

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of January 31, 2024

FUND FACTS

Classification:	Money Market Fund	Net Asset Value per Unit (NAVPu):	1.221836
Launch Date:	June 26, 2015	Total Fund Net Asset Value (NAV):	Php5,927.73 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

FEES¹

Trustee Fees: 0.0138%	Custodianship Fees: None	External Auditor: 0.0001%	Other Fees: None
China Bank – Trust and Asset Management Group		SGV & Co.	

¹As a percentage of average daily NAV for the month valued at Php6,241.55 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.

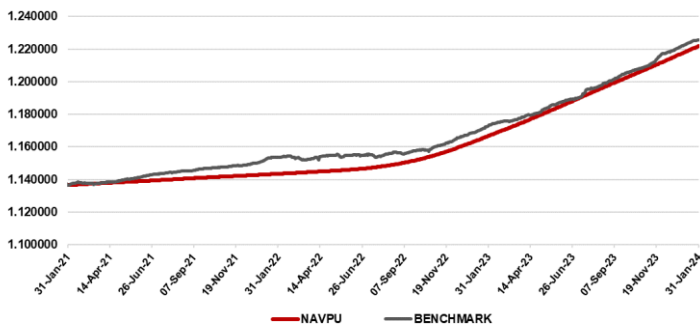
The Trustee only transacts with reputable counterparties and invests in debt securities issued by prime corporate borrowers which have undergone a rigorous accreditation and evaluation process. Regulatory exposure limits as well as the Fund's average duration are monitored regularly to ensure that exposures 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 JANUARY 31, 2024

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

NAVPU GRAPH



NAVPU OVER THE PAST 12 MONTHS

Highest	1.221836
Lowest	1.166896

STATISTICS

Weighted Average Duration	0.00
Volatility, Past 1 year ²	0.85%
Sharpe Ratio ³	0.33
Information Ratio ⁴	1.12

²**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.

³**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.

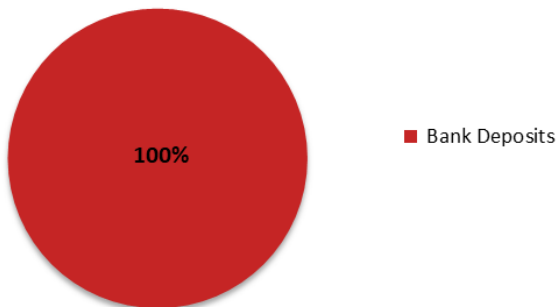
⁴**Information Ratio** measures the reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk. This is computed by dividing the excess return of the fund against the benchmark over the fund's volatility.

CUMULATIVE PERFORMANCE (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.41%	1.18%	2.36%	4.72%	7.51%
Benchmark	0.35%	1.36%	2.50%	4.49%	7.92%

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 one year and minimum par amounts of Php3.0Bn. This Index is adjusted for tax by the Trustee. Additional information on the benchmark and/or its administrator can be found on Bloomberg, and be made available to investors upon request.

PORTFOLIO COMPOSITION



TOP HOLDINGS (%)

Time Deposit – Other Banks	85.79%
Time Deposit – Own Bank	14.15%
Cash on Hand	0.06%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to Php836.26 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 January, the peso yield curve shifted upwards as the US Federal Reserve (Fed) highlighted the need for a “higher-for-longer” policy stance. Yields on average increased by 15 basis points (bps) as rates increased across all tenors. The short-end underperformed as yields increased by 25 bps on average, with the 1-year rate increasing by 19 bps to fetch 6.0603%. Meanwhile, the belly increased by 11 bps, with the 2-year rate up by 6 bps to fetch 5.9712%, and the 7-year rate up by 13 bps to end at 6.1163%. The long-end increased the least by 7 bps on average, with the 10-year tenor fetching 6.1753%, up 17 bps. Total traded volume for January was at Php659.777 billion, up by 58% versus December's Php416.454 billion. FXTNs contributed the most of the volume at 36% of total, followed by Bangko Sentral ng Pilipinas (BSP) bills accounting for 26% of total trading volume.

The month started with December's headline inflation showing a slowdown for the third straight month to 3.9%. This was below November's 4.1%, and within the BSP' forecasted range of 3.6% to 4.4%. This downtrend was mainly driven by the easing of inflation in housing, and utilities which registered a growth of 1.5% in December from 2.5% in the previous month. This was followed by the food and non-alcoholic beverages which fell from 5.7% in November to 5.4%. Also, food inflation alone eased to 5.5% from the previous month's 5.8% due to the decline in prices of vegetables and oils, as well as slower increase in meat prices. Excluding volatile food and energy items, core inflation also slowed to 4.4% from 4.7% in November. Despite the slowdown, average inflation for 2023 stood at 6.0%, exceeding the BSP's target range of 2% to 4%, while 2023 core inflation averaged 6.6%.

Meanwhile, indicators of economic activity was a mixed bag. Cash remittances of overseas Filipino workers reached US\$2.719 billion in November, marking the lowest figure in six months. Remittances grew by 2.8% year-on-year, with the rise coming from remittances from the United States primarily. However, this has been the slowest annual pace since September, attributed to geopolitical tensions in the Middle East and a stronger peso against the dollar. Meanwhile, vehicle sales in the Philippines witnessed an annual increase of 22% in 2023, surpassing the industry's target. A total of 429,807 units were sold, exceeding the revised target of 423,000, likely due to sustained consumer demand, improved access to credit, and favorable supply conditions.

As for the overall economy, the Philippines' gross domestic product (GDP) growth in 2023 was 5.6%, below the government's target range of 6% to 7%. This is a significant drop from the 7.6% growth recorded in 2022. Despite missing the target, the Philippines has the strongest growth among major Asian economies, outpacing China (5.2%), Vietnam (5.0%) and Malaysia (3.8%). Services led the growth at 7.2% for the year, while industry grew by 3.6%, and agriculture, forestry, and fishing by 1.2%. Moreover, the Philippines has fully recovered from the pandemic in terms of GDP size and has come out 8.6% higher than the pre-pandemic levels.

In the local bond market, the Bureau of Treasury (BTr) exceeded its bond auction program for the month as it awarded a total of Php130 billion versus its Php120 billion program. Its bond auctions were met with strong demand as bid-to-cover ratio averaged 2.88 times amidst interest rates falling down versus previous auctions of similar tenors. All of its bond auctions of 5-, 7-, 10-, and 3-year tenors were fully awarded, and it opened a tap facility window for its 7- and 10-year bond auctions amounting to Php5 billion each. The 7- and 10-year bond auctions were met with bid-to-cover ratios of 3.57 and 3.41, respectively, showing the market's appetite for duration. Meanwhile, the BTr met its target of Php81 billion for t-bills, as its auctions were met with strong demand, averaging 2.5 times bid-to-cover ratio.

In the coming month, we expect the market to take its cue from the release of January CPI where expectations are for another slower print. This could likely support current market levels. Market participants also wait for more details on the upcoming retail Treasury bond issuance as well as the results of the fresh supply of bills and 5-year bonds from the BTr.

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. Chinabank is regulated by the BSP with contact number (+632) 8708-7087 and email address: consumeraffairs@bsp.gov.ph.