

CHINA BANK DOLLAR CASH FUND



KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of February 28, 2023

FUND FACTS

Classification:	Money Market Fund	Net Asset Value per Unit (NAVPU):	1.032497
Launch Date:	April 08, 2019	Total Fund Net Asset Value (NAV):	USD16.35 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: 0.0003%	Licensing Fee: 0.0028%
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 USD17.44 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.

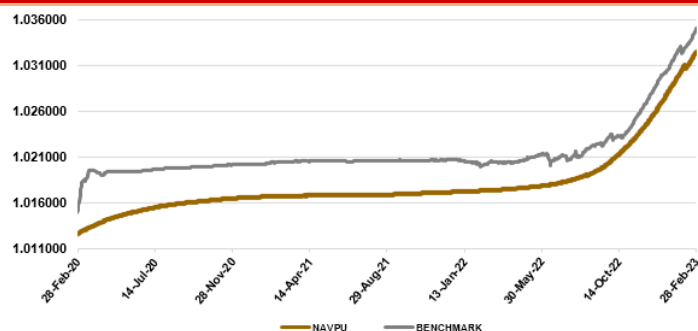
- **THE UITF IS A TRUST PRODUCT AND NOT A DEPOSIT ACCOUNT, AND IS NOT INSURED NOR GOVERNED BY THE PDIC.**
- **THE UITF IS NOT AN OBLIGATION OF, NOR GUARANTEED, NOR INSURED BY THE TRUST ENTITY OR ITS AFFILIATES OR SUBSIDIARIES.**
- **DUE TO THE NATURE OF THE INVESTMENTS OF A UITF, THE RETURNS/YIELDS CANNOT 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 FEBRUARY 28, 2023

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

NAVPU GRAPH



NAVPU OVER THE PAST 12 MONTHS

Highest	1.032497
Lowest	1.017321

STATISTICS

Weighted Average Duration	0.00
Volatility, Past 1 year ²	0.49%
Sharpe Ratio ³	-2.01
Information Ratio ⁴	-2.22

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.

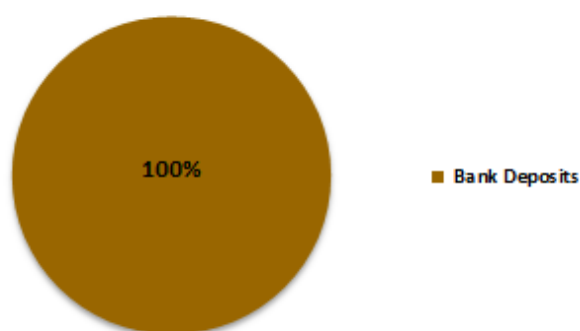
³Sharpe Ratio is used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better. This is computed by dividing the excess return of the fund against the risk-free rate over the fund's volatility.

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	0.22%	0.79%	1.29%	1.49%	1.96%
Benchmark	0.28%	0.93%	1.48%	1.73%	2.21%

PORTFOLIO COMPOSITION



TOP HOLDINGS (%)

Deposit – Other Banks	85.23%
Deposit – Own Bank	14.74%
Cash on Hand	0.03%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to USD2.40 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 February, US Treasury yields soared as investors adjusted to the possibility of an extended period of higher interest rates set by the Federal Reserve (Fed). The market reacted to hawkish comments made by central bank officials and mounting inflationary pressures, which dampened expectations for rate cuts in 2023. The Fed's decision to raise the federal funds rate by a quarter percentage point to a range of 4.5% to 4.75% at the start of the month only served to reinforce this view. According to Fed Chairman Jerome Powell, the current upward trend in interest rates will continue as the central bank seeks to achieve a monetary policy stance that is restrictive enough to bring inflation back to its 2% target over time. This sentiment was echoed by other officials who highlighted the need for a prolonged period of higher interest rates, as inflation is expected to remain elevated in the near term.

The market's concern about inflation was supported by several strong macroeconomic reports. The January jobs report was particularly robust, with nonfarm payrolls exceeding expectations at 517K, and the unemployment rate hitting a 53-year low of 3.4%. Meanwhile, the UM Consumer Sentiment Index rose to 66.4 in February, beating expectations, but 1-year inflation expectations increased to 4.2% from 3.9% in January. In addition, retail sales increased by 3% month-on-month, boosted by strong spending in several categories, including motor vehicles, furniture, restaurants and bars, and electronics and appliance stores. New home sales also increased by 7.2%, reaching a seasonally adjusted annual rate of 670K units, the highest level since March 2022. However, housing inventory remains low, and although house prices have slowed, buyers are only beginning to gain better negotiating power.

Inflation in the US remained elevated in January, with the consumer price index (CPI) slightly lower year-on-year at 6.4% compared to 6.5% in December. However, this was higher than the estimated 6.2% due to rising costs of shelter, energy, and food prices, which rose by 7.9%, 8.7%, and 10.1% respectively. Even after excluding food and energy items, core CPI remained elevated at 5.6% year-on-year. Moreover, the Fed's preferred inflation gauge, the PCE price index, accelerated to 5.4% year-on-year in January from 5.3% in the previous month. Core PCE, which excludes food and energy items, also increased to 4.7% from 4.6% year-on-year. These developments caused US Treasury yields to rise by 36 basis points (bps) across the curve. The 2-year US Treasury rose to 4.81%, representing an increase of 60 bps month-on-month, while the yield of the 10-year US Treasury gained 40 bps to 3.92%. The 2y10y spread turned more negative at -89 bps from -69 bps in January. In line with the movement in US Treasury yields, yields on ROPs also increased, with the yield of the 2-year ROP rising by 55 bps to 4.58% and the yield of the 10-year ROP up by 45 bps to 5.17%.

Looking ahead, it is likely that US Treasury yields will continue to experience upward pressure due to persistently high inflation rates. This is expected to lead the Federal Reserve to maintain its current policy direction, as traders are anticipating a prolonged period of high interest rates with Fed fund futures reflecting a reduced likelihood of a rate cut in the third quarter of this year. As market participants look to the future, they will be closely monitoring economic data releases for any signs of inflationary pressures or indications of a potential economic slowdown. This heightened scrutiny underscores the ongoing uncertainty and volatility in the current economic environment.

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.