

CHINA BANK DOLLAR CASH FUND



KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of May 31, 2023

FUND FACTS

Classification:	Money Market Fund	Net Asset Value per Unit (NAVPU):	1.042212
Launch Date:	April 08, 2019	Total Fund Net Asset Value (NAV):	USD14.15 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: 0.0137%	Custodianship Fees: None	External Auditor: 0.0004%	Licensing Fee: 0.0036%
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 USD14.70 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.

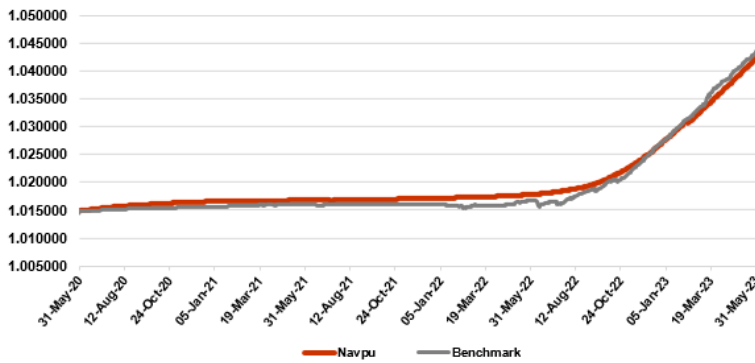
- **THE UITF IS A TRUST PRODUCT AND NOT A DEPOSIT ACCOUNT, AND IS NOT INSURED NOR GOVERNED BY THE PDIC.**
- **THE UITF IS NOT AN OBLIGATION OF, NOR GUARANTEED, NOR INSURED BY THE TRUST ENTITY OR ITS AFFILIATES OR SUBSIDIARIES.**
- **DUE TO THE NATURE OF THE INVESTMENTS OF A UITF, THE RETURNS/YIELDS CANNOT 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 MAY 31, 2023

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

NAVPU GRAPH



NAVPU OVER THE PAST 12 MONTHS

Highest	1.042212
Lowest	1.017788

STATISTICS

Weighted Average Duration	0.00
Volatility, Past 1 year ²	0.79%
Sharpe Ratio ³	-1.29
Information Ratio ⁴	-1.57

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.

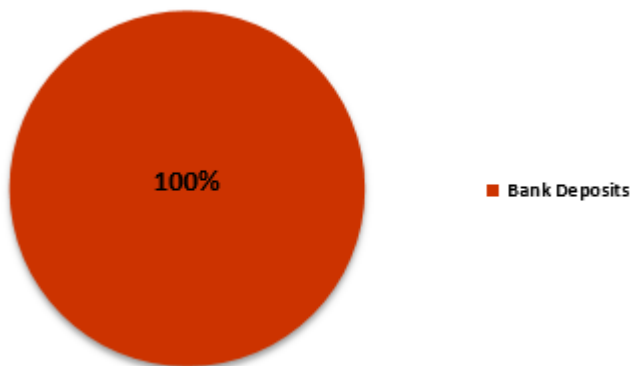
³Sharpe Ratio is used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better. This is computed by dividing the excess return of the fund against the risk-free rate over the fund's volatility.

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	0.34%	0.94%	1.74%	2.40%	2.70%
Benchmark	0.30%	0.97%	1.91%	2.63%	2.82%

PORTFOLIO COMPOSITION



TOP HOLDINGS (%)

Deposit - Other Banks	85.48%
Deposit - Own Bank	14.50%
Cash on Hand	0.02%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to USD2.04 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 May, the US Treasury yield curve moved upwards, amidst concerns on the US debt ceiling and still higher than expected inflation. On average, US Treasury yields increased by 34 basis points (bps) across the curve, with the short-end leading the jump. Interest rates for 1-year tenors and below increased by 45 bps on average, while the rest of the curve were up by an average of 25 bps. Yields for the benchmark 2-year and 10-year tenors were up by 36 bps to 4.40% and 20 bps to 3.64%, respectively, leading the 2y10y to further widen to -76 bps compared to -60 bps in April. Accordingly, yields for ROPs tracked the movement of US Treasuries, with yields on ROPs inching up by a smaller margin, with the 2-year ROP yield up by 24 bps to 4.13%, and the 10-year ROP yield up by 13 bps to 4.67%. This brought the 2y10y spread to narrow to +55 bps from +66 bps in the previous month.

Early in the month, a key driver for the markets was the market anticipated policy rate increase by the Fed. The Federal Open Market Committee (FOMC) raised its benchmark borrowing rate by a quarter percentage point, bringing the Fed funds rate to a range of 5% to 5.25%, the highest level since August 2007. Officials also hinted that the tightening cycle may be coming to a close, as the post-meeting statement omitted a sentence present in the previous statement saying that "the Committee anticipates that some additional policy firming may be appropriate" for the Fed to achieve its 2% inflation goal. However, the dovishness was tempered as April's inflation numbers came out. The April US Personal Consumption Expenditures (PCE) price index, the Fed's preferred inflation gauge, came out at 4.4% year-on-year, which was higher than the consensus forecast of 3.9%. The increase in inflation was driven by rising prices for food, energy, and shelter. MoM, the index was higher at 0.4% versus the previous month's 0.1%. Excluding food and energy, core PCE also exceeded estimates at 4.7% YoY and 0.4% month-on-month (MoM).

US jobs data released in May showed persistent labor market strength that could compel the Fed to keep interest rates higher for longer as it fights to bring inflation under control. Job growth fared better than expected in April despite banking sector problems and a decelerating economy. Nonfarm payrolls increased 253,000 for the month, beating Wall Street estimates for growth of 180,000, according to the Bureau of Labor Statistics. On the other hand, the unemployment rate fell to 3.4%. Though data for February and March were revised sharply lower, the labor market is slowing only marginally. It suggested there was no impact yet on the economy from tighter credit conditions, which together with the Fed's series of rate hikes have raised the risk of a recession. Additionally, average hourly earnings, a key inflation barometer, rose 0.5% for

the month, more than the 0.3% estimate and the biggest monthly gain in a year. On an annual basis, wages increased 4.4%, higher than the expectation for a 4.2% gain.

Meanwhile, manufacturing data came out a bit weak, as the preliminary Markit Manufacturing Purchasing Managers' Index (PMI) for May 2023 declined to 48.5, indicating a significant contraction in the manufacturing sector and a deterioration in operating conditions. The drop was primarily driven by weak demand, reduced need for inputs, and lower new order inflows. Despite the challenging conditions, firms expressed optimism about the outlook for output in the next 12 months, as they aimed to invest in new product development and anticipated an increase in client demand. Moreover, on the consumer spending side, sales of new homes in the US increased by 4.1% to 683,000 units, driven by low inventory and lower prices. The housing market remains strong, supported by construction permits and buyer demand.

Looking ahead, with a possibility of US default averted as the Congress approves to suspend the debt ceiling, market will revert its focus on inflation and other macroeconomic data. We expect trading to be defensive as the market awaits the release of the May inflation print, where a higher-than-expected result could provide the Fed with more room to continue tightening its policy.

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.