

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of January 31, 2024

FUND FACTS			
Classification:	Money Market Fund	Net Asset Value per Unit (NAVPu):	1.072676
Launch Date:	April 8, 2019	Total Fund Net Asset Value (NAV):	USD15.51 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 Fee:	1.00% of the proceeds

FEES ¹			
Trustee Fees: 0.0138%	Custodianship Fees: None	External Auditor: 0.0005%	Licensing Fee: 0.0033%
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 USD14.94 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 of mostly time deposits, special savings accounts and government securities 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 US Treasury Bills 3-6 Months 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 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.

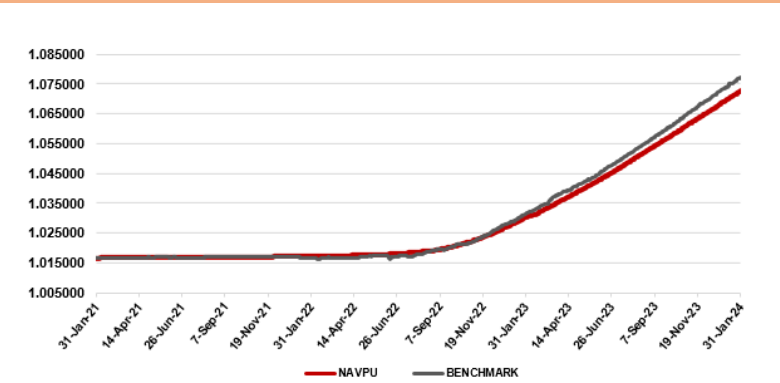
The Trustee only transacts with reputable counterparties which have undergone a rigorous accreditation and evaluation process. Regulatory exposure limits as well as the Fund’s average duration are monitored regularly to ensure that exposures are managed. The Fund also undergoes an annual review to ensure 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.

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	1.072676
Lowest	1.030360

STATISTICS

Weighted Average Duration	0.00
Volatility, Past 1 year ²	0.92%
Sharpe Ratio ³	-0.47
Information Ratio ⁴	-6.82

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.

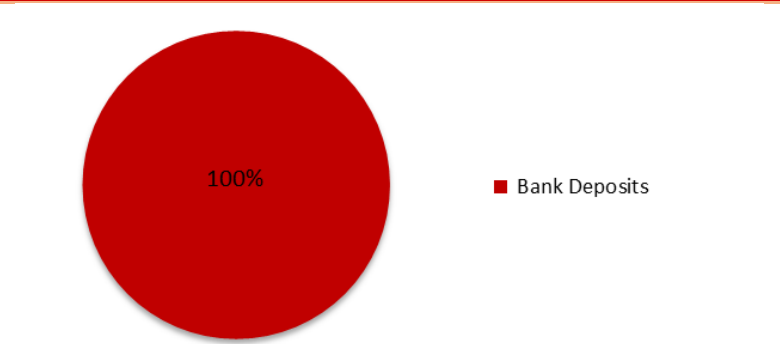
⁴**Information Ratio** measures the reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk. This is computed by dividing the excess return of the fund against the benchmark over the fund's volatility.

CUMULATIVE PERFORMANCE (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.39%	1.10%	2.20%	4.12%	5.51%
Benchmark	0.36%	1.18%	2.37%	4.44%	5.98%

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. 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 (%)

Deposit – Other Banks	85.90%
Deposit – Own Bank	14.04%
Cash on Hand	0.06%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to USD2.19 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 yield curve bear steepened as the US Federal Reserve (Fed) highlighted the need for a “higher-for-longer” policy stance. Yields across the curve increased by 9 basis points (bps) on average, with the long-end underperforming. Benchmarks yields with tenor of 10-years and up increased by an average of 15 bps, with the 10-year rate up 11 bps to 3.99%. The belly, meanwhile, increased by 7 bps, with the 2-year falling by 4 bps to 4.27%. This slightly narrowed the spread between the 2-year and 10-year rates from -0.35 bps in December, to -0.28 bps in January. In the Philippines, the ROPs tracked the movement of US treasuries, with ROP rates rising by 22 bps on average. Underperformers were the 15-year and 20-year ROPs which jumped by 34 bp and 45 bps to fetch 5.08% and 5.20%, respectively. Meanwhile, the 2-year ROP increased by 7 bps to 4.54% and the 10-year ROP was up by 22 bps to 4.78% versus the previous month.

Early in the month, minutes from the last Federal Open Market Committee (FOMC) meeting showed that officials were divided on whether the federal funds rate would be brought lower this year. While some officials anticipate rate cuts in 2024, uncertainty prevails regarding the specifics of when and how these adjustments might occur. Despite acknowledging that the Fed's key policy rate is likely at or near its peak for this tightening cycle, some officials emphasized the need to maintain the funds rate at restrictive level until inflation was down at Fed's target rate of 2%. Nonetheless, inflation as of December 2023 marked substantial progress in the Fed's efforts to curb inflation. US consumer price index (CPI) rose 0.3% in December or 3.4% in 2023, in line with expectations. While the annual rate has decreased significantly from December 2022, core CPI measured 3.9% for 2023. Moreover, producer prices increased by 1% in December, slower than market expectations for a 1.3% rise. The monthly gain was negative, with the PPI declining by 0.1% in December, following declines in November and October. This drop is attributed to a 0.4% decrease in prices for final demand goods, with energy prices falling 1.2%. In the corresponding period, the annual Core PPI saw an annual growth of 1.8%.

Meanwhile, the US labor market has shown resilience as of December 2023, with a significant drop in initial jobless claims by 16,000 to 187,000 (lowest since September 2022) along with an unexpected drop of 26,000 in continuing claims (lowest

since October). This may have been due to employers choosing to hold onto their workers and offering higher wages due to the competitive labor market. Robust job growth was also seen in January with 353,000 new nonfarm payrolls and a 3.7% unemployment rate. Strong performance observed across sectors, including professional services, health care, retail, government, and manufacturing. Average hourly earnings increased by 0.6%, surpassing forecasts, with a 4.50% year-over-year wage growth. On the other hand, US continuing claims rose to 1.898 million, the highest in nine weeks, indicating a softening labor market despite tight conditions.

As for the overall economy, the US seems to be far from achieving a “landing” as its gross domestic product (GDP) exceeded expectations, as it grew at an annualized pace of 3.3% in the fourth quarter of 2023, outperforming the consensus forecast of 2%. The positive GDP report for the full year 2023, showing a growth rate of 2.5%, up from 1.9% in 2022, was fueled by strong consumer spending, resilient government spending, and notable increases in non-residential fixed investment, defying earlier expectations of a potential economic downturn.

Amidst a slowing inflation but one that is yet to fall within target, the Fed decided to maintain the overnight federal funds rate within the range of 5.25% to 5.50% in its January meeting, for the fourth consecutive time. Chairman Jerome Powell emphasized the need for more data before considering future interest rate cuts, acknowledging progress in controlling inflation but expressing uncertainty about the path forward. Powell suggested that while the central bank remains on course to cut rates in 2024, a rate reduction in March is contingent on sustained evidence of inflation stabilization.

For the coming month, we expect the market to take its cue from the upcoming US Treasury auctions as well as some statements from FOMC members. Key macroeconomic data including the jobs market reports and January’s inflation could provide a bit of direction for the market with regard to predictions on the Fed’s next policy move.

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.