

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT  
As of August 30, 2024

FUND FACTS

Classification:	Money Market Fund	Net Asset Value per Unit (NAVPu):	1.254808
Launch Date:	June 26, 2015	Total Fund Net Asset Value (NAV):	Php6,579.34 million
Minimum Investment:	Php5,000.00	Dealing Day:	Daily up to 12:00nn
Additional Investment:	At least Php1,000.00	Redemption Settlement:	Same day as the date of notification
Minimum Holding Period:	3 banking days	Early Redemption Fee:	1.00% of the proceeds

FEES<sup>1</sup>

Trustee Fees: 0.0125%	Custodianship Fees: None	External Auditor: 0.0001%	Other Fees: None
China Bank – Trust and Asset Management Group		SGV & Co.	

<sup>1</sup>As a percentage of average daily NAV for the month valued at Php6,367.19 million.

INVESTMENT OBJECTIVE AND STRATEGY

The Chinabank Cash Fund intends to achieve a high level of liquidity and better earnings potential than those offered by regular savings deposit accounts and money market placements by investing in a diversified portfolio of deposits with a weighted average portfolio modified duration of not more than one (1) year. The Fund aims to outperform its benchmark which is the Bloomberg Philippine Sovereign Bond Index Money Market (BPHILMM Index).

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 Chinabank Cash Fund is suitable only for investors who:

- have a conservative risk appetite;
- are looking for a cash parking facility offering acceptable returns; and
- have an investment horizon of one (1) year or less.

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.

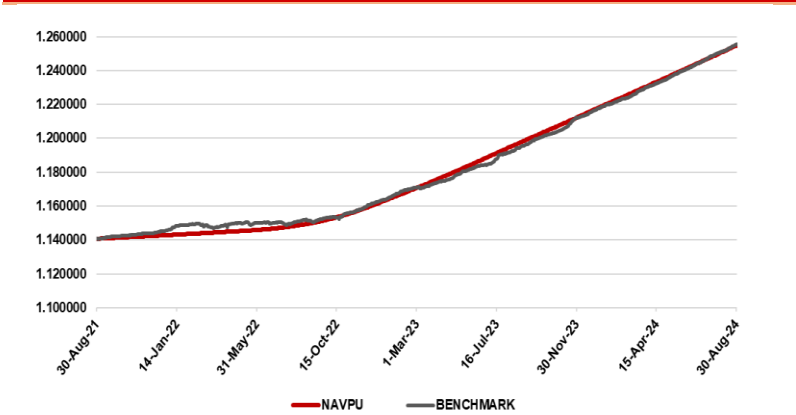
The Trustee only transacts with reputable counterparties and invests in debt securities issued by prime corporate borrowers which have undergone a rigorous accreditation and evaluation process. Regulatory exposure limits as well as the Fund's average duration are monitored regularly to ensure that exposures 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.

FUND PERFORMANCE AND STATISTICS AS OF AUGUST 30, 2024

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

NAVPU GRAPH



NAVPU OVER THE PAST 12 MONTHS

Highest	1.254808
Lowest	1.198548

STATISTICS

Weighted Average Duration	0.00
Volatility, Past 1 year <sup>2</sup>	0.10%
Sharpe Ratio <sup>3</sup>	1.39
Information Ratio <sup>4</sup>	-1.32

<sup>2</sup>**Volatility** 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.

<sup>3</sup>**Sharpe 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.

<sup>4</sup>**Information 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.

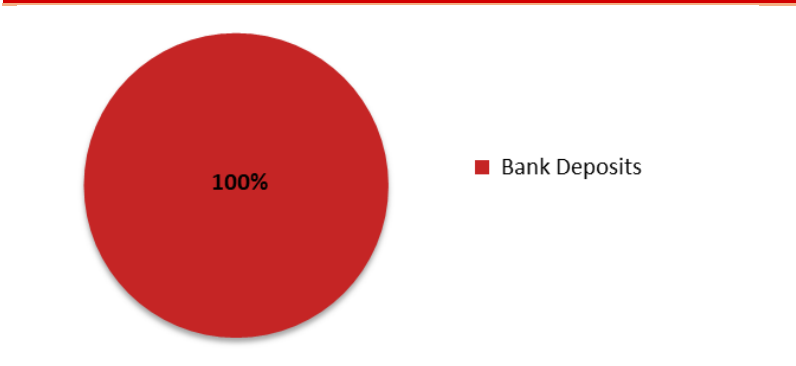
CUMULATIVE PERFORMANCE (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.38%	1.16%	2.33%	4.71%	10.01%
Benchmark	0.41%	1.25%	2.53%	5.04%	10.20%

The BPHILMM Index is a systematically designed, rules-based, market value-weighted index that measures the performance of short-term, fixed-rate and zero-coupon local currency securities that are publicly issued by the Philippines. It includes liquid money market instruments such as treasury bills with maturities of less than 1 year and minimum par amounts of Php3.0Bn. This Index is adjusted for tax by the Trustee, but does not reflect deductions for fees and expenses. Additional information on the benchmark and/or its administrator can be found on Bloomberg, and be made available to investors upon request.

The benchmark provides a reference for evaluating the performance of highly liquid, peso-denominated money market instruments with a similar investment horizon to the Fund.

PORTFOLIO COMPOSITION



TOP HOLDINGS (%)

Deposit - Other Banks	86.9%
Deposit - Own Bank	13.0%
Cash on Hand	0.1%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to Php842.04 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 August, the peso yield curve bull flattened as the Bangko Sentral ng Pilipinas (BSP) cut its policy rate by 25 bps. Yields across the curve fell by an average of 4 basis points (bps), with the long-end outperforming among the tenor buckets. Long-end rates fell by 14 bps on average, the 20- and 25-year rates falling by 16 bps apiece and the 10-year rate ending at 6.0694%, down 10 bps from the previous month. Rates in the belly declined by 5 bps on average, with the 7-year rate down 11 bps to fetch 6.0598% and the 2-year rate flat at 6.0091%. Trading volume for the month was down 6.8% versus July, totaling Php1,035.209 billion, as yields fell for the month. FXTNs continued to account for majority or 40% of trading volume, amounting to Php409.586 billion. Next to FXTNs, RTBs accounted for 28% of total volume amounting to Php290.376 billion for the month.

Early in the month, data showed that headline inflation in the Philippines surged to a nine-month high of 4.4% in July, up from 3.7% in June. This increase was driven by rising costs in housing, utilities, food, non-alcoholic beverages, and transport. On a seasonally adjusted basis, month-on-month inflation climbed to 0.6% from 0.0% in June. Notably, food inflation rose to

6.7% from 6.5%, led by higher prices for meat, dairy, and fruits, though rice inflation eased slightly to 20.9%. Meanwhile, core inflation, which excludes volatile food and energy prices, slightly eased to 2.9% from 3.1%. The BSP acknowledged the elevated inflation but emphasized that it remained within their forecast range. They anticipate inflation would peak in July and then trend downward due to factors like slower rice inflation and favorable base effects.

Given the BSP's inflation outlook, the Monetary Board reduced policy rates by 25 basis points to 6.25%, ending an almost year-long pause. The BSP anticipates that inflation will fall within the government's target range of 2-4%, with projections of 3.3% for 2024, 2.9% for 2025, and 3.3% for 2026. While there are downside risks to inflation for 2024 and 2025 due to reduced rice import tariffs, 2026 could face upward pressure from potential electricity rate hikes and external factors. Domestic demand remains robust, supported by strong GDP growth, lower unemployment, and public investment. Additionally, BSP Governor Remolona suggested that another rate cut could occur in either October or December, as there are no immediate risks that could disrupt this plan.

The BSP rate decision came as unemployment rate fell to 3.1% in June, the lowest in two decades, down from 4.1% in May. This improvement came despite a rise in labor force participation, with the construction and wholesale and retail trade sectors contributing the most to job growth. Meanwhile, the agriculture and forestry sector experienced significant job losses, mainly due to adverse weather and reduced agricultural output. However, underemployment rose to 12.1% from 9.9% in May, reflecting an increase in workers seeking additional hours and a decline in job quality. As for remittances, it remained robust as it increased by 2.5%, reaching \$3.21 billion in June 2024, compared to \$3.13 billion a year earlier. This growth was driven by higher remittances from both long-term and short-term land and sea-based workers. Remittances remain a vital part of the economy, accounting for 8.5% of GDP in 2023.

As for the broad market, Philippines' gross domestic product (GDP) grew by 6.3% year-on-year in the second quarter, exceeding expectations and rising from 4.3% in the same period last year. This followed a revised 5.8% growth in the first quarter. Growth was driven by household consumption (+4.6%), government spending (+10.7%), and investments (+11.5%), though household consumption remained weak and the trade deficit widened due to lower exports. Government spending and construction investment were key drivers of growth. On the supply side, industry (+7.7%) and services (+6.8%) expanded, while agriculture shrank by 2.3%. The economy grew 0.5% quarter-on-quarter, down from 1.1% in Q1 but recovering from last year's 0.4% contraction.

In the local bond market, the Bureau of Treasury (BTr) pushed through with its weekly auctions, offering Php85.2 billion in bills and Php110 billion in bonds for the month of August. All were fully awarded, as rates for the bills ended the month up by 3 bps versus July. Meanwhile, rates for the bond auctions dropped by 34 bps on average versus previous auctions of similar tenors. The bond offerings were for tenors of 5-, 7-, 14-, and 20-years. Bid-to-cover ratio (BCR) for the bills was 2.52 times, which was up from July's 2.12 times, while BCR for the bond auctions was 2.22 times, versus July's 2.67 times.

In the coming month, we expect the market to take its cue from the release of the August inflation print where estimates point to a lower print from the 4.4% handle in July, which could drive a continuation of the rally. The market will also look to the upcoming bond auctions which are spread across the yield curve, with tenors ranging from 3 years to 20 years.

INVESTMENT POLICY / PROSPECTIVE INVESTMENTS

The Fund may be invested or reinvested in the following:

- a) Deposits with local banks, including those of the Trustee's own bank;
- b) Deposits with foreign banks or their Philippine branches or any financial institution in any foreign country; and
- c) Such other tradable investment outlets/categories as the Bangko Sentral ng Pilipinas (BSP) may allow.

OTHER BASIC FUND FACTS

Trust Fee:	0.15% p.a.	Minimum Maintaining Amount:	Php5,000.00
Initial NAVPu:	P1.000000	Minimum Redemption Amount:	None. Partial redemptions shall be allowed provided that the amount redeemed will not result to a balance below the minimum maintaining amount..

IMPORTANT NOTICE

China Banking Corporation (Chinabank) 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](mailto:online@chinabank.ph). Chinabank is regulated by the BSP with contact number (+632) 8708-7087 and email address: [consumeraffairs@bsp.gov.ph](mailto:consumeraffairs@bsp.gov.ph).