFC, MBT, SM, and SMPH) with consensus estimates. Separately, the calendar was filled with a number of mergers and acquisition announcements. In a landmark deal, MER, AP, and SMC disclosed that they are teaming up to invest in an LNG import and re-gasification terminal in Batangas. The project is valued at approximately Php168Bn, with MER having a 40.20% attributable stake, followed by SMC with 33%, and AP with 26.80%. This initiative marks a significant step towards a more sustainable future, in line with the Marcos administration's push for more natural gas in the country's energy mix. Meanwhile, SM disclosed that they are taking a 28.79% stake in CREIT, valued at Php5Bn. This deal allows the SM to increase its footprint in the renewable energy sector, while CREIT intends to use the proceeds to fund additional solar power projects.

On the macro front, inflation data from the Philippines for February showed that the headline figure accelerated to 3.40%. This was higher than January's 2.80%, with the 23.70% rice inflation as one of the major contributing factors. In the case of the US, inflation rose to 3.20%, also higher compared the prior month's 3.10% print due to uptick in gas and housing prices. Recently, officials from the Bangko Sentral ng Pilipinas commented that a 50bps cut may be appropriate this year, while the US Federal Reserve's dot plot shows that a 75bps cut remains on the table. While inflation prints may not change the narrative on the timing of rate cuts, the expected direction of policy rates remain supportive of risk assets. The PSEi's year to date performance stood at a +7.03% by the close of the month, supported by net foreign buying amounting to \$162.59Mn, while US equities markets continue to hover at all-time high levels.

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.

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