

CHINABANK DOLLAR CASH FUND



KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of October 31, 2023

FUND FACTS

Classification:	Money Market Fund	Net Asset Value per Unit (NAVPU):	1.060987
Launch Date:	April 8, 2019	Total Fund Net Asset Value (NAV):	USD15.68
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 Fee:	1.50% of the proceeds

FEES¹

Trustee Fees: 0.0134%	Custodianship Fees: None	External Auditor: 0.0005%	Licensing Fee: 0.0035%
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 USD15.26 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 a weighted average portfolio modified duration of less 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 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 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.

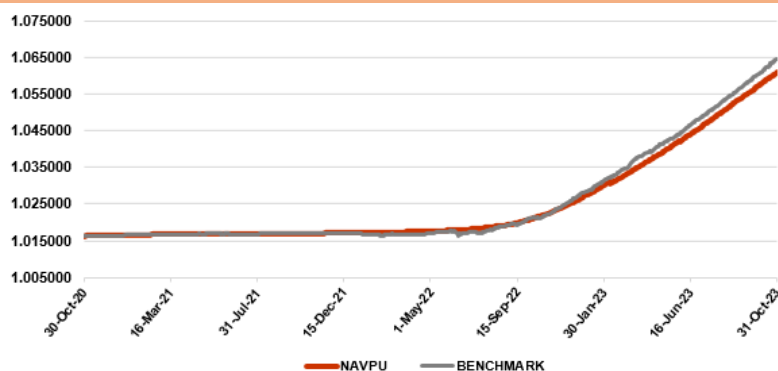
- **THE UITF IS A TRUST PRODUCT AND NOT A DEPOSIT ACCOUNT, AND IS NOT INSURED NOR GOVERNED BY THE PDIC.**
- **THE UITF IS NOT AN OBLIGATION OF, NOR GUARANTEED, NOR INSURED BY THE TRUST ENTITY OR ITS AFFILIATES OR SUBSIDIARIES.**
- **DUE TO THE NATURE OF THE INVESTMENTS OF A UITF, THE RETURNS/YIELDS CANNOT 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 8885-5875, or email us at online@chinabank.ph, or visit our website at www.chinabank.ph

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

Highest	1.060987
Lowest	1.022439

STATISTICS

Weighted Average Duration	0.00
Volatility, Past 1 year²	1.04%
Sharpe Ratio³	-0.54
Information Ratio⁴	-3.95

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.

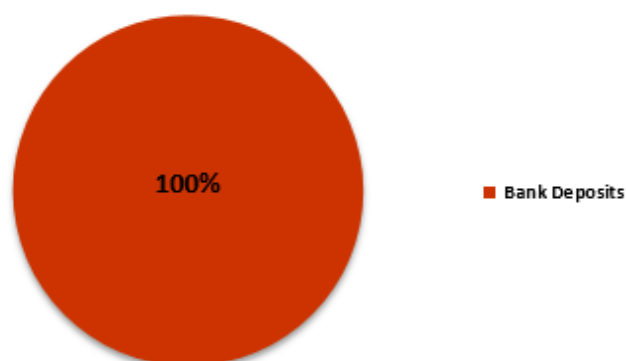
⁴**Information Ratio** measures the reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk. This is computed by dividing the excess return of the fund against the benchmark over the fund's volatility.

CUMULATIVE PERFORMANCE (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.38%	1.09%	2.15%	3.80%	4.40%
Benchmark	0.39%	1.17%	2.24%	4.20%	4.76%

The Bloomberg US Treasury Bills 3-6 Months Index is a US Dollar-denominated, unhedged, market value-based index that tracks the market for treasury bills with maturities of 3 to less than 6 months and issued by the United States government.

PORTFOLIO COMPOSITION



TOP HOLDINGS (%)

Deposit – Other Banks	85.28%
Deposit – Own Bank	14.67%
Cash on Hand	0.05%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to USD2.30 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 bear steepened further as the US Federal Reserve (Fed) maintained its hawkish stance as inflation stayed above target. Yields across the curve jumped by 12 basis points (bps) on average, with the long-end underperforming the rest of the curve. Yields in the 10-years and longer tenors rose by an average of 30 bps, with the 10-year yield fetching 4.88%, up 29 bps from the previous month. Meanwhile the belly increased by 16 bps, with the 2-year rate rising by 4 bps to 5.07%. This narrowed the benchmark 2-year versus 10-year spread to -0.19 bps, up from September's -0.44 bps. In the Philippines, ROPs tracked the movement of US treasuries as ROP rates increased by 26 bps on average. The 5-year ROP underperformed, rising by 49 bps versus previous month to fetch 5.765%. Meanwhile, the 2-year ROP increased by 12 bps to fetch 5.236%, and the 10-year ROP increased by 27 bps to end at 5.729%.

Data in the US came out mixed during the month, as the economy took in the effects of the Fed's elevated interest rates. The S&P Global Manufacturing PMI slightly improved in September, rising from 47.9 in August to 49.8. Production activity increased at a modest rate, and this upturn was attributed to the increased workforce aimed at expanding capacity. However, new orders fell for the fifth consecutive month, primarily due to the strain on consumer spending caused by high interest rates and inflation. Meanwhile, the services PMI fell for the fourth consecutive month at 50.1, down from 50.5 in August. This decline was attributed to several factors, including reduced demand for consumer services, such as travel, tourism and recreation, and decreased activity in the financial services sector. Similarly, US jobs data in October came out mixed. Initial jobless claims rose moderately in the week ending October 28 to 217,000, lower than the estimates of 210,000, indicating a still-tight labor market condition. In addition, nonfarm payrolls increased by 150,000 versus estimates of 170,000. The unemployment rate rose to 3.9%, the highest level since January 2022, with leisure and hospitality sectors led job growth, followed by government, and health care. Wage growth, on the other hand, was softer than expected, with average hourly earnings at 0.2% month-on-month and 4.1% year-on-year.

Meanwhile, inflation continued to hover above the government's target, with the Consumer Price Index (CPI) rising by 0.4% in September, exceeding expectations, with a year-over-year increase of 3.7%. Core CPI, excluding food and energy, increased by 0.3% month-over-month and 4.1% year-over-year, in line with expectations. Inflation was driven by higher shelter and energy costs. Meanwhile, the Producer Price Index (PPI) rose by 0.5% for September, exceeding the estimated 0.3% increase but lower than August's 0.7% rise. The core PPI, excluding food and energy, increased by 0.3%, slightly above the expected 0.2%.

Nonetheless, the third quarter US GDP exceeded expectations and previous quarter's growth at 4.9%, buoyed by strong consumer spending. Consumer spending grew 4%, up from 0.8% in the second quarter, attributable to a strong labor market and wage growth that is slightly above the rate of inflation, which boosted household spending. Meanwhile, durable goods orders rose 4.7% to US\$297.2 billion in September, higher than forecast and a reversal from two consecutive months of decline. This increase was primarily driven by a huge increase in sales of aircraft by 12.7%, up from 1.1% in August. Moreover, consumers showed surprising strength in September, boosting retail sales well above expectations despite high interest rates and worries over a weakening economy. Retail sales rose 0.7% on the month, well above the 0.3% Dow Jones estimate. Gas station sales helped propel the headline number, rising 0.9% as prices at the pump accelerated. The numbers are not adjusted for inflation, which indicate that consumers more than kept up with price increases. Housing data was also positive, as sales of new homes increased by 12.3% in September to 759,000 units, the highest level since February 2022 as homebuilders have been offering financial incentives in an effort to attract buyers. In addition, pending home sales rebounded in September, rising by 1.1% to 72.6, up from 71.8 in August, the largest increase since January.

In light of this, the Fed decided to keep interest rates unchanged for the second consecutive meeting amid steady inflation and an overall still resilient economy. The federal funds rate remained at 5.25% to 5.50%, though officials noted that future rate hikes are still possible, and that they will remain data dependent.

In the coming month, we expect volatility in the bond market to remain as participants take their cue from the upcoming Federal Open Market Committee meeting. Consensus still points to an unchanged policy stance, but the market will still be awaiting for statements from the Fed after the meeting to dictate market direction, as well US CPI numbers and key macroeconomic data.

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:	USD500.00
Initial NAVPu:	\$1.000000	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.