

## KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of October 31, 2023

### FUND FACTS

<b>Classification:</b>	Money Market Fund	<b>Net Asset Value per Unit (NAVPU):</b>	1.207605
<b>Launch Date:</b>	June 26, 2015	<b>Total Fund Net Asset Value (NAV):</b>	Php6,645.81 million
<b>Minimum Investment:</b>	Php5,000.00	<b>Dealing Day:</b>	Daily up to 12:00nn
<b>Additional Investment:</b>	At least Php1,000.00	<b>Redemption Settlement:</b>	Same day as the date of notification
<b>Minimum Holding Period:</b>	3 banking days	<b>Early Redemption Fee:</b>	1.0% of the proceeds

### FEES<sup>1</sup>

<b>Trustee Fees:</b> 0.0133%	<b>Custodianship Fees:</b> None	<b>External Auditor:</b> 0.0001%	<b>Other Fees:</b> 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 Php6,631.18 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.

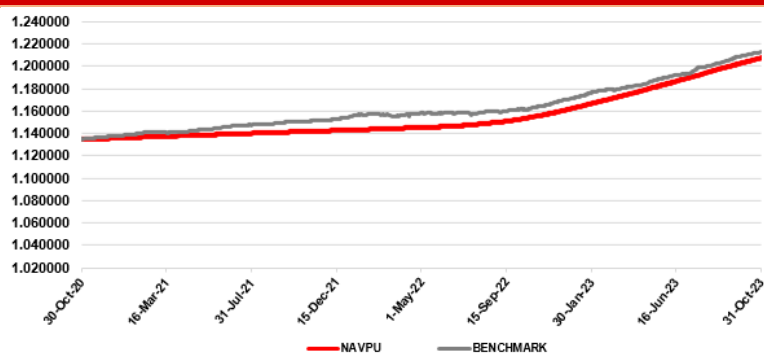
The Trustee only transacts with reputable counterparties and invests in debt securities issued by prime corporate borrowers which have undergone a rigorous accreditation and evaluation process. Regulatory exposure limits as well as the Fund's average duration are monitored regularly to ensure that exposures 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 OCTOBER 31, 2023

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

### NAVPU GRAPH



### NAVPU OVER THE PAST 12 MONTHS

<b>Highest</b>	1.207605
<b>Lowest</b>	1.155250

### STATISTICS

<b>Weighted Average Duration</b>	0.00
<b>Volatility, Past 1 year<sup>2</sup></b>	1.09%
<b>Sharpe Ratio<sup>3</sup></b>	0.33
<b>Information Ratio<sup>4</sup></b>	1.76

<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.

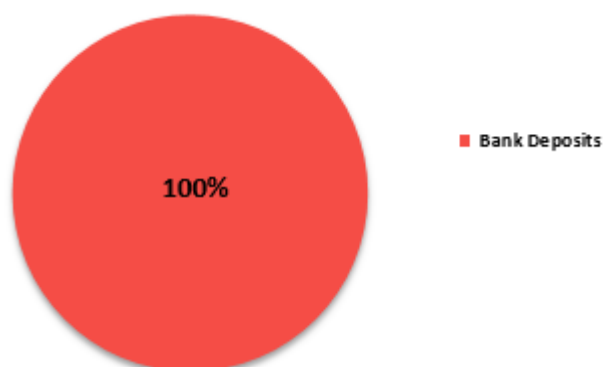
<sup>4</sup>**Information Ratio** measures the reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk. This is computed by dividing the excess return of the fund against the benchmark over the fund's volatility.

### CUMULATIVE PERFORMANCE (%)

Period	1mo	3mos	6mos	1yr	3yrs
<b>Fund</b>	0.40%	1.17%	2.41%	4.58%	6.44%
<b>Benchmark</b>	0.31%	1.13%	2.40%	4.26%	6.96%

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.

### PORTFOLIO COMPOSITION



### TOP HOLDINGS (%)

Time Deposit – Other Banks	85.76%
Time Deposit – Own Bank	14.20%
Cash on Hand	0.04%

### OTHER DISCLOSURES

#### RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to Php940.68 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 October, the yield curve shifted upwards as the central bank reiterated its hawkish stance on the back of upside risks to the inflation outlook. Yields across the curve increased by 42 basis points (bps) on average, driven largely by a 52 bps increase in the long-end. The 10-year tenor underperformed, rising by 54 bps to end at 7.0331%, while the 20- and 25-year tenors both rose by 51 bps to fetch 7.0109% and 6.9997%, respectively. Meanwhile, the belly was up 39 bps on average, with the 2-year tenor rising by 32 bps to 6.5680%, and the 5-year tenor up 42 bps to 6.7678%. Meanwhile, yields in the short-end increase by 36 bps on average, with the 1-year rate rising by 37 bps to end at 6.5638%. Total traded volume for the October declined by 27% month-on-month from Php518.399 billion to Php379.328 billion, as volume for FXTNs dipped by 69% versus September's numbers. Majority of trades for the month consisted of Bangko Sentral ng Pilipinas' (BSP) bills accounting for 43% of total volume, followed by RTBs accounting for 21%.

Latest Philippine inflation numbers show continued acceleration, as September's print increased further to 6.1% from 5.3% in August. This figure was at the upper end of the BSP's forecasted range of 5.3% to 6.1%. The uptick was mainly due to higher food prices particularly in rice. Food inflation alone soared 10% from 8.2% a month prior, while rice inflation surged to 17.9% from 8.7% in August. The government noted that the price cap was largely ineffective as some retailers were unable to comply with the price ceiling on regular milled and well-milled rice. Additionally, the increase in domestic petroleum prices translated to higher transport inflation. As a result, the year-to-date average inflation stood at 6.6%, higher than the 5.1% a year ago and above the BSP's recently adjusted forecast of 5.8% for the year. Meanwhile, core inflation, which excludes volatile food and energy items, slightly eased to 5.9% from 6.1% in August. The BSP anticipates inflation will remain elevated in the coming months amid supply shocks on food and global oil prices, before it returns to the target range by the fourth quarter of 2023 in the absence of further supply shocks.

On a positive note, the unemployment rate dropped to 4.4% in August, down from 4.8% in July. This translated to 2.21 million jobless Filipinos or 60,000 lower than the previous month. Services continued to account for most of the employment at over 57.3% of total employed, followed by agriculture at 24.5% and industry at 18.2%. The government observed an increase in agricultural employment during the month as planting resumed after recent weather disturbances. Moreover, personal remittances from Overseas Filipinos continued to grow, as it increased by 2.8% to reach US\$3.10 billion in August from US\$3.02 billion in the same month of the previous year. For the eight-month period, cash remittances picked up by 2.8 percent to reach \$21.58 billion from the 2022 level of \$20.99 billion. On the other hand, lagged impact of aggressive rate hikes to combat inflation have manifested, as bank lending continued to ease for the fifth straight month in August at 7.2%, lower than the 12.2% in the same month last year, and slower than the 7.7% recorded in July. Nonetheless, domestic liquidity grew by 6.8% year-on-year to Php16.5 trillion in August, higher than 5.7% in July. Claims on the private sector grew by 7.3% from 8.2% in the previous month, due to the sustained expansion in bank lending to non-financial private corporations and households.

In light of still elevated inflation, amid economic resilience, the Monetary Board (MB) raised policy rates by bps in an off-cycle rate setting meeting, bringing the key policy rate to 6.5%, its highest level in 16 years. Similarly, the overnight deposit and lending facilities were increased by 25 bps to 6.0% and 7.0%, respectively. BSP Governor Eli Remolona stated that the MB recognized the urgent monetary action to address potential impacts of supply-side price pressures and to stabilize inflation expectations. The MB noted of the upside risk to inflation mainly driven by higher transport cost, electricity rates, oil prices and wage adjustments. The BSP revised its 2024 inflation forecast upwards from 4.3% to 4.7%, which remains above the 2-4% target range.

In the local bond market, the Bureau of Treasury (BTr) fell short of its bond auction program for October of Php120 billion, awarding only Php90 billion, as it capped bids by defensive market participants. Out of the 4 scheduled bond auctions of 5-, 7-, 10-, and 5-year tenors, the BTr fully awarded all except for the last 5-year bond auction. The bid-to-cover ratio averaged 1.36 times for the month, with the 10-year auction fetching the highest ratio at 1.63 times and an average rate of 6.95%, which was 53.4 bps higher than its previous auction in September. Meanwhile, T-bill auctions were met with good demand averaging a bid-to-cover ratio of 1.8 times. However, the BTr falling short of its Php75 billion program for the month, awarding only Php64.391 billion and the month ended with yields increasing by 57 bps on average versus previous month. The 91-day T-bill ended the month at 6.343%, up 75 bps from previous month-end, the 182-day T-bill fetched 6.462%, up 49 bps, and the 364-day T-bill fetched 6.592%, up 47 bps from end-September.

For the coming month, we expect the market to continue to trade defensively amidst the central bank's hawkish signals, while awaiting the MB's policy rate decision in its November meeting, where BSP Governor Remolona noted that another 25-bp rate hike remains in play. Looking ahead, we anticipate the market to trade sideways, while also taking direction from the fresh supply of bills and bonds and further direction from October's inflation print.

## 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

<b>Trust Fee:</b>	0.15% p.a.	<b>Minimum Maintaining Amount:</b>	Php5,000.00
<b>Initial NAVPu:</b>	P1.000000	<b>Minimum Redemption Amount:</b>	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).