

# PNB HIGH DIVIDEND FUND



KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT  
Month Ended February 29, 2024



## FUND FACTS

Classification:	Equity Fund	Net Asset Value per Unit (NAVPU):	1.530643
Launch Date:	June 15, 2012	Total Fund NAV:	Php 525.94 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 + 2
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:	Custodianship Fees:	External Auditor Fees:	Other Fees**:
<u>0.1611%</u>	<u>0.0062%</u>	<u>0.0000%</u>	<u>0.0000%</u>	<u>0.0000%</u>
PNB Trust Banking Group	BIR	Deutsche Bank AG, Manila	SGV and Co.	None

\*As a percentage of average daily NAV for the month valued at Php 527.00 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 provide a return that tracks the performance of the PSEi. The PSEi is the main Index in the Philippines. It measures the performance of the basket of securities that represent the Philippine stock market. The PSEi is calculated and broadcasted through PSE's trading system, the PSEtrade XTS. The risk profile of the fund's benchmark maybe viewed as aggressive. Additional information on the benchmark may be obtained from Bloomberg and the PSE Website.

## 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

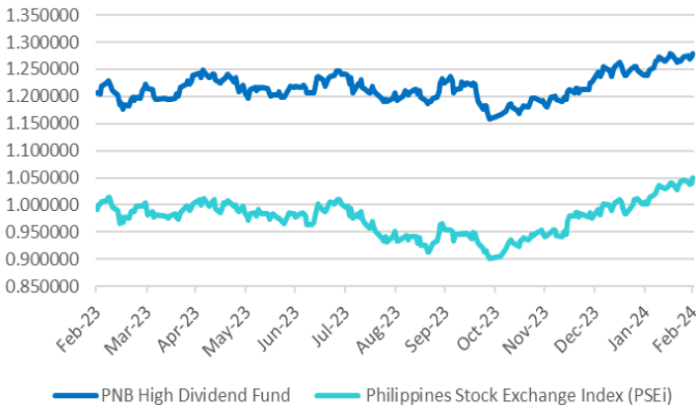
**Cooling Off Period** - The participant of the Fund may avail of the cooling-off period of two (2) business days immediately following the approval of the participation to cancel his participation without penalty, subject to submission of a written notice during the cooling off period.

- **THE UIT FUND IS A TRUST PRODUCT, NOT A DEPOSIT ACCOUNT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC).**
- **THE UIT FUND IS NOT AN OBLIGATION OF, NOR GUARANTEED, NOR INSURED BY THE TRUSTEE, ITS AFFILIATES OR SUBSIDIARIES.**
- **DUE TO THE NATURE OF THE INVESTMENTS, THE RETURNS/YIELDS CANNOT BE GUARANTEED AND HISTORICAL PERFORMANCE, WHEN PRESENTED IS PURELY FOR REFERENCE PURPOSES AND IS NOT A GUARANTEE OF SIMILAR FUTURE PERFORMANCE.**
- **THAT 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 ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE OF THE TRUSTEE.**
- **THE INVESTOR MUST READ THE COMPLETE DETAILS OF THE FUND IN THE UITF'S DECLARATION OF TRUST, MAKE HIS/HER OWN RISK ASSESSMENT, AND WHEN NECESSARY, SEEK AN INDEPENDENT/ PROFESSIONAL OPINION BEFORE MAKING AN INVESTMENT.**

FUND PERFORMANCE AND STATISTICS

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

NAVPU Graph



Cumulative Performance (%)

Period	1 mo	3 mos	6 mos	1 yr	3 yrs	S.I.*
Fund	2.97%	8.00%	7.27%	5.98%	25.09%	53.06%
Benchmark	4.49%	11.58%	12.46%	5.93%	2.21%	40.85%

\*Since Inception

Top 10 Holdings (%)

Fund	% of Portfolio	Benchmark	% of Portfolio
International Container Terminal Services Inc. (ICT)	5.53%	SM Investments Corp. (SM)	14.29%
Metropolitan Bank & Trust Company (MBT)	5.19%	BDO Unibank, Inc. (BDO)	9.19%
Bank of the Philippine Islands (BPI)	5.06%	SM Prime Holdings, Inc. (SMPH)	8.75%
BDO Unibank, Inc. (BDO)	4.83%	Bank of the Philippine Islands (BPI)	8.70%
Century Pacific Food, Inc. (CNPF)	4.83%	International Container Terminal Services Inc. (ICT)	7.76%
Aboitiz Equity Ventur Inc. (AEV)	4.82%	Ayala Land, Inc. (ALI)	6.51%
PLDT Inc. (TEL)	4.82%	Ayala Corp. (AC)	5.55%
Manila Electric Company (MER)	4.80%	Jollibee Foods Corp (JFC)	3.58%
Universal Robina Corp. (URC)	4.78%	Aboitiz Equity Ventures Inc. (AEV)	3.56%
Semirara Mining and Power Corp. (SCC)	4.61%	Metropolitan Bank & Trust Co (MBT)	3.47%

NAVPU over the past 12 months

Highest	1.530731
Lowest	1.387505

Statistics

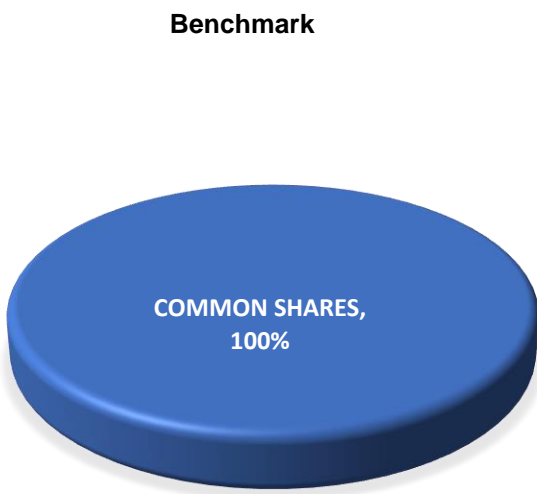
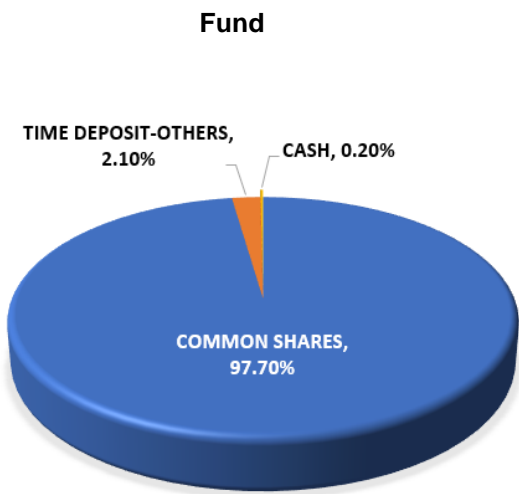
Volatility, Past 1 Year*	2.57%
Sharpe Ratio**	1.05
Information Ratio***	-0.74

\*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

The PSEI gained 4.5% Mom and stretched its rally again for the 4th consecutive month. Net foreign flows continued to remain positive for the 4th month in a row amounting to Php7.2billion (up from Php4.5billion in January). The index ended the month of February at 6,945, trading at 12.1x 2024 P/E and 31.0% below the past 15-year average P/E. This is also the highest level it had for the month, with its lowest right at the start of February at 6,623 levels. The main catalyst for growth in the market as with the month of January continues to be the policy rate decision by both the US Federal Reserve and the Bangko Sentral ng Pilipinas. The Federal Reserve has so far shown that policymakers are not keen on cutting interest rates too soon and traders have pushed back expectations on when the Fed will be cutting rates as officials continue to caution that they want to see more evidence that inflation will continue to decline with higher-than-expected consumer and producer price inflation. The Federal Open Market Committee (FOMC) has seven more opportunities to cut rates this year starting in the next meeting in March 19 or 20.

In the Philippines, effects of El Nino will be felt in the coming months, with the phenomenon expected to persist until May this year. Proposed wage hikes have also been filed in Congress at a daily rate increase ranging from Php100 to up to Php400 but is already being met with resistance from business groups and economists and seen as an unnecessary component which may lead to prolonged exposure.

Metropolitan Bank & Trust Co., or Metrobank (MBT), grew its net income by 28.9% to Php42.2 billion last year from the level in 2022 due to higher demand for consumer loans. Consumer loans outgrew by 15.9% compared to business loans which only grew 5.5% leading to a net income growth of 22.7%.

The Bank's NPL or non-performing loan ratio improved to 1.7% from 1.9% year-on-year, better than industry average of 3.3%. However, trading gains were mostly unchanged, at Php4 billion. Deposit base grew by 7.3% to Php2.4 trillion as most clients accumulated funds in low-cost current and savings accounts. The bank stressed that resources were better managed as cost-to-income ratio was lowered to 52.1% from 54.3%. The Bank declared that it will distribute a total of Php5/share dividends this year, translating to a higher than historical dividend yield of 8%.

AREIT, Inc.'s net income surged by 43% to P4.93 billion in 2023, driven by increased occupancy rates and asset acquisitions. The company's revenue increased by 41% to P7.14 billion, while earnings before interest, taxes, depreciation, and amortization rose by 39% to P5.04 billion, the company said in a regulatory filing.

AREIT properties logged a 97% average occupancy at the end of 2023. The company said its financial performance last year was carried by the acquisition of One Ayala Avenue East and West Towers at the corner of Ayala Avenue and EDSA, Glorietta 1 and 2 Mall and business process outsourcing buildings at Ayala Center, and MarQueen Mall in Angeles, Pampanga. "Our growth initiatives will benefit AREIT — profoundly enlarging the portfolio further, diversifying the assets, reducing concentration risk, and most importantly, providing our shareholder's dividend accretion," AREIT President and Chief Executive Officer Carol T. Mills said.

Aboitiz Power Corp. said that tapping all available sources of power, whether traditional or renewable, and sufficient transmission facilities will address lingering concerns in power stability and reliability. Company president Emmanuel Rubio said the significance of conventional energy sources ensures a consistent electricity supply in both the short- and long-term vis-a-vis supporting the growth ambitions of the country.

The power firm is targeting a 50:50 balance between its renewable and thermal capacities by 2030. In its website, Aboitiz Power said it has 20 thermal facilities. Other challenges that need to be addressed include global supply chain uncertainties, anticipated effects of El Niño, and the 6.6-percent increase in electricity consumption this year, which will require 600 to 700 megawatts (MW) of additional power.

The planned P6.75 billion acquisition of ABS-CBN Corporation's Sky Cable by PLDT Inc. will no longer push through as both parties have mutually decided not to proceed with the transaction for undisclosed reasons. It could be recalled that the two firms had agreed on the acquisition and signed a Sale and Purchase Agreement in March 2023. PLDT was supposed to buy Sky's broadband business while the cable television business will be shut down by Sky prior to the change of ownership. Under the agreement signed last year, PLDT planned to acquire all the issued and outstanding capital stock of Sky from Sky Vision Corporation, ABS-CBN, and Lopez Inc. PLDT said the proposed transaction was expected to benefit the existing broadband subscribers of both PLDT and Sky by strengthening and expanding the coverage of their offerings and services, particularly in remote areas; and upgrading overall customer experience through the combined expertise, resources, and capabilities of PLDT and Sky.

Given the Philippines good economic outlook, lower inflation outlook and possibility of policy rate cuts from both the USD FED and the BSP, we are look at a PSEI target of 7,300-7,500. Cautiously accumulate on weakness.

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	
	Asia United Bank	Robinsons Bank Corp.
	BDO Unibank, Inc.	Security Bank Corp.
	Bank of Commerce	Sterling Bank of Asia
	Bank of the Philippine Islands	Union Bank of the Philippines
	China Banking Corp.	UCPB Savings Bank
	China Bank Savings	ANZ Bank
	City Savings Bank	Chinatrust Commercial Bank Corp.
	Development Bank of the Philippines	Citigroup Inc.
	East West Banking Corp.	Deutsche Bank
	Land Bank of the Philippines	HSBC Bank
	Metropolitan Bank and Trust Company	ING Bank
	Philippine Bank of Communications	JP Morgan Chase
	Philippine Business Bank	Maybank Philippines, Inc.
	Philippine National Bank	Mizuho Financial Group, Inc.
	Philippine Savings Bank	Standard Chartered Bank
	Rizal Commercial Banking Corp.	Sumitomo Mitsui Banking Corp.
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	
Metropolitan Bank & Trust Company (MBT)	27,555,094.00
LT Group, Inc. (LTG)	23,845,000.00
Fixed Income	
Philippine National Bank (PNB)	1,032,400.97

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.