

CHINA BANK DOLLAR CASH FUND



KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of April 28, 2023

FUND FACTS

Classification:	Money Market Fund	Net Asset Value per Unit (NAVPU):	1.038701
Launch Date:	April 08, 2019	Total Fund Net Asset Value (NAV):	USD14.69 million
Minimum Investment :	USD500.00	Dealing Day:	Daily up to 12:00nn
Additional Investment:	At least USD100.00	Redemption Settlement:	Next banking day from date of notification
Minimum Holding Period:	5 calendar days	Early Redemption Penalty:	1.50% p.a. of the proceeds

FEES¹

Trustee Fees: 0.0117%	Custodianship Fees: None	External Auditor: 0.0004%	Licensing Fee: 0.0034%
China Bank – Trust and Asset Management Group		SGV & Co.	Bloomberg Index Services Limited

¹As a percentage of average daily NAV for the month valued at USD15.06 million.

INVESTMENT OBJECTIVE AND STRATEGY

The China Bank Dollar Cash Fund intends to achieve liquidity and to potentially earn higher than USD time deposits by investing in fixed-income securities mostly time deposits, special savings accounts and government securities with an average duration of not more than one (1) year. The Fund aims to outperform its benchmark which is the Bloomberg US Treasury Bills 3-6 months.

CLIENT SUITABILITY

A client profiling process shall 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. Before deciding to invest, clients are advised to read the Declaration of Trust, a copy of which is available at the Trustee's principal office.

The China Bank Dollar Cash Fund is suitable only for investors who:

- Have a conservative risk appetite;
- Are seeking a high level of liquidity with returns better than deposits; and,
- Have an investment horizon of not more than one (1) year.

KEY RISKS AND RISK MANAGEMENT

The client should not invest in this Fund if the client does not understand or is not comfortable with the accompanying risks.

- **Interest Rate Risk.** This is the possibility for an investor to experience losses due to changes in interest rates. 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.
- **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.
- **Credit/Default Risk.** This is the possibility for an investor to experience losses due to a 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. It also includes risk on a counterparty (a party the Trustee trades with) defaulting on a contract to deliver its obligation either in cash or securities.
- **Reinvestment Risk.** This is the possibility for an investor to have lower returns or earnings when maturing funds or the interest earnings of funds are reinvested.

The Trustee only transacts with reputable counterparties which have undergone a rigorous accreditation and evaluation process. Regulatory exposure limits as well as the Fund's average duration are monitored regularly to ensure that exposures are managed. The Fund also undergoes an annual review to ensure that it is equipped to fund any redemption requirement in a timely manner and at a reasonable cost during times of financial stress.

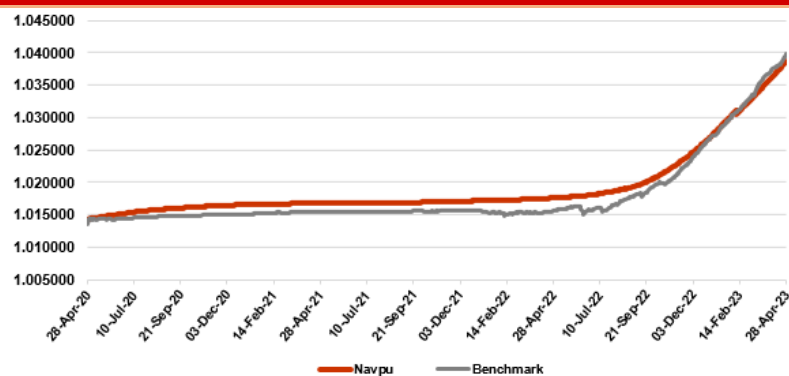
- **THE UITF IS A TRUST PRODUCT AND NOT A DEPOSIT ACCOUNT, AND IS NOT INSURED NOR GOVERNED BY THE PDIC.**
- **THE UITF IS NOT AN OBLIGATION OF, NOR GUARANTEED, NOR INSURED BY THE TRUST ENTITY OR ITS AFFILIATES OR SUBSIDIARIES.**
- **DUE TO THE NATURE OF THE INVESTMENTS OF A UITF, THE RETURNS/YIELDS CANNOT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

For more information, you may call us at (+632) 8885-5863, 8885-5857 and 8885-5884, or email us at online@chinabank.ph, or visit our website at www.chinabank.ph

FUND PERFORMANCE AND STATISTICS AS OF APRIL 28, 2023

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

NAVPU GRAPH



NAVPU OVER THE PAST 12 MONTHS

Highest	1.038701
Lowest	1.017575

STATISTICS

Weighted Average Duration	0.00
Volatility, Past 1 year ²	0.69%
Sharpe Ratio ³	-1.48
Information Ratio ⁴	-2.15

²Volatility measures the degree to which the Fund fluctuates vis-à-vis its average return over a period of time. This is computed by getting the standard deviation of the yearly returns for the past 12 mos.

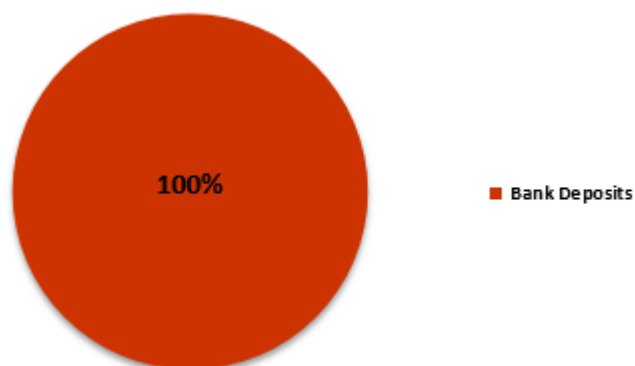
³Sharpe Ratio is used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better. This is computed by dividing the excess return of the fund against the risk-free rate over the fund's volatility.

⁴Information Ratio measures the reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk. This is computed by dividing the excess return of the fund against the benchmark over the fund's volatility.

CUMULATIVE PERFORMANCE (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.29%	0.82%	1.62%	2.07%	2.40%
Benchmark	0.29%	0.95%	1.91%	2.39%	2.51%

PORTFOLIO COMPOSITION



TOP HOLDINGS (%)

Deposit - Other Banks	84.0%
Deposit - Own Bank	14.6%
Cash on Hand	1.4%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to USD2.35 million, which were approved by the Board of Directors/Trust Investment Committee. Likewise, all related parties transactions are conducted on an arm's length basis.

OUTLOOK AND STRATEGY

In April, the US Treasury yield curve flattened, as the market expected the US Federal Reserve (Fed) to pause interest rate hikes on the back of cooling inflation and US recession fears. On average, US Treasury rates rose by 3 basis points (bps) across the curve, but the short-end or less than 2-year tenors were up by 12 bps on average, while the 2-years and up tenors declined by an average of 4 bps. The 10-year and 2-year benchmark rates were down by 4 bps and 2 bps, respectively, falling to 3.44% for the 10-year Note and 4.04% for the 2-year Note. This brought the 2y10y spread to be slightly more negative compared to previous month, from -58 bps in March to -60 bps in April. Accordingly, ROP yields tracked US Treasury movements, with yields on ROPs declining by a larger margin for the 2-years and up tenors, with the 2-year ROP down by 27 bps to 3.89%, and the 10-year ROP down by 19 bps to 4.55%.

A key driver for the markets was the weaker than expected 1st quarter GDP. First quarter numbers showed an expansion of 1.1% in 1Q23, which was below estimates and below the 4Q22 GDP growth of 2.6%, primarily due to lingering impact of higher interest rates, and inflation. The Fed's favored inflation gauge or the PCE (Personal Consumption Expenditures) price index, also slowed in March signaling that the Fed's interest rate hike campaign is taking effect. The PCE price index increased by 4.2% year-on-year and 0.1% month-on-month in March, which is a deceleration compared to February's 5.1% year-on-year and 0.3% month-on-month increase. The softer headline inflation is attributed to a decline in energy and food prices which were down 3.7% and 0.2% respectively. Goods prices fell by 0.2% while services increased by 0.2%. Excluding volatile food and energy items, core PCE eased slightly from 4.7% to 4.6% year-on-year.

Other macroeconomic reports were mixed, showing good demand to some extent, but with signs of economic slowdown coming through. New home sales increased for the fourth consecutive month, rising to 9.6% month-on-month to 683k units from the revised February sales figure of 623k units, as buyers took advantage of lower mortgage rates during the month. On the other hand, pending home sales declined by 5.2% to 78.9 in March due to shortage of available houses to meet the current demand. Meanwhile, orders for durable goods in March came in better than the previous month at 3.2% to US\$276.4 billion, boosted by transportation goods orders. On the other hand, manufacturing activity contracted for the fifth straight month in March, with both the S&P global and ISM manufacturing indices registering at 49.2 and 46.3, respectively. Services sector, however, expanded in March, with both the S&P global and ISM services PMI coming in at 52.6 and 51.2, respectively. As for the labor market, March jobs report came out mixed. Nonfarm payrolls fell short of expectations, adding

only 236k jobs versus previous month's figures of 326k. The unemployment rate eased from 3.6% to 3.5%, while wage growth was steady at 0.3% month-on-month. The month of April ended with initial jobless claims easing week-on-week from 246k to 230k. However, consumer confidence declined from 104 in March to 101.3 in April, attributed to growing pessimism about the outlook for both business and labor markets.

Looking ahead, it is likely that US Treasury yields will continue to trade sideways as market participants prepare for the Fed's policy rate decision where we estimate another 25 -basis point rate hike to bring its policy rate to a range of 5 to 5.25%. Inflation, though easing, is still well above target, and with waning US regional banking worries, we see another policy rate hike warranted. Nonetheless as the Fed remains data dependent, we anticipate the hike to be its last, as their more than a year-long policy tightening is starting to impact the US economy.

INVESTMENT POLICY / PROSPECTIVE INVESTMENTS

The Fund may be invested or reinvested in the following:

- (a) Cash and deposits with local banks or branches including the Trustee's own commercial banking and treasury units;
- (b) Cash and deposits with banks or branches of foreign banks operating in the Philippines and with Financial Institutions (FI) in any foreign country; provided that said FI has at least an investment grade credit rating from a reputable international credit rating agency; and
- (c) Such other tradable financial instruments as may be allowed by the Bangko Sentral ng Pilipinas.

OTHER BASIC FUND FACTS

Trust Fee:	0.15% p.a.	Minimum Maintaining Participation:	USD500.00
Initial NAVPu:	\$1.000000	Redemption Amount:	No minimum amount is imposed provided the minimum maintaining participation is complied with.

IMPORTANT NOTICE

China Banking Corporation (China Bank) may receive customer complaints, inquiries or any concern about its products and services through Customer Contact Center 24/7 Hotline: (+632) 8885-5888 or email: online@chinabank.ph. China Bank is regulated by the BSP with contact number (+632) 8708-7087 and email address: consumeraffairs@bsp.gov.ph.