

AB CAPITAL AND INVESTMENT CORPORATION
AB CAPITAL EQUITY FUND
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
As Of June 30, 2021

FUND FACTS

Classification:	Equity Fund	Net Asset Value per Unit (NAVPU):	2.8205
Launch Date:	December 04, 2006	Total Fund NAV:	22,327,867.73
Min. Investment:	Php25,000	Dealing:	Daily up to 12:00 noon
Add'l Investment:	Php10,000	Redemption Settlement:	T + 3 days
Min. Holding Period:	30 days	Early Redemption Charge:	1.00% of principal

FEES*

Trustee Fees: 0.316% AB Capital - Trust and Investments Division	Custodianship Fees: 0.002% Phil. Depository & Trust Corp.	External Auditors Fees: -0.212% SGV & Co.
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*As a percentage of average daily NAV for the quarter valued at Php 21,484,605.61.

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.

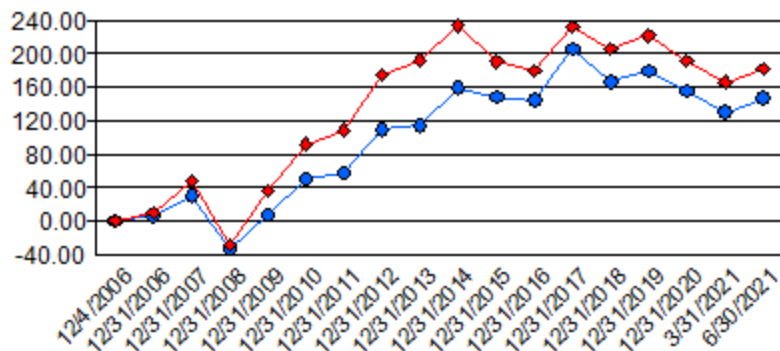
Interest Rate Risk	Possibility for an investor to experience losses due to the changes in interest rate. The purchase and sale of a debt instrument may result in profit or loss because the value of a debt instrument changes inversely with prevailing interest rates.
Market/Price Risk	This is the possibility 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.
Liquidity Risk	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.
Credit/Default Risk	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.

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

NAVPU GRAPH

Equity Fund vs Benchmark ²



◆ Equity Fund YTD Return ¹ ● Benchmark YTD Return

Source: Bloomberg and AB Capital and Investment Corp.

NAVPU over the past 12 months

Highest	2.9985
Lowest	2.2951

STATISTICS

Volatility, Past 1 Year (%) ³	15.93
Sharpe Ratio ⁴	0.8899
Information Ratio ⁵	0.7886

¹ Returns are net of fees

² Since Inception

³ Measures the degree to which the Fund fluctuates vis-a-vis its average return over a period of time

⁴ 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.

⁵ 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
Fund	2.96	5.96	-3.17	16.15	-1.92
Benchmark	4.12	7.12	-3.33	11.18	-4.06

TOP TEN HOLDINGS (%)

AYALA LAND INC.	10.77
SM INVESTMENTS	10.42
STERLING BANK OF ASIA TD	10.35
SM PRIME HOLDINGS, INC.	8.33
AYALA CORP.	7.55
BDO UNIBANK, INC.	6.33
BANK OF THE PHILIPPINE ISLANDS	5.16
UNIVERSAL ROBINA CORPORATION	3.94
JG SUMMIT HOLDING	3.74
INTERNATIONAL CONTAINER TERMINA	3.09

PORTFOLIO COMPOSITION

Allocation	% Of Fund
Equities	89.73
Time Deposits	10.41
Cash and Other Receivables (Payables)	-0.13
SECTOR HOLDING	
HOLDING FIRMS	21.71
PROPERTY	19.10
FINANCIALS	11.49
INDUSTRIAL	3.94
SERVICES	3.09

RELATED PARTY TRANSACTIONS

The Fund has transactions and outstanding investments including deposit, investments in the share/s of stock, and/or debt issuances of the following companies related to AB Capital and Investment Corporation —Trust and Investments Division (ABCIC -TID):

WEALTH BANK PESO TD (WEALTH) - Php 12,008.62

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.

OUTLOOK AND STRATEGY

Stock Market

The Philippine Stock Exchange Index (PSEi) posted strong gains of 7.12% during the second quarter of 2021 to close at 6,901.91. Early weakness in the quarter was evident due to a reversion to more stringent quarantine measures in April as Covid-19 cases surged to a peak of 13k in a single day. However, the impact of the lockdown on new cases was evident with average daily cases declining to less than 5k by the second week of May. The index then staged a recovery from the final week of May all the way up to the end of June driven by improving investor sentiment and soft indications that the economy had already weathered the worst of the pandemic. Furthermore, the vaccine effort was turning into a compelling tailwind for investors as more than 17 million doses had come into the country as of June and LGU led inoculation showed it was gaining momentum over the quarter. Investors were also quick to do bargain hunting at the lows of the market with a key short-term overhang being hurdled with the conclusion of the MSCI Rebalancing which was anticipated to serve as another catalyst for foreign investors to sell Philippine equities. However, once the rebalancing concluded, some foreign investors turned into net buyers again and helped fuel the market rally.

AB Capital Equity Fund Performance

The AB Capital Equity Fund posted a return of 5.96% for the second quarter of 2021. The Net Asset Value Per Unit (NAVPU) increased to 2.8205 in June 2021 from 2.6618 in March 2021.

Fund Strategy

Risks remain in the equity market as investor sentiment continues to be heavily driven by the health crisis. The wider rollout of vaccination to the general population and as a result, a faster pace of economic recovery, underpins our constructive view on local equities over the medium and long-term. However, key risks over the short-term such as a resurgence of cases and the reimposition of lockdowns continue to linger as the vaccine effort has yet to build up scale. The Fund has selectively positioned in sectors and stocks that are expected to benefit from the reopening of the economy but has also maintained an ample allocation in cash to take advantage of buying opportunities that may become available.

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 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. 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).