

CHINABANK DOLLAR CASH FUND



KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of August 31, 2023

FUND FACTS

Classification:	Money Market Fund	Net Asset Value per Unit (NAVPU):	1.053439
Launch Date:	April 08, 2019	Total Fund Net Asset Value (NAV):	USD15.07 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: 0.0129%	Custodianship Fees: None	External Auditor: 0.0005%	Licensing Fee: 0.0036%
Chinabank – Trust and Asset Management Group		SGV & Co.	Bloomberg Index Services Limited

¹As a percentage of average daily NAV for the month valued at USD14.81 million.

INVESTMENT OBJECTIVE AND STRATEGY

The Chinabank 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 Chinabank 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.

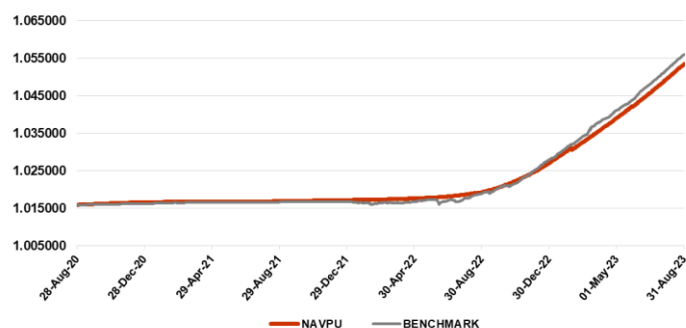
- **THE UITF IS A TRUST PRODUCT AND NOT A DEPOSIT ACCOUNT, AND IS NOT INSURED NOR GOVERNED BY THE PDIC.**
- **THE UITF IS NOT AN OBLIGATION OF, NOR GUARANTEED, NOR INSURED BY THE TRUST ENTITY OR ITS AFFILIATES OR SUBSIDIARIES.**
- **DUE TO THE NATURE OF THE INVESTMENTS OF A UITF, THE RETURNS/YIELDS CANNOT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

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

NAVPU GRAPH



NAVPU OVER THE PAST 12 MONTHS

Highest	1.053439
Lowest	1.018983

STATISTICS

Weighted Average Duration	0.00
Volatility, Past 1 year ²	1.01%
Sharpe Ratio ³	-0.74
Information Ratio ⁴	-2.24

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.

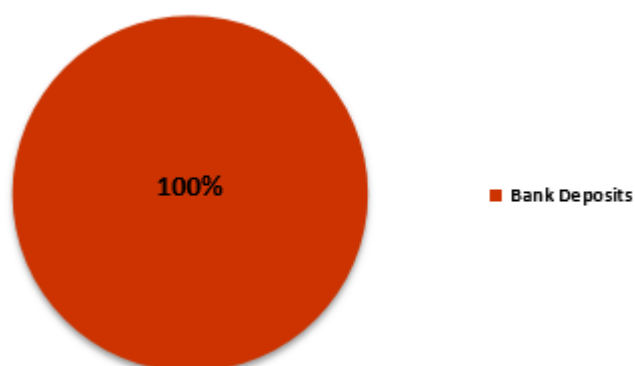
³Sharpe Ratio is used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better. This is computed by dividing the excess return of the fund against the risk-free rate over the fund's volatility.

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	0.37%	1.08%	2.03%	3.35%	3.70%
Benchmark	0.39%	1.15%	2.13%	3.65%	3.97%

PORTFOLIO COMPOSITION



TOP HOLDINGS (%)

Deposit - Other Banks	86.05%
Deposit - Own Bank	13.91%
Cash on Hand	0.04%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to USD2.09 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 yield curve slightly bear flattened as the US Federal Reserve (Fed) emphasized its hawkish stance amidst sticky elevated inflation. Yields went up by an average of 5 basis points (bps) across the curve, with the 7-years and up tenors underperforming, increasing by 15 bps on average. The 7- and 10-year tenors increased by 11 and 12 bps to 4.19% and 4.09%, respectively. Meanwhile the 20- and 30-year tenors were up 17 and 19 bps to fetch 4.39% and 4.2%, respectively. The belly increased by a smaller margin of 2 bps, with the 2-year declining by 3 bps, narrowing the benchmark 2-year versus 10-year spread to -76 bps versus -91 bps in the previous month. In the Philippines, ROPs tracked the movement of US treasuries, but by a larger margin, as ROP rates increased by 20 bps on average. Similarly the long-end underperformed, with the 10 years and up increasing by 26 bps on average versus previous month. Meanwhile, the 2-year ROP increased by 3 bps to 4.87%, while the 10-year ROP was up 21 bps fetching 4.96%.

Early in the month, US July inflation or the Consumer Price Index (CPI) showed a moderate rise of 3.2%, surpassing June's 3.0% but falling slightly short of the projected 3.3%. Month-on-month, CPI increased by 0.2%, matching the previous month's uptick but continued their downward trend. Conversely, prices for used cars and trucks declined due to higher borrowing costs dampening demand. Excluding volatile items, core inflation was 4.7%, its lowest in 21 months, and in line with market expectations. Core inflation also grew by 0.2% month-on-month, marking the smallest consecutive increase in over two years.

Though headline inflation remained elevated, economic activity have shown a bit of slowing down. Manufacturing activity contracted for the ninth consecutive month in July, with the ISM manufacturing PMI recording 46.4, up slightly from 46 in June. Demand remained weak, but showed signs of improvement, with new orders rising to 47.3 from 45.6, and the production index increasing from 46.7 to 48.3. Meanwhile, business activity growth eased, with the S&P Global US Services PMI registering 52.3 in July, down from 54.4 in June and lower than the consensus estimate. This latest reading was the slowest rate since February, with firms attributing the slowdown to high interest rates, which weighed on spending. However, retail demand remained robust, as retail sales increased more than expected in July as Americans boosted online purchases and dined out more, suggesting the economy continued to expand early in the third quarter and keeping a recession at bay.

As for the jobs market, most recent number of Americans filing for unemployment benefits for the week fell to the lowest level in three weeks. Initial jobless claims declined by 10k to 230k, indicating that the labor market remains robust, with employers maintaining a steady pace of hiring. The strong labor market, coupled with the easing of inflation, led to optimism that the possibility of a recession could be avoided. Nonetheless, as the month came to a close, a key driver of yields slightly rising was Fed Chairman Jerome Powell's unexpectedly hawkish statements in the annual Jackson Hole symposium at the end of August, an annual gathering of individuals to discuss central banking policies. He noted that inflation remains "too high", and warned about the possibility of further interest rate hikes. While acknowledging that inflation has decreased from its peak, he highlighted that it still remains above the central bank's target and that the Fed would proceed "carefully" in considering future moves, assessing data and potential risk. However, he did not indicate that the Fed is prepared to start easing anytime soon, and might need the economy to slow down before considering rate cuts.

Looking ahead, we expect the market to remain volatile as it keeps watch on macroeconomic data which continue to send mixed signals, and on key inflation data. The Fed's policy rate decision in its meeting on September 20 is also expected to drive markets, wherein expectations are for a pause in policy rate hikes.

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 (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.