



PNB HIGH DIVIDEND FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

Month Ended September 30, 2019

FUND FACTS

Classification:	Equity Fund	Net Asset Value per Unit (NAVPU):	1.357796
Launch Date:	June 15, 2012	Total Fund NAV:	Php 666.09 Million
Minimum Investment:	Php 10,000	Dealing Day:	9:00 to 1:00 PM of any banking day
Additional Investment:	Php 10,000	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>0.1736%</u> PNB Trust Banking Group	<u>0.0306%</u> BIR	<u>0.0000%</u> TOAP Annual Registration Fee	<u>0.0033%</u> SGV and Co.

Custodianship Fees: 0.0008% Deutsche Bank AG, Manila

*As a percentage of average daily NAV for the month valued at Php 660.83 Million.

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 AS OF SEPTEMBER 30, 2019

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

NAVPU Graph



Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs	S.I.*
Fund	-3.29%	-6.85%	-3.29%	5.91%	-9.63%	35.78%
Benchmark	-2.51%	-2.76%	-1.79%	6.90%	1.96%	57.77%

*Since Inception

Top 10 Holdings (%)

Company Name	% of Portfolio
San Miguel Food and Beverage, Inc. (FB)	4.52%
Semirara Mining Corp. (SCC)	4.50%
SM Prime Holdings, Inc. (SMPH)	4.46%
Jollibee Foods Corp. (JFC)	4.42%
Robinsons Land Corp. (RLC)	4.41%
Security Bank (SECB)	4.40%
Vista Land & Lifescapes, Inc. (VLL)	4.38%
Int'l Container Terminal Services, Inc. (ICT)	4.38%
Metropolitan Bank & Trust Company (MBT)	4.38%
Metro Pacific Investments Corp. (MPI)	4.38%

NAVPU over the past 12 months

Highest	1.498083
Lowest	1.238687

Statistics

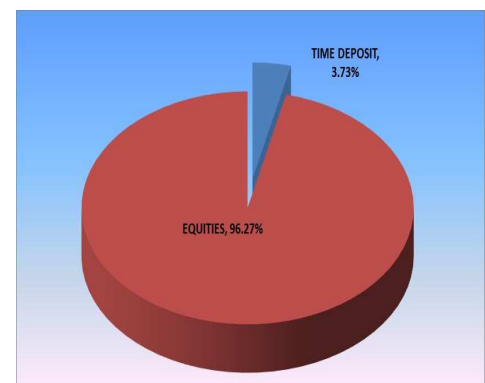
Volatility, Past 1 Year*	3.59%
Sharpe Ratio**	(0.96)
Information Ratio***	(0.41)

*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.

Portfolio Composition



MARKET OUTLOOK

STOCK MARKET

Monetary easing was seen across major central banks to boost its respective economies, our own Bangko Sentral ng Pilipinas (BSP) cut policy rates by 25 basis points to 4.0%, this was promptly followed by a reduction in Reserve Requirement Ratio (RRR) for banks from 16% to 15%. Still, the local benchmark index September performance slipped 2.51% following a loss of 200.59 points. The PSEi closed at 7,779.07 from last month's 7,979.66.

Foreign investors continued to remain on the sell side to the tune of Php8 billion. There was an increase in average daily turnover to Php6.8 billion, due to the recently concluded FTSE rebalancing. Poor investment sentiment prevailed as trade tensions between US and China including geo-political tensions in the Saudi region weighed heavily on the market. Fears of recession spooked investors as manufacturing index of two of world's biggest economies slipped to contraction levels brought about by prolonged trade war. Philippine manufacturing index maintained an expansionary level at 51.8 against 51.9 in August as strong domestic demand made up for the dip in exports.

BPI, SMPH and ALI led the month's gainers due to expectations cut in policy rates will translate into lower borrowing rates, better loan growth and higher real estate sales. AGI and MEG continued to languish as concerns for the group's exposure to POGO industry remained a concern.

The mining sector continued to rally as Indonesia, the world's biggest nickel ore supplier, implemented a ban on exports earlier than previously announced (2022). The property sector recovered from the August sell off as President Duterte made his stand that POGOs will not be banned. Finance Department however has announced they will go hard on POGOs with tax issues. Move is seen as a positive development as this will weed out unscrupulous POGOs. Telcos continued to drag the services sector as new entrant Dito Telecom is set to start operations early 2020.

Global headwinds will continue to hound the market but investors may find relief on the outcome of the October 10 between US and China trade talk. We maintain our year end target of 8,200-8,400 as Philippine fundamentals remain intact.

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 Phils. East West Bank Land Bank of the Philippines Metropolitan Bank and Trust Co. Philippine Bank of Communications Philippine Business Bank Philippine National Bank PNB Savings 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	
San Miguel Food and Beverage, Inc (FB formerly PF)	30, 805, 280.00
San Miguel Corporation (SMC)	29, 669, 500.00
Metro Pacific Investments Corp. (MPI)	29, 835, 180.00
LT Group, Inc. (LTG)	28, 833, 496.00
Metropolitan Bank & Trust Company (MBT)	29, 836, 764.00
Fixed Income	
Philippine National Bank	25, 422, 933.42

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.