

**STERLING BANK OF ASIA**  
**STERLING PHILEQUITY FEEDER FUND**  
Key Information And Investment Disclosure Statement  
As of June 30, 2020

**FUND FACTS**

Classification:	Equity Feeder Fund	Net Asset Value per Unit (NAVPu):	0.76401
Launch Date:	June 11, 2019	Total Fund NAV:	13,781,819.31
Minimum Investment:	PHP 5,000.00	Dealing Day:	Daily up to 11:30 am
Additional Investment:	PHP 1,000.00	Redemption Settlement:	After the 4 <sup>th</sup> banking day (T + 4)
Minimum Holding Period:	30 Calendar Days	Early Redemption Charge:	0.50% of redemption proceeds
Applicable Tax	20% final tax on interest income from fixed income and money market investments	Valuation	Marked-to-Market
Target Fund's Asset Manager		Philequity Management Inc. (PEMI)	

**FEES**

Nature of Fees	Service Provider	Amount
Trustee Fees:	Sterling Bank of Asia – Trust Group	1.00% p.a. based on the NAV of the Fund at the end of the business day
Management Fee:	PEMI	1.50% p.a. based on ave. NAV of Investment at the end of the business day
Custodianship Fees:	BTr – ROSS & PDTC	0.01% p.a. of Security Face Value
External Auditor Fees:	Reyes Tacandong & Company	N/A
Other Fees:	None	N/A

**INVESTMENT OBJECTIVE AND STRATEGY**

The Fund, managed as a feeder fund, aims to achieve long-term capital appreciation and match or exceed the return on the Philippine Stock Exchange Index (PSE1). Investments will primarily be in Philequity Fund, Inc. (at least 90% of the total portfolio) and fixed income or money market securities with an average duration of one (1) year or less.

**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 **STERLING PHILEQUITY FEEDER FUND** is suitable only for investors who:

- Have an aggressive risk profile
- Have an investment horizon of at least five (5) years
- Are willing to be exposed to greater price volatility and risk of an equity investment
- Are looking for long term capital through a managed portfolio of equity securities

**KEY RISK AND RISK MANAGEMENT**

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

**Business Risk.** Stockholders as fractional owners of corporations share in the fortunes of the business. The rise and fall of stock prices often reflect the market's perception of the prospects of corporations and their management to reward stockholders for taking risks unique to each business. Business risk can be reduced through diversification.

**Country/Political Risk.** Securities can be affected by the political, economic and social structures within the countries of their issuers, such as internal and external conflicts, currency devaluations, foreign ownership limitations, trading costs and tax increases.

**Market Risk.** Market risk is the risk that the value of the fund investment will be negatively affected by the fluctuations in the price level of its underlying instruments.

## KEY RISK AND RISK MANAGEMENT (cont'd)

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

**Inflation Risk.** Affecting all investments, inflation reduces the purchasing power of money.

**Liquidity Risk.** Liquidity is a measure of how easy it is for a security to be converted into cash. A liquid security is widely held and is frequently traded by many buyers and sellers every day. This is minimized by investing in marketable securities.

**Interest rate Risk.** The value of fixed income investments such as notes and bonds generally fall when interest rates rise. The potential for loss is typically greater for securities that have a longer term to maturity, have a longer duration or have a lower yield or coupon rate.

**Reinvestment Rate Risk.** This is the risk of reinvesting interest earnings at a rate lower than the original investment.

**Credit Risk.** Bonds represent a loan made to the issuer of the bond. The credit worthiness of the bond issuer is the issuer's ability to pay interest and principal on time, which can change during the life of the bond. Issuers with a higher risk of defaulting pay the highest yields.

**Risks specific to Feeder Funds:**

As Feeder Funds invest substantially all of their assets in shares of other collective investment schemes, unitholders are exposed to other unique risks of feeder funds.

The success of the Feeder Funds will be significantly dependent upon the Target Fund's portfolio managers and their expertise and ability to attract and retain suitable staff.

There is also the risk of loss due to intentional or inadvertent deviations from the portfolio managers' communicated investment strategy, including excessive concentration, directional investing outside pre-defined ranges, fraud, excessive risk taking or simply poor judgment. The portfolio managers may use proprietary investment strategies or complex models that are not fully disclosed to Sterling Bank.

Redemptions and contributions may be delayed due to disruption or delay in transmission of data and funds between Feeder Funds and Target Funds

**Other Risks.** Your participation in the UITFs may be further exposed to the risk of any actual or potential conflicts of interest in the handling of in-house or related party transactions by Sterling Bank of Asia. These transactions may include own-bank deposits; purchase of own-institution or affiliate obligations (stock, mortgages); purchase of assets from or sales to own institution, directors, officers, subsidiaries, affiliates or other related interests/parties; or purchases or sales between fiduciary/managed accounts.

- 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 LOSSES UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE

**For queries, you may contact the following:**

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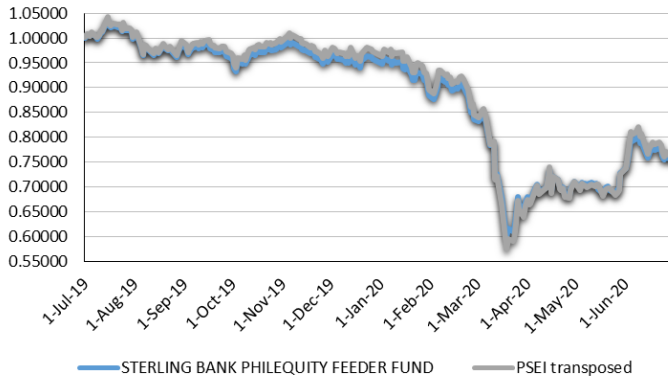
[www.sterlingbankasia.com](http://www.sterlingbankasia.com)

## FUND PERFORMANCE AND STATISTICS

AS OF June 30, 2020

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

### NAVPu Graph



### NAVPu over the past 12 months

Highest	1.03637
Lowest	0.59977

### Statistics

Volatility, Past 1 Year*	1.689%
Sharpe Ratio**	(1.03)
Information Ratio***	(0.96)

### Cumulative Performance (%)

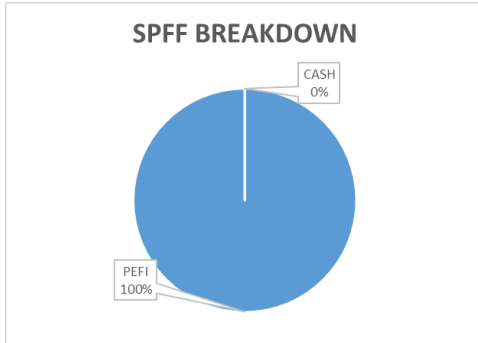
Period	1 mo	3 mos	6 mos	1 yr	3 yrs
Fund	3.6564%	12.3792%	-19.4286%	-23.6173%	
Benchmark (PSEi)	4.6803%	14.7767%	-19.8231%	-22.8252%	

\*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



### RELATED PARTY TRANSACTIONS.

The Fund has cash in an account with the Bank Proper amounting to PHP1,578.46 which were approved by the Board of Directors. Likewise, all related party transactions are conducted on an arm's length basis.

### OUTLOOK AND STRATEGY:

The PSEi gained 368.88 pts or 6.32% for the month of June as Metro Manila moved into General Community Quarantine. As the World continues to be battered by Pandemic, we expect negative sentiment in Global Markets to spill over to the local bourse. Covid-19 updates will continue to drive markets and these will continue to correct as the number of cases rise. This may present an opportunity to buy with caution.

Outlet	% Exposure
Philequity Fund Inc.	100.00%
Cash	0.00%
TOTAL	100.00%

### Holdings (%)

PORTFOLIO COMPOSITION (%)	
Philequity Fund	100

### Philequity Fund Top Ten Holdings (%)

SM Investments Corp.	14
SM Prime Holdings, Inc.	8
Ayala Corporation	8
Ayala Land, Inc.	7
BDO Unibank Inc	6
Bank of the Philippine Islands	5
JG Summit Holdings, Inc.	5
Universal Robina Corp	4
Philippine Long Distance Telephone Co.	4
International Container Terminal Services	3