



SECURITY BANK CORPORATION
SB High Dividend Peso Equity Fund
Key Information and Investment Disclosure Statement
Month Ended of 31 January 2017

FUND FACTS

Classification:	Peso Equity Fund	Net Asset Value Per Unit:	1.084969
Launch Date:	10 March 2014	Total Fund NAV:	Php 2, 958.56 million
Minimum Investment:	Php 10,000	Dealing Period	9:00 am – 1:30 pm any banking day
Minimum Additional Investment:	Php 5,000	Trust Fee:	1.50% p.a.
Bloomberg Ticker:	SBPSHDF PM Equity	Redemption Settlement:	Four (4) banking days after the redemption date

FEES*

Trustee Fee	Custodianship	External Auditor Fee
0.1199%	0.0020%	0.0001%
Security Bank Corporation	HSBC	SGV &Co.

**As a percentage of average daily NAV for the month valued at Php 2, 908.25 million.*

INVESTMENT OBJECTIVE AND STRATEGY

SB High Dividend Peso Equity Fund aims to achieve total returns through income growth and long-term capital appreciation by investing in listed equity securities of Philippine companies that offer high dividend pay-outs (“Equities”). The Fund aims to surpass its benchmark (gross of fees) which is 90% Philippine Stock Exchange Index (price only return) + 10% O/N Special Savings Account (net of withholding tax).

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.

SB High Dividend Peso Equity Fund is suitable only for investors who:

- Have an aggressive risk tolerance.
- Seek potentially higher yields from dividends as well as from stock price appreciation.
- Have the possibility to be exposed to capital losses given the volatile nature of the local equities markets.
- Have an investment horizon of one (1) to three (3) 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.

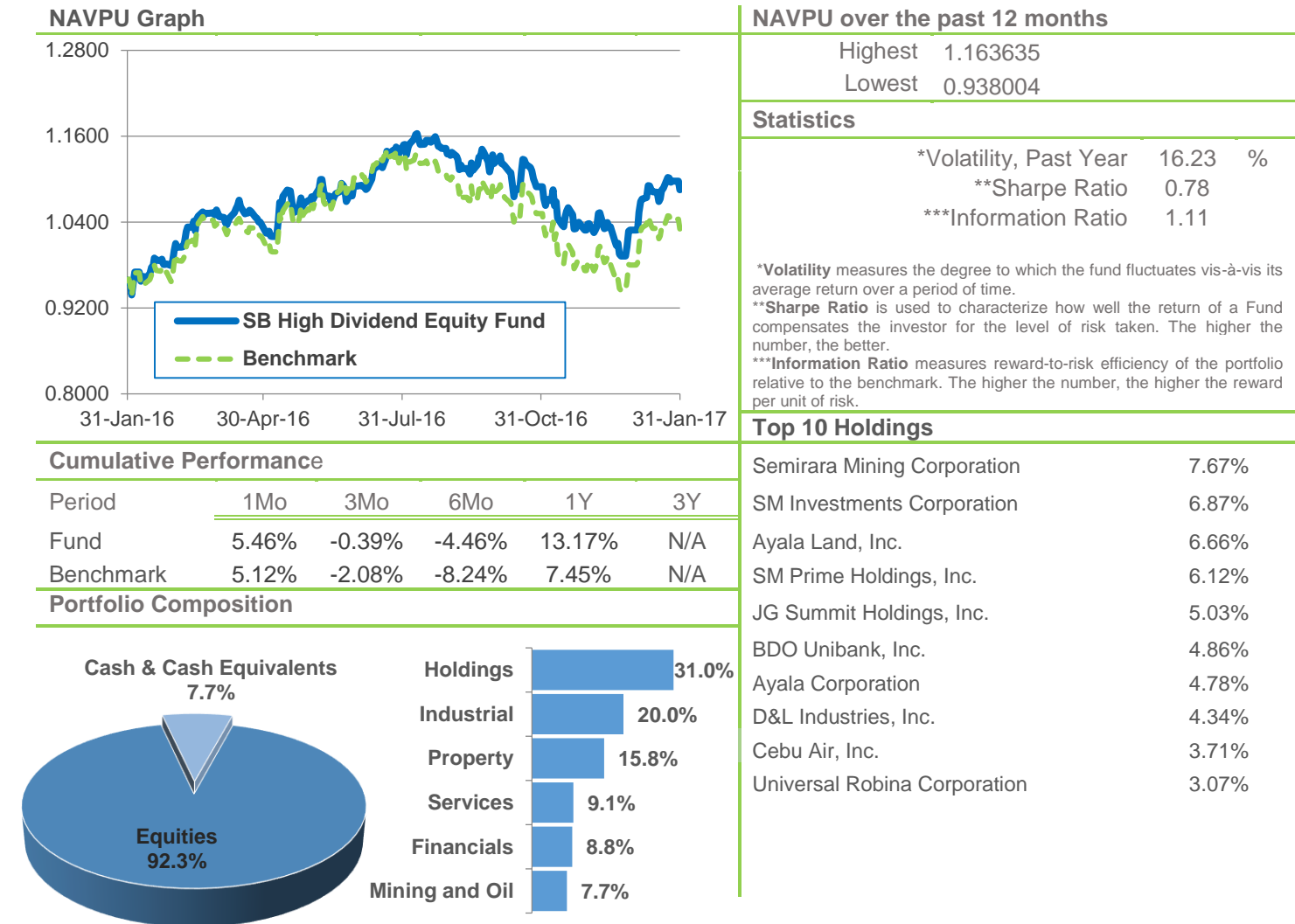
Market | Price Risk – The possibility for an investor to experience losses due to changes in market prices of equities.

Liquidity Risk – The possibility for an investor to experience losses due to inability to sell or convert assets into cash immediately or in instances where conversion to cash is possible but at a loss.

- 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 31 JANUARY 2017

For reference purposes only and not a guarantee of future returns.



Portfolio Composition is based on total assets of the Fund.

OUTLOOK AND STRATEGY

The Philippine Stock Exchange index (PSEi) rose by 5.69% to 7,229.66 for the month of January. Most of the gain occurred in the first week of the year, spurred by bargain hunting by domestic funds and the reversal of foreign fund outflows. After the local market lagged the region in 2016, the PSEi started the year as one of the best markets as it traded at only 16x 2017 P/E, below the 5-year average of 18x.

Financials, MBT (+12.26%) and SECB (+12.21%), as well as Telecoms, GLO (+13.98%) and TEL (+7.69%) were the top gainers for the month. Financials were strong on the expectations that higher interest rates will lead to better net interest margins. Telecom stocks rallied as both GLO and TEL saw bottom fishing as both stocks declined by -18.52% and -33.74%, respectively, in 2016. URC (-0.31%) underperformed on expectations of higher input costs.

Foreign funds finally turned net buyers of US\$5.8mn, ending 5 months of foreign selling of USD\$975mn which started last August. Average value turnover declined 7.21% month-on-month to US\$122mn.

After two consecutive years of market declines, we expect 2017 to be better as the administration implements the much needed tax reforms and infrastructure spending. Furthermore, some bright spots include the abatement of foreign fund outflows and the Peso encountering resistance at Php50/USD. We continue to be bullish on the retailers and selective consumer names such as DNL, CNPF and PIZZA as we believe that these issues would not be affected as much by the new initiatives of the government. We see market pullbacks as an opportunity to accumulate as the country’s growth story is still intact.

INVESTMENT POLICY / PROSPECTIVE INVESTMENTS

The Fund may be invested and reinvested in investments allowed under regulations issued by the Bangko Sentral Ng Pilipinas (the “BSP”) relating to investment quality and their being subject to marked-to-market valuation, where deemed applicable thereof and shall be in the form of any of the following:

(1) Common shares, preferred shares, Convertible preferred shares listed in the Philippine Stock Exchange; (2) Shares offered in an initial public offering (IPO) provided that the company will be listed on the Philippine Stock Exchange within the normal listed period (approximately 30 days from the start of the offer period); (3) Exchange listed fixed income securities; (4) Marketable instruments that are traded in an organized exchange; (5) Such other tradable investment outlets/categories as the BSP may allow; (6) Savings/Checking accounts and/or time deposits in any bank or financial institution, including Security Bank Corporation provided the bank observe the principle of best execution and no purchase/sale be made with related counterparties without considering at least 2 (two) competitive quotes from other sources; (7) The Fund may avail of financial derivatives solely for the purpose of hedging risk exposure of the existing investments of the Fund, in accordance with existing BSP hedging guidelines and the Trustee’s risk management and hedging policy approved by the Trust Committee and disclosed to fund participants; (8) Such other tradable investment outlets/ categories as the BSP may allow.

RELATED TRANSACTIONS

The Fund has investments with Security Bank Corporation, in the amount of: Php 48,447,568.00 in equities. Investments in the said outlets were approved by the Trust Committee. Likewise, all related party transactions are conducted on an arm’s length and best execution basis and within established limits.