

# CHINABANK DOLLAR CASH FUND



## KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of September 29, 2023

### FUND FACTS

<b>Classification:</b>	Money Market Fund	<b>Net Asset Value per Unit (NAVPU):</b>	1.056969
<b>Launch Date:</b>	April 08, 2019	<b>Total Fund Net Asset Value (NAV):</b>	USD15.30 million
<b>Minimum Investment :</b>	USD500.00	<b>Dealing Day:</b>	Daily up to 12:00nn
<b>Additional Investment:</b>	At least USD100.00	<b>Redemption Settlement:</b>	Next banking day from date of notification
<b>Minimum Holding Period:</b>	5 calendar days	<b>Early Redemption Penalty:</b>	1.50% p.a. of the proceeds

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

<b>Trustee Fees:</b> 0.0121%	<b>Custodianship Fees:</b> None	<b>External Auditor:</b> 0.0005%	<b>Licensing Fee:</b> 0.0035%
Chinabank – Trust and Asset Management Group		SGV & Co.	Bloomberg Index Services Limited

<sup>1</sup>As a percentage of average daily NAV for the month valued at USD14.91 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.

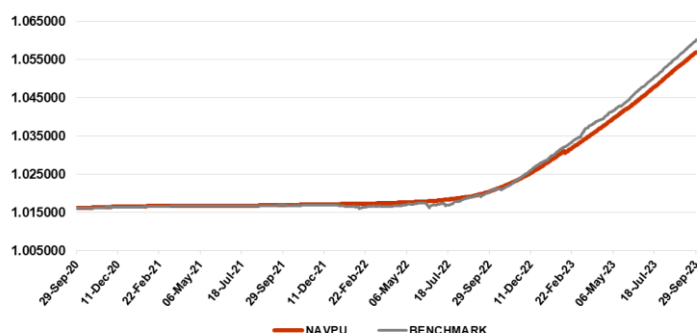
- **THE UITF IS A TRUST PRODUCT AND NOT A DEPOSIT ACCOUNT, AND IS NOT INSURED NOR GOVERNED BY THE PDIC.**
- **THE UITF IS NOT AN OBLIGATION OF, NOR GUARANTEED, NOR INSURED BY THE TRUST ENTITY OR ITS AFFILIATES OR SUBSIDIARIES.**
- **DUE TO THE NATURE OF THE INVESTMENTS OF A UITF, THE RETURNS/YIELDS CANNOT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

## FUND PERFORMANCE AND STATISTICS AS OF SEPTEMBER 29, 2023

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

### NAVPU GRAPH



### NAVPU OVER THE PAST 12 MONTHS

Highest	1.056969
Lowest	1.020713

### STATISTICS

Weighted Average Duration	0.00
Volatility, Past 1 year <sup>2</sup>	1.04%
Sharpe Ratio <sup>3</sup>	-0.66
Information Ratio <sup>4</sup>	-2.68

<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.

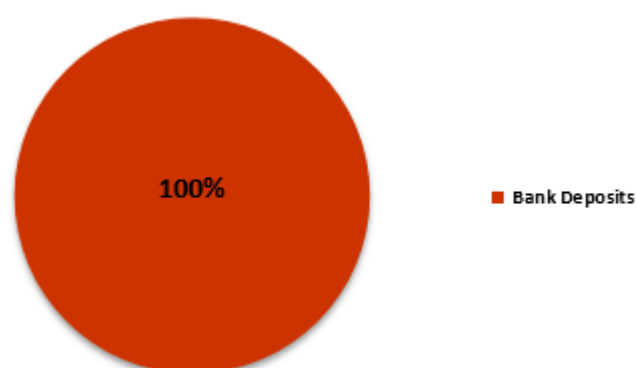
<sup>3</sup>Sharpe Ratio is used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better. This is computed by dividing the excess return of the fund against the risk-free rate over the fund's volatility.

<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	0.34%	1.08%	2.05%	3.57%	4.02%
Benchmark	0.38%	1.14%	2.13%	3.90%	4.35%

### PORTFOLIO COMPOSITION



### TOP HOLDINGS (%)

Deposit - Other Banks	85.24%
Deposit - Own Bank	14.42%
Cash on Hand	0.34%

### OTHER DISCLOSURES

#### RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to USD2.25 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 September, the yield curve bear steepened as the US Federal Reserve (Fed) signaled a higher-for-longer interest rate environment. Yields across the curve went up by an average of 23 basis points (bps), with the long-end underperforming the rest of the curve. Yields in the 10-years and longer tenors increased by an average of 52 bps, with the 10-year benchmark fetching 4.59% at the end of the month. Meanwhile, the below increased by 31 bps on average, with the 2-year interest rate inching up by 18 bps to 5.03%. This narrowed the benchmark 2-year versus 10-year spread to -0.44 bps versus the previous month's -0.76 bps. In the Philippines, ROPs tracked the movement of US treasuries, but by a larger margin, as ROP yields rose by 43 bps on average compared to the previous month. Likewise the long-end underperformed, as yields for 10-years and longer increased by 53 bps on average. Meanwhile the 2-year ROP went up by 24 bps to 5.11%, and the 10-year ROP increased by 50 bps to fetch 5.46%.

Early in the month, August's inflation rate was released, exceeding estimates and July's level. Inflation as measured by the consumer price index (CPI) rose 3.7% in August, up from the previous month's 3.2% level. This marked the second consecutive month of higher inflation, driven mainly by rising energy prices. Gasoline and oil prices jumped 10.6% during the month, as OPEC+ nations cut production and demand soared. Shelter index also contributed to the increase as it climbed to 7.3%. Excluding volatile food and energy items, core inflation decreased to 4.3%, down from 4.7% in July. In addition, an economic indicator the Fed favors as an inflation gauge rose less than expected in August. The personal consumption expenditures (PCE) price index, excluding food and energy, increased 0.1% for the month, lower than the expected 0.2%. On a 12-month basis, the index was up 3.9%, as expected. Including food and energy, headline PCE increased 0.4% on the month and 3.5% from a year ago. Along with the modest inflation gain, consumer spending rose 0.4% on a current dollar basis. That was down sharply from 0.9% in July.

Despite CPI still well above the 2% Fed target, benchmark interest rates were kept unchanged at a range of 5.25% to 5.50% in the Federal Open Market Committee (FOMC) September meeting, as expected by the market. This decision comes after multiple increases in interest rates totaling 525 basis points since March 2022. Despite inflation levels in the US consistently exceeding the central bank's target range. Along with its policy announcements, the Fed also released its updated economic forecasts in its Summary of Economic Projections including its "dot plot". The Fed's latest projections indicate that the fed

funds rate is expected to peak at 5.6% this year, with one more 0.25% rate increase. They plan to keep historically high interest rates for longer, with a 5.1% rate in 2024.

The Fed's hawkish monetary policy continued to make a dent in various sectors in the US economy. Sales of new U.S. single-family homes fell more than expected in August as the rate on the popular 30-year fixed mortgage jumped above 7%, driving potential buyers to the sidelines. New home sales plunged 8.7% to a seasonally adjusted annual rate of 675K units last month. July's sales pace was revised higher to 739K units from the previously reported 714K units. Mortgage rates are rising in tandem with U.S. Treasury yields, which have surged, on worries that soaring oil prices could hamper the Fed's fight against inflation. Likewise, pending homes sales index fell 7.1% to 71.8 from July's revised 77.3 as buyer affordability continued to decline. The U.S. consumer confidence index dropped to a four-month low in September to 103.0 from 108.7 in August, weighed down by persistent worries about higher prices and consumers' perceptions of the likelihood of a recession over the next year ticked back up, though households remained generally upbeat about the labor market. The decline in confidence reported by the Conference Board also reflected higher interest rates and concerns about the political environment.

In the coming month, we expect the market to stay defensive in light of the Fed's continued restrictive monetary policy, with expectations of another hike within the year. The market will also take its cue from key macroeconomic data such as key jobs reports (JOLTS, ADP, and nonfarm payrolls) and manufacturing figures, as well as September's inflation print.

## 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

<b>Trust Fee:</b>	0.15% p.a.	<b>Minimum Maintaining Participation:</b>	USD500.00
<b>Initial NAVPu:</b>	\$1.000000	<b>Redemption Amount:</b>	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](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).