

CHINABANK DOLLAR CASH FUND



KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of June 28, 2024

FUND FACTS

Classification:	Money Market Fund	Net Asset Value per Unit (NAVPu):	1.091363
Launch Date:	April 8, 2019	Total Fund Net Asset Value (NAV):	USD16.90 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

FEES¹

Trustee Fees: 0.0117%	Custodianship Fees: None	External Auditor: 0.0002%	Licensing Fee: 0.0029%
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 USD17.33 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.

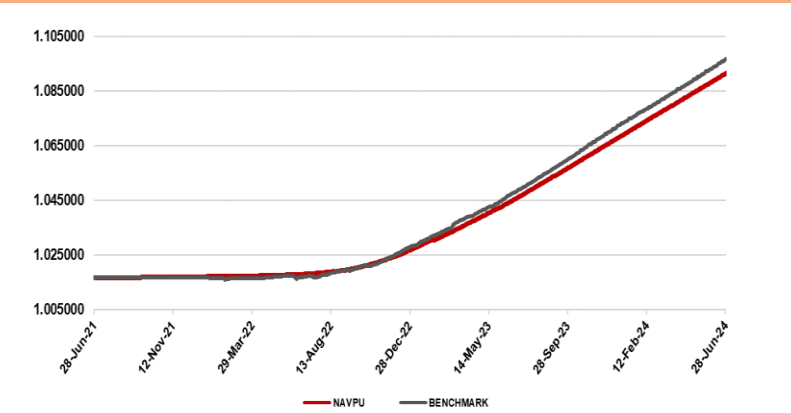
The Trustee only transacts with reputable counterparties which have undergone a rigorous accreditation and evaluation process. Regulatory exposure limits as well as the Fund's average duration are monitored regularly to ensure that exposures are managed. The Fund also undergoes an annual review to ensure 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 JUNE 28, 2024

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

NAVPU GRAPH

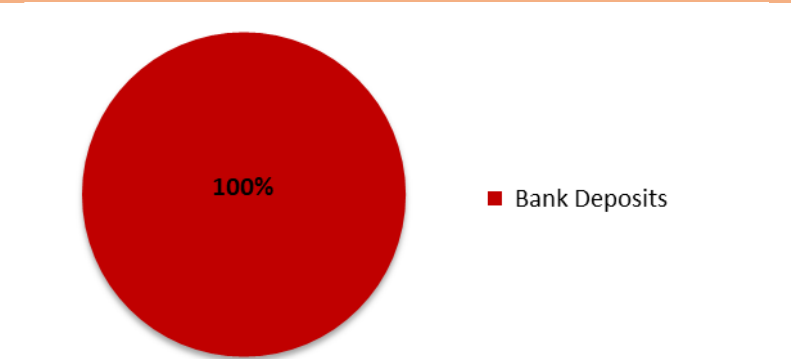


CUMULATIVE PERFORMANCE (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.33%	1.08%	2.14%	4.36%	7.34%
Benchmark	0.36%	1.17%	2.21%	4.64%	7.92%

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



OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to USD2.38 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 June, the dollar yield curve bull flattened amidst on-target inflation and weak macroeconomic data. Yields across the curve fell by 16 basis points (bps), with the belly outperforming, declining by 18 bps on average. The 5- and 7-year rates fell by 19bps apiece to 4.33%, driving the outperformance. The 2- and 10-year rates meanwhile fell by 18 and 15 bps to fetch 4.71% and 4.36%, respectively. This narrowed the 2-year versus 10-year benchmark spread from -0.38 in May to -0.35 in June. In the Philippines, ROP rates tracked the movement in the US markets, as rates fell by 15bps on average. The 2-year ROP dipped by 4bps to end at 5.057% while the 10-year ROP rate fell by 19bps to fetch 5.122%.

US inflation showed signs of cooling as headline consumer price index (CPI) fell slightly to 3.3% in May from 3.4% in April, driven by lower gasoline and food prices. Monthly inflation was unchanged at 0%, largely due to a 3.6% drop in gasoline prices. Core CPI, excluding volatile food and energy, also decreased to 0.2% monthly and 3.4% annually. The drop was viewed as a sign of gradual progress against inflation, which could potentially lead to future interest rate cuts by the Federal Reserve (Fed). Nonetheless, in the June policy rate setting meeting, the Fed kept interest rates steady at 5.25% to 5.5% and adjusted its forecast to only one rate cut in 2024. Policymakers acknowledged "modest further progress" toward the 2% inflation target, but Fed Chair Jerome Powell stated that the central bank lacks the confidence to reduce rates despite the recent easing of inflation from its peak levels.

Meanwhile, consumer data indicated signs of weakness. Consumer confidence dropped in June, with the Conference Board's index falling to 100.4 from 101.3 in May. This decline was due to a more pessimistic outlook on future income and business conditions among consumers. Inflation expectations for the next 12 months also slightly decreased from 5.4% to 5.3%, although high food and grocery prices remain a concern. Additionally, sales of new single-family homes in the US fell

NAVPU OVER THE PAST 12 MONTHS

Highest	1.091363
Lowest	1.046085

STATISTICS

Weighted Average Duration	0.00
Volatility, Past 1 year ²	0.44%
Sharpe Ratio ³	-0.68
Information Ratio ⁴	-4.41

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.

TOP HOLDINGS (%)

Deposit – Other Banks	85.8%
Deposit – Own Bank	13.9%
Cash on Hand	0.3%

by 11.3% in May from the previous month to a seasonally adjusted annual rate of 619,000 units, the lowest in six months, missing expectations. The decline was attributed to ongoing challenges of high prices and mortgage rates, which continued to strain buyer affordability.

The jobs market also showed signs of cooling as jobless claims dropped by 6,000 to 233,000 for the week ending June 22nd, below market expectations of 236,000. This marked the second consecutive week of decline since reaching a 10-month high of 243,000. However, the number remained well above this year's average, indicating that while the US labor market is still historically tight, it has softened from its post-pandemic resilience. Meanwhile, the number of continuing claims rose by 18,000 to 1.839 million for the week ending June 15th, the highest since November 2021, suggesting that unemployed individuals are finding it harder to secure suitable positions, further indicating a weakening labor market.

Meanwhile, the US gross domestic product for the first quarter was slightly revised upward to 1.4% growth, although this was still the slowest expansion in nearly two years. Consumer spending, a key economic driver, increased at a modest 1.5% annual rate, significantly lower than the initially reported 2.5%, contrasting with stronger consumer spending in previous quarters. The economy is expected to improve slightly in the second quarter, with forecasts predicting around 2% growth, though overall growth is anticipated to remain subdued until the Fed reduces interest rates to encourage borrowing and economic activity.

In the Fed's fight to tame inflation, the personal consumption expenditures (PCE) price index in May, the Fed's preferred inflation gauge, remained unchanged from April, holding steady at a 2.6% year-on-year increase. Core PCE prices rose by 0.1% month-on-month and maintained a 2.6% annual increase, the slowest since March 2021. The market viewed these figures positively, suggesting a rate cut on the table later this year. There was also a 0.5% increase in personal income and a 0.3% rise in consumer spending for the month, driven mainly by services, which increased by 0.2%, rather than goods, which declined by 0.4%.

In the coming month, we expect the market to take its cue from key macroeconomic data including the second quarter GDP, inflation and jobs report to dictate market sentiment and shed light on the Fed's policy rate moves moving forward.

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.