

PNB HIGH DIVIDEND FUND



KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Month Ended April 30, 2021



FUND FACTS

Classification:	Equity Fund	Net Asset Value per Unit (NAVPU):	1.182794
Launch Date:	June 15, 2012	Total Fund NAV:	Php 817.51 Million
Minimum / Additional Investment – Class I:	Php 10,000 (via any PNB branch)	Dealing Day:	9:00 to 1:00 PM of any banking day
Minimum / Additional Investment – Class II:	Php 2,000 (via PNB UITF Online)	Redemption Settlement:	T + 3
Minimum Holding Period:	30 calendar days	Early Redemption Charge:	50% of income earned
Trust Fee:	2.00% p.a.	Valuation:	Marked-to-Market

FEES*

Trustee Fees:	Taxation Fees:	Other Fees**:	External Auditor Fees:
<u>0.1666%</u>	<u>0.1325%</u>	<u>0.0000%</u>	<u>0.0000%</u>
PNB Trust Banking Group	BIR	None	SGV and Co.

Custodianship Fees: 0.0000% Deutsche Bank AG, Manila

*As a percentage of average daily NAV for the month valued at Php 818.80 Million.

**Other Fees may include transaction, broker's, and TOAP website fees.

INVESTMENT OBJECTIVE AND STRATEGY

The PNB High Dividend Fund seeks dividend income and long-term capital appreciation by investing in listed companies belonging to the PSE with history of paying dividends and with dividend yields that meet the yield requirement as determined by the Fund Manager and approved by the PNB Investment Review Committee. The Fund aims to outperform its benchmark, which is 100% PSEi.

CLIENT SUITABILITY

A client profiling process should 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. Clients are advised to read the Declaration of Trust/Plan Rules of the Fund, which may be obtained from the Trustee, before deciding to invest.

- The PNB High Dividend Fund is suitable for investors who have aggressive risk appetite.
- Participants are recommended to stay invested in the fund for at least five (5) years.

KEY RISKS AND RISK MANAGEMENT

You should not invest in this Fund if you do not understand or are not comfortable with the accompanying risks.

- **Liquidity Risk** – The possibility for a Trustor to experience losses due to the Fund's inability to sell or convert assets into cash immediately or in instances where conversion to cash is possible but at a loss.
- **Credit Risk** – The possibility for a Trustor to experience losses in the event the borrower/issuer defaults on his obligation or in the case of a counterparty, when it fails to deliver on the agreed trade.
- **Equities Price Risk** – Since the fund has investment in equities, it is also exposed to equities price risk, which is the risk that the fair value of equities decreases as a result of changes in the level of equity indices and the value of individual stocks.

The Fund's investment strategy and processes are in accordance with the Trustee's written Desk Manual. Regulatory exposure limits are monitored on a regular basis.

COOLING OFF PROVISION

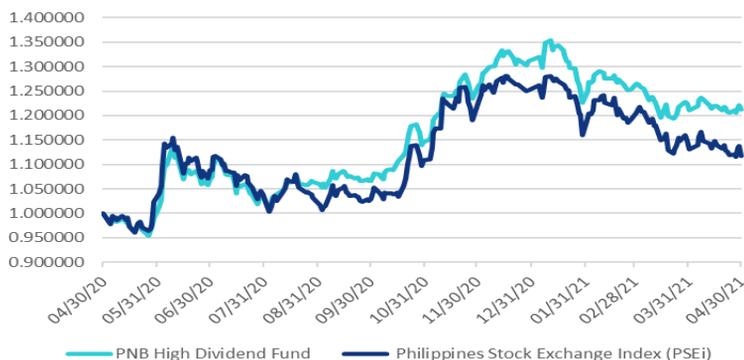
Cooling Off Period - The participant of the Fund may avail of the cooling-off period of two (2) business days immediately following the approval of the participation to cancel his participation without penalty, subject to submission of a written notice during the cooling off period.

- **THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC)**
- **RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/FLUCTUATIONS ONLY**
- **WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES WILL BE SOLELY FOR THE ACCOUNT OF THE CLIENT**
- **THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE**

FUND PERFORMANCE AND STATISTICS

Historical performance, when presented, is purely for reference purposes and is not a guarantee of future results.

NAVPU Graph



NAVPU over the past 12 months

Highest	1.320637
Lowest	0.931742

Statistics

Volatility, Past 1 Year*	3.16%
Sharpe Ratio**	0.003
Information Ratio***	0.36

*Volatility measures the degree to which the Fund fluctuates vis-à-vis its average return over a period of time.

**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.

***Information Ratio measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

Cumulative Performance (%)

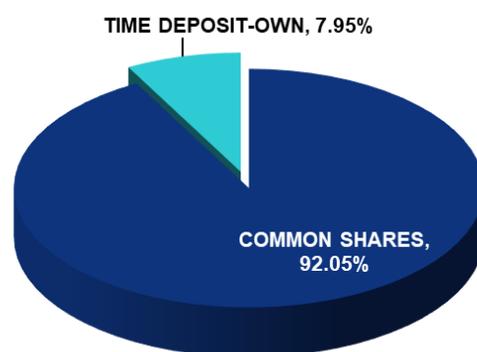
Period	1 mo	3 mos	6 mos	1 yr	3 yrs	S.I.*
Fund	0.03%	-1.19%	5.77%	21.21%	-14.11%	18.28%
Benchmark	-1.12%	-3.66%	0.74%	11.76%	-18.52%	29.21%

*Since Inception

Top 10 Holdings (%)

Company Name	% of Portfolio
PNB Time Deposit	8.06%
Universal Robina Corporation (URC)	5.11%
PLDT Inc. (TEL)	4.96%
First Gen Corporation (FGEN)	4.40%
Metro Pacific Investments Corp. (MPI)	4.30%
International Container Terminal Services Inc. (ICT)	4.29%
DMCI Holdings, Inc. (DMC)	4.24%
Manila Electric Co. (MER)	4.24%
Semirara Mining and Power Corporation (SCC)	4.15%
Bank of the Philippine Islands (BPI)	4.12%

Portfolio Composition



MARKET OUTLOOK: STOCK MARKET

The PSEi continued to slide for the month of April as investors concern remained glued to rising Covid-19 cases and consequent re-imposition of stricter lockdown measures which may result to delay in the country's economic recovery. The benchmark index shed 1.12% to close at 6,370.87, as foreigners continued to sell for the 18th consecutive month. Local investors continued to dominate the market with 61% participation with foreign activity at 39%. Average Daily Foreign Selling P709.99Mn while total Net Foreign Selling amounted P13.49Bn.

Enhanced Community Quarantine, the strictest form of lockdown was again imposed from period March 29-April 11 in NCR Plus. Medical front liners attributed spike in cases to the new more contagious variants exacerbated by the slow rollout of vaccines. As of April 29, 4Mn doses of vaccines have already arrived in the country of which 3Mn have been distributed with close to 2Mn reported to having been administered. Government aims to immunize 70Mn by end of 2021.

The Asian Development Bank and Fitch Ratings revised the country's growth forecast. At 4.5% and 6.3% respectively, both are now below government estimates of 6.5% to 7.5%. Both institutions shared concerns on the economy brought about by recent surge in Covid-19 cases and lockdown measures.

The mining sector extended gains as Pres. Duterte lifted the nine-year ban moratorium on new mineral agreements, a bid to boost government coffers as the country recovers from pandemic. Executive order No. 130 allows the government to enter into new mineral agreements and review existing mining deals for possible renegotiation.

ALI's net income for 1Q21 reached P2.78Bn, boosted by a P1.3Bn gain from the sale of its stake in Qualimed to parent AC. ALI's 1Q21 performance was lower than both 1Q20 and 4Q20 with operating profit declining 18.2% year on year and 24.8% quarter on quarter due to lower revenues.

MBT posted 1Q21 net income of P7.8Bn, up 27% year on year on stable asset quality and lower provisions, strong

FUND PERFORMANCE AND STATISTICS

non-interest income, and a subdued rise in operating expenses. Adjustments reflected lower provisions on stable asset quality and easing NPL formation but was tempered by lower net interest income.

ICT 1Q21 net income rose 51.2% to USD90.1Mn as volume recovery gained traction. Strong performances were recorded in ports of Asia, Australia, Croatia, Poland and Madagascar, Europe, Middle East and Africa. ICT ports in Americas rose 10.8% brought about by growth in volume of ports in Ecuador, Brazil and Mexico.

PLDT's 1Q21 core income up 9% year on year to P7.5Bn. 1Q21 service revenues hit P45.7Bn led by its data and broadband segment which grew 15% to P33.9Bn due to sustained demand for data services. Management expects the upward trend in earnings to continue. TEL is maintaining its FY21 core income guidance of P29-30Bn.

SMPH reported a net income of P6.5Bn, down 22% year on year, as residential revenues (+5% year on year to P11.9Bn) cushioned weakness in mall revenues. Residential revenues contributed 57% of topline as mall leasing revenues were still down 40% year on year as pandemic continued to restrict mobility.

Purchasing managers' index (PMI) slumped to 49.0 in April from 52.2 in March; the last time it was below 50 was in December (note: PMI of above 50 signals expansion, while less than 50 is a contraction). Nevertheless, the reading last month is higher by 55.1% y/y. According to IHS Markit, many factories suspended their operations and demand declined sharply due to renewed lockdown restrictions in the "NCR Plus".

Market may continue to trade near term with volatility and downward bias due to lingering concerns on rising Covid-19 cases and lockdowns. The MSCI semi-annual index review will be announced on May 11 (effective by May 28) and could provide additional volatility in the market. There has been a drop in April volume as investors seem to wait for release of 1Q21 GDP print (due May 11) before deploying cash. Liquidity may have also been siphoned as investors prepare for fresh corporate issuances or other fund-raising activities e.g. ACEN P13Bn follow on offering and Monde Nissin's P55.8Bn IPO. Downside risk is offset by opportunity to position as faster rollout in vaccine by 3Q21 which will eventually boost economic activity.

By: Dennis Anthony L. Elayda
Head, Investment Management Division

OTHER DISCLOSURES

Prospective Investments

The following names are among the Fund's approved investment outlets where the Trustee intends to invest depending on its availability or other market driven circumstances:

Type of Investment	Issuer/Borrower	
Bank Deposits	Various Banks	
	Banco De Oro Unibank, Inc. Bank of Commerce Bank of the Philippine Islands China Banking Corp. China Bank Savings Development Bank of the Philippines East West Bank Land Bank of the Philippines Metropolitan Bank and Trust Co. Philippine Bank of Communications Philippine Business Bank Philippine National Bank Philippine Savings Bank Rizal Commercial Banking Corp. Robinsons Bank Corp.	Security Bank Corp. Sterling Bank of Asia Union Bank of the Philippines United Coconut Planters Bank UCPB Savings Bank ANZ Bank Chinatrust Commercial Bank Corp. Citigroup Inc. Deutsche Bank HSBC Bank ING Bank JP Morgan Maybank Standard Chartered Bank
Equities	PSE stocks that have high dividend yields	

Related Party Transactions

The Fund has deposits with the Bank Proper and outstanding investments with the following companies related to Philippine National Bank (PNB):

Company Name	Amount
Equity	
Metro Pacific Investments Corp. (MPI)	35,239,050.00
Metropolitan Bank & Trust Company (MBT)	32,183,228.00
GT Capital Holdings, Inc. (GTCAP)	29,925,000.00
Fixed Income	
Philippine National Bank	65,991,568.98

Investments in the said outlets were approved by the PNB Board of Directors. Likewise, all related party transactions are conducted on an arm's length and best execution basis and within established limits.