

CHINABANK

PHILIPPINE EQUITY INDEX TRACKER FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of November 30, 2023



FUND FACTS

Classification:	Equity Fund	Net Asset Value per Unit (NAVPU):	0.920128
Launch Date:	March 1, 2021	Total Fund Net Asset Value (NAV):	Php942.18 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:	1.0% of the proceeds

FEES¹

Trustee Fees: 0.0834%	Custodianship Fees: 0.0011%	External Auditor: 0.0007%	Licensing Fee: 0.0028%
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 Php936.31 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 PSEi.

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 more than three (3) 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.

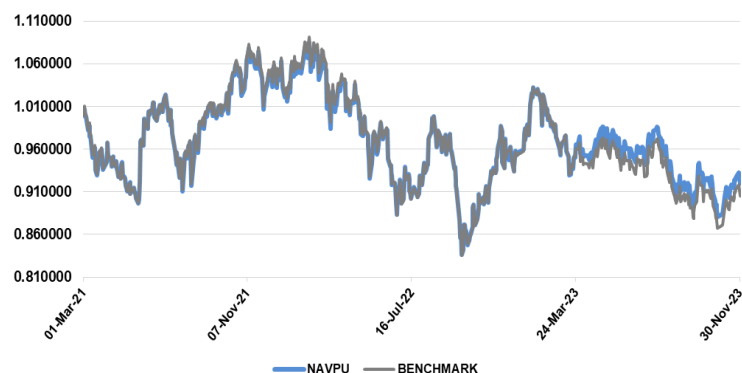
- **THE UITF IS A TRUST PRODUCT AND NOT A DEPOSIT ACCOUNT, AND IS NOT INSURED NOR GOVERNED BY THE PDIC.**
- **THE UITF IS NOT AN OBLIGATION OF, NOR GUARANTEED, NOR INSURED BY THE TRUST ENTITY OR ITS AFFILIATES OR SUBSIDIARIES.**
- **DUE TO THE NATURE OF THE INVESTMENTS OF A UITF, THE RETURNS/YIELDS CANNOT 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 NOVEMBER 30, 2023

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

NAVPU GRAPH



NAVPU OVER THE PAST 12 MONTHS

Highest	1.032274
Lowest	0.880836

STATISTICS

Weighted Average Duration	0.00
Volatility, Past 1 year ²	6.84%
Sharpe Ratio ³	-1.62
Information Ratio ⁴	3.25
Tracking Error ⁵	0.91%

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.

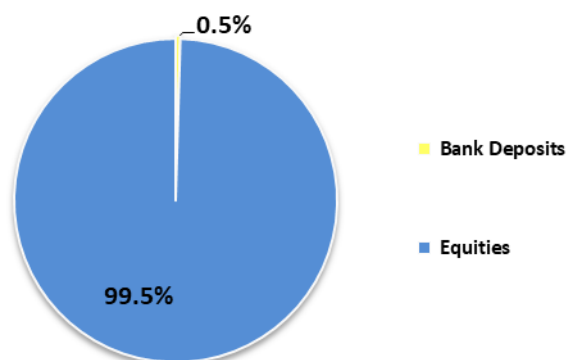
⁵**Tracking Error** measures how close the Fund's performance is relative to its benchmark. It is computed as the standard deviation of the Fund's return over the benchmark return. The lower the tracking error, the closer the Fund approximates its benchmark.

CUMULATIVE PERFORMANCE (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	4.27%	1.04%	-3.79%	-6.78%	N/A
Benchmark	4.18%	0.79%	-3.92%	-8.22%	N/A

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.

PORTFOLIO COMPOSITION



SECTOR HOLDINGS (%)

Holding	Percentage
Holding	32%
Financial	20%
Property	17%
Industrial	16%
Services	14%
Mining	1%

TOP TEN HOLDINGS (%)

Company	Percentage
SM	13.9%
SMPH	10.0%
BDO	9.0%
BPI	7.5%
ALI	6.5%
ICT	6.5%
AC	6.1%
AEV	3.6%
JGS	3.4%
JFC	3.3%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to Php4.41 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

Appetite for risk taking improved in November. The Philippine Stock Exchange Index (PSEi) rose by 249.95pts or +4.18% to close at 6223.73. This was on the back of a number of positive news in contrast to what most have been accustomed to in prior months. On the gross domestic product (GDP) front, the Philippines' 3rd quarter reading improved to +5.9%, above consensus expectations of +4.7% and the prior quarter reading of +4.3%. The uptick in GDP came from the recovery in government spending, coming in at +6.7%, from -7.1% previously. This component of the GDP offsets the moderation in consumer spending, which eased to +5.0% from +5.5% previously. Similarly, the US's growth figures came in better than expected at an annualized pace of +5.2%, compared to the 5% forecast by economists. Next, inflation which has been a hot topic this year, showed some signs of easing. The Philippines' October consumer price index (CPI) eased to 4.9%, less than the prior month's 6.1% reading, and below the projected range of the Bangko Sentral ng Pilipinas (BSP) of 5.1% to 5.9%. The slower pace in food inflation, with rice inflation coming in at 13.2% vs 17.9%, contributed to the improvement in the headline number. The same trend was seen in the US, with headline CPI easing to 3.2%, down from 3.7% from the prior month, and below consensus expectations of 3.3%. The main driver of the improvement was the -2.5% decline in energy prices. Further on energy, the price of benchmark crude oil

eased in November, with Brent declining by -5.24% to \$82.83/barrel, while the US's West Texas Intermediate declined by -6.25% to \$75.96/barrel. The conflict between Israel and militant group Hamas not escalating to neighboring nations calmed the oil market for the time being. Meanwhile, on monetary policy, both the BSP and the US Federal Reserve (Fed) left rates unchanged. In the case of the US, the futures market is showing that market participants have been ascribing a higher probability that the Fed is done raising rates in this cycle given the recent trend in inflation. Additionally, futures market's implied change in Fed funds rate by the end of next year showed that rate cut bets increased to -114bps from the prior month's -66bps. The easing trend was also seen on long-term bond yields, with the PH 10Y down by -76bps to 6.24%, while the US 10Y declined by 60bps to 4.33%.

The above mentioned factors resulted to a broad-based market rally, with Property (+7.18%), Services (+4.29%), Holding Firms (+3.22%), Industrials (+2.49%), and Financials (+1.76%) advancing, while only Mining and Oil (-1.18%) bucked the trend. In terms of individual stock performance, ALI (+12.88%), JFC (+11.11%), AC (+9.66%), CNPF (+8.57%), and SMPH (+7.67%) led gainers. On the other hand, ACEN (-9.43%), AGI (-7.55%), NIKL (-6.06%), MBT (-4.49%), and CNVRG (-1.91%) lagged. The property sector outperformed as aside from lower interest rates, index-heavyweight SMPH got a boost from the news that its 360-hectare reclamation project in Pasay has been exempted from the government's suspension order.

Meanwhile, during the month, all index members have completed reporting their 3rd quarter earnings performance. By our count, when looking at the 9M 2023 figures, 15 outperformed (AC, AEV, AGI, ALI, CNPF, DMC, GTCAP, JFC, JGS, ICT, LTG, MER, MONDE, SMPH, and TEL), 8 met (BDO, BLOOM, BPI, CNVRG, GLO, MBT, SM, and URC), while 7 underperformed (ACEN, EMI, NIKL, PGOLD, SCC, SMC, WLCON) consensus expectations. On an index weighted basis, the 9M earnings per share of the PSEi stood at 384.70, a +10% growth from the previous year. For reference, consensus estimate for the full year calls for a near +12% expansion in corporate earnings.

With the rally during the month partially offsetting October's weakness, the market's quarter-to-date performance stood at -1.54%, while year-to-date reading stood at -5.22%. As we have noted during the previous updates, on a seasonal basis, there have been notable strengths exhibited by the market during 4th quarters, dubbed as Santa Claus rally. Near term catalysts remain to be the upcoming inflation data on first week of December, followed by US inflation and monetary policy decisions by both BSP and the Fed on the second week. Increasing evidence of peak interest rates may encourage additional participation in the local equities markets, given that valuation remains attractive at 11.66x forward P/E, equivalent to an 8.58% yield on next year's earnings.

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.

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.