

**AB CAPITAL AND INVESTMENT CORPORATION**  
**AB CAPITAL EQUITY FUND**  
**KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT**  
**As Of June 30, 2023**

**FUND FACTS**

<b>Classification:</b>	Equity Fund	<b>Net Asset Value per Unit (NAVPU):</b>	2.8211
<b>Launch Date:</b>	December 04, 2006	<b>Total Fund NAV:</b>	280,776,400.59
<b>Min. Investment:</b>	Php 25,000	<b>Dealing:</b>	Daily up to 12:00 noon
<b>Add'l Investment:</b>	Php 10,000	<b>Redemption Settlement:</b>	T + 3 days
<b>Min. Holding Period:</b>	30 days	<b>Early Redemption Charge:</b>	1.00% of principal

**FEES\***

Trustee Fees: 0.316% AB Capital - Trust and Investments Division	Custodianship Fees: 0.001% Phil. Depository & Trust Corp.	External Auditors Fees: 0.005% SGV & Co.
---	--	---

\*As a percentage of average daily NAV for the quarter valued at Php 264,323,212.30.

**INVESTMENT OBJECTIVE AND STRATEGY**

Intends to achieve for its participants long-term capital growth via investments primarily in Philippine equities listed in the Philippine Stock Exchange (up to 90% of the portfolio). The Fund aims to surpass its benchmark (gross of fees) which is the Philippine Stock Exchange Index (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 AB CAPITAL EQUITY FUND is suitable for individual and corporate investors who are at least classified as aggressive based on their risk profile and who seek potentially higher returns through stock market investments but are also aware of the possibility of capital losses that such investments may entail.
- In order to minimize risks and maximize returns, the participants are recommended to stay invested in the Fund for more than three (3) years.

**KEY RISKS AND RISK MANAGEMENT**

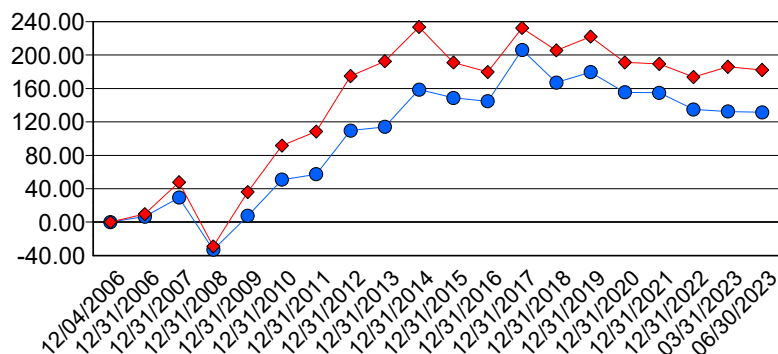
**You should not invest in this Fund if you do not understand or are not comfortable with the accompanying risks.**

<b>Interest Rate Risk</b>	Possibility for an investor to experience losses due to the changes in interest rate. The purchase and sale of a debt instrument may result in profit or loss because the value of a debt instrument changes inversely with prevailing interest rates.
<b>Market/Price Risk</b>	This is the possibility for an investor to experience losses due to the changes in market prices of securities (e.g., bonds and equities). It is the exposure to the uncertain market value of a portfolio due to price fluctuations. It is the risk of the UITF to lose value due to a decline in securities prices, which may sometimes happen rapidly or unpredictably. The value of investments fluctuate over a given time period because of general market conditions, economic changes or other events that impact large portions of the market such as political events, natural calamities, etc. As a result, the Net Asset Value per Unit (NAVPU) may increase to make profit or decrease to incur loss.
<b>Liquidity Risk</b>	This is the possibility for an investor to experience losses due to the inability to sell or convert assets into cash immediately or in instances where conversion to cash is possible but at a loss. These may be caused by different reasons such as trading in securities with small or few outstanding issues, absence of buyers, limited buy/sell activity or underdeveloped capital market. Liquidity risk occurs when certain securities in the UITF portfolio may be difficult or impossible to sell at a particular time which may prevent the redemption of investment in UITF until assets can be converted to cash.
<b>Credit/Default Risk</b>	Possibility for an investor to experience losses due to borrower's failure to pay principal and/or interest in a timely manner on instruments such as bonds, loans, or other forms of security which the borrower issued. Inability of the borrower to make good on its financial obligations may have resulted from adverse changes in its financial condition thus, lowering credit quality of the security, and consequently lowering the price (market/price risk) which contributes to the difficulty in selling such security. It also includes risk on a counterparty (a party the UITF Fund Manager trades with) defaulting on a contract to deliver its obligation either in cash or securities. This is the risk of losing value in the UITF portfolio in the event the borrower defaults on his obligation or in the case of a counterparty, when it fails to deliver on the agreed trade. This decline in the value of the UITF happens because the default/failure would make the price of the security go down and may make the security difficult to sell. As these happen, the UITF's NAVPU will be affected by a decline in value.

**\* THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORP. (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 June 30, 2023**

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

**NAVPU GRAPH****Equity Fund vs Benchmark <sup>2</sup>**

◆ Equity Fund YTD Return <sup>1</sup> ● Benchmark YTD Return

Source: Bloomberg and AB Capital and Investment Corp.

**NAVPU over the past 12 months**

Highest	2.8933
Lowest	2.4997

**STATISTICS**

Volatility, Past 1 Year (%) <sup>3</sup>	14.60
Sharpe Ratio <sup>4</sup>	0.5164
Information Ratio <sup>5</sup>	0.4053

<sup>1</sup> Returns are net of fees<sup>2</sup> Since Inception<sup>3</sup> Measures the degree to which the Fund fluctuates vis-a-vis its average return over a period of time<sup>4</sup> 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.<sup>5</sup> 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**

	1 mo	3 mos	6 mos	1 yr	3 yrs
<b>Fund</b>	0.74	-1.35	3.07	9.50	16.17
<b>Benchmark</b>	-0.14	-0.49	-1.50	5.08	4.19

**PORTFOLIO COMPOSITION**

Allocation	% Of Fund
Equities	88.87
Cash and Other Receivables (Payables)	5.80
Fixed Income Securities	5.33
<b>SECTOR HOLDING</b>	
SERVICES	27.49
INDUSTRIAL	11.52
PROPERTY	8.72
FINANCIALS	7.33
HOLDING FIRMS	6.38

**TOP TEN HOLDINGS (%)**

SM PRIME HOLDINGS, INC.	8.72
INTERNATIONAL CONTAINER TERMINA	7.58
BLOOMBERRY RESORTS CORPORATI	7.50
BDO UNIBANK, INC.	7.33
GLOBE TELECOM, INC.	6.48
SM INVESTMENTS	6.38
MANILA WATER CO., INC.	6.29
PLDT INC.	5.93
BSP BILLS 07.04.23	5.33
MONDE NISSIN CORPORATION	5.23

**RELATED PARTY TRANSACTIONS**

----- NO RELATED PARTY TRANSACTION -----

## OUTLOOK AND STRATEGY

### Stock Market

Philippine equities ended the second quarter of 2023 marginally lower by 0.49% with the index remaining below the 6,500 level at the end of the period. The PSEi traded within a wide range of 6,400 to 6,700 as the index attempted to rally on the back of strong first quarter earnings results and indications of easing inflation in the Philippines.

Banks had robust earnings growth for the first quarter amid sustained loan growth and an expansion of net interest margins. Consumer companies continued to report strong sales growth as price hikes implemented over the past few months take effect and provide some mitigation against higher input costs. Power and utility firms also reported strong earnings as power generation segments continue to reap the benefits of a tight energy market. Meanwhile, the property sector has reported sustained growth in mall and hotel segments but still only a modest recovery for residential reservation sales as high interest rates continue to weigh on demand for investment properties.

However, the market's upward momentum lost steam as investors opted to sell-on-strength as global headwinds persisted. During the quarter, concerns on a potential hard-landing in the US, excessive monetary policy tightening, and a short-lived US debt ceiling impasse overpowered the positive developments in corporate earnings and inflation for the Philippines.

### AB Capital Equity Fund Performance

The AB Capital Equity Fund posted a decline of 1.35% in the second quarter of 2023. The Net Asset Value Per Unit (NAVPU) decreased to 2.8211 as of June 30, 2023 from 2.8598 as of March 31, 2023.

### Equity Fund Strategy

The Fund will maintain its highly selective positioning in companies and sectors that are resilient in the current inflationary environment but also poised to benefit from the ongoing economic recovery of the Philippines.

## LIST OF PROSPECTIVE INVESTMENTS

Pursuant to the foregoing objectives, the Fund may be invested and reinvested in:

- a) Listed and soon to be listed (Initial Public Offering) common stocks, preferred stocks, and securities convertible into or exchangeable to common stocks;
- b) Fixed-income securities issued by the government and corporations such as but not limited to, commercial papers, promissory notes, bonds, non-convertible preferred shares exchange-traded fixed income securities, collective investment plans of the trustee/other trustees and other marketable securities that are traded in an organized exchange market;
- c) Other investments allowed under regulations issued by the BSP.

The combined exposure of the Fund to any entity and its related parties shall not exceed fifteen percent (15%) of the market value of the Fund. Provided, that Fund investments, partially or substantially, in exchange traded equity securities shall be subject to the fifteen percent (15%) exposure limit.

AB Capital is regulated by the Bangko Sentral ng Pilipinas (BSP). For any inquiries and complaints relating to our services and products you may call our hotline: 898-7555, or send an email at [trust@abcapitalonline.com](mailto:trust@abcapitalonline.com) or write a letter addressed to AB Capital—TID, Units 1210-1212, 12th Floor, PSE Tower, 5th Ave., cor. 28th St., Bonifacio Global City, Taguig City, Philippines 1634. You may also file your complaints at BSP Financial Consumer Department at (632)708-7087 or [consumeraffairs@bsp.gov.ph](mailto:consumeraffairs@bsp.gov.ph). To know your rights under BSP Circular No.857 and as revised by Circular 1048 (regulations on Financial Consumer Protection), please access a copy at the BSP website([www.bsp.gov.ph](http://www.bsp.gov.ph)).