

CHINABANK DOLLAR CASH FUND



KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of November 30, 2023

FUND FACTS

Classification:	Money Market Fund	Net Asset Value per Unit (NAVPU):	1.064815
Launch Date:	April 8, 2019	Total Fund Net Asset Value (NAV):	USD15.88 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:	1.50% of the proceeds

FEES¹

Trustee Fees: 0.0125%	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 USD15.68 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.

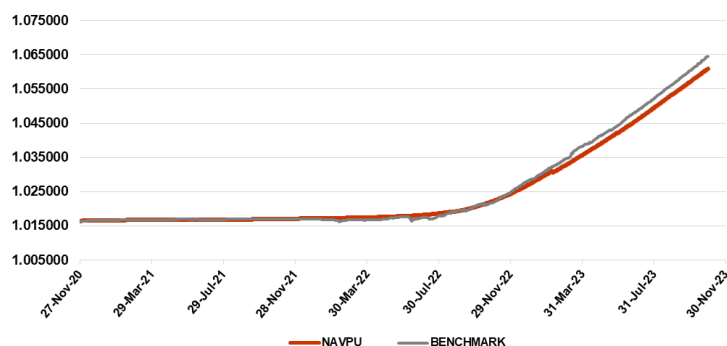
- THE UITF IS A TRUST PRODUCT AND NOT A DEPOSIT ACCOUNT, AND IS NOT INSURED NOR GOVERNED BY THE PDIC.
- THE UITF IS NOT AN OBLIGATION OF, NOR GUARANTEED, NOR INSURED BY THE TRUST ENTITY OR ITS AFFILIATES OR SUBSIDIARIES.
- DUE TO THE NATURE OF THE INVESTMENTS OF A UITF, THE RETURNS/YIELDS CANNOT BE GUARANTEED. 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 NOVEMBER 30, 2023

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

NAVPU GRAPH



NAVPU OVER THE PAST 12 MONTHS

Highest	1.064815
Lowest	1.024532

STATISTICS

Weighted Average Duration	0.00
Volatility, Past 1 year ²	1.02%
Sharpe Ratio ³	-0.48
Information Ratio ⁴	-4.51

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.

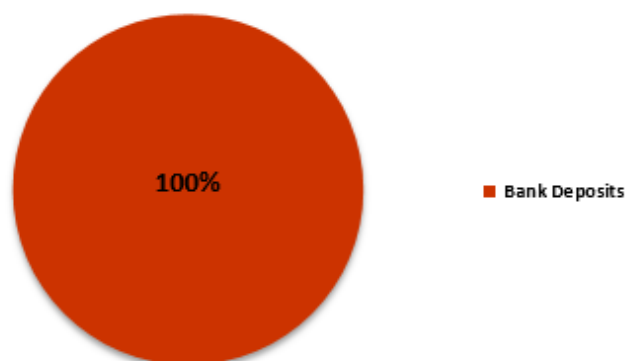
⁴Information Ratio measures the reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk. This is computed by dividing the excess return of the fund against the benchmark over the fund's volatility.

CUMULATIVE PERFORMANCE (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.36%	1.08%	2.17%	3.95%	4.76%
Benchmark	0.41%	1.19%	2.35%	4.31%	5.18%

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	84.13%
Deposit – Own Bank	14.81%
Cash on Hand	1.06%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to USD2.51 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 November, the yield curve shifted downwards, amidst the US Federal Reserve's (Fed) interest rate hike pause on the back of cooling inflation. Yields across the curve fell by 31 basis points (bps) on average, with the long-end outperforming the rest. Rates for 10 years and up declined by 50 bps on average, with the 10-year rate fetching 4.37%, down 51 bps versus end of October. Meanwhile, the belly declined by 45 bps on average, with the 2-year rate down 34 bps to 4.73%. This widened the spread between the 2-year and 10-year rates to -36 bps, versus October's -0.19 bps. In the Philippines, the ROPs tracked the movement of US treasuries, as ROPs fell by a larger margin or 62 bps on average. Similarly, the long-end ROPs outperformed, falling by 74 bps on average, with the 10-year ROP declining by 67 bps to 5.06%. Meanwhile, the 2-year ROP fell by 30 bps to 4.93%.

A major driver of November's bond rally was US inflation. October's inflation rate cooled more than expected as the consumer price index (CPI) eased to 3.2%, down from 3.7% in September and below expectations of 3.3%. This decrease was mainly due to lower energy prices, which declined by 2.5% during the month, offsetting a 0.3% increase in the food index. Vehicle costs and airfare also declined, falling 0.1% and 0.9%, respectively. Excluding volatile food and energy items, the core CPI increased by 4% year on year in October, marking the lowest gain in two years. On the other hand, the producer price index (PPI) fell 0.5% in October, the largest drop since April 2020. Goods inflation declined by 1.4%, primarily due to a 15.3% drop in gasoline prices, which accounted for more than 80% of the overall decline. Excluding the volatile food and energy components, core PPI was unchanged at 0.1% and below estimates of 0.3%.

With inflation steady, the Fed decided to keep benchmark rates unchanged at 5.25% to 5.50%, as predicted by the market. However, despite leaving policy rates at a 22-year high, officials signaled rate cuts based on the latest dot plot. The Fed is looking to cut policy rates by 75 bps in 2024 to 4.6% and by 100 bps in 2025 to 3.6%. Meanwhile, the Fed sees the US

economy to grow at a much slower pace of 1.4% next year, and the unemployment rate to rise to 4.1%. On prices, officials anticipate the inflation rate to drop to 2.4% in 2024.

As for the broad economy, the revised gross domestic product (GDP) in 3Q23 accelerated at a 5.2%, topping the initial 4.9% reading and was better than the 5% forecast from economists polled by Dow Jones. The upward revision came from increases in nonresidential fixed investment, which includes structures, equipment and intellectual property. Also, inflation, as measured by personal spending or the personal consumption index (PCE), increased in line with expectations in October, possibly giving the Fed more incentive to hold rates steady and perhaps start cutting in 2024. Excluding food and energy prices, the core PCE rose by 0.2% in October and 3.5% on a year-on-year basis. Energy prices fell by 2.6% on the month, helping keep overall inflation in check, even as food prices increased by 0.2%. Goods prices saw a 0.3% decrease, with gasoline leading the gainers. Meanwhile, services rose 0.2% with international travel, health care and food services and accommodations as the biggest gainers.

On the other hand, consumer activity with regard to housing saw a decline, as sales of previously owned homes dropped 4.1% to 3.79 million units in October, marking the lowest level since August 2010. The decline in sales was attributed to a number of factors, including low housing inventory and high mortgage rates. The median existing-home price rose to \$391,800, reflecting a 3.4% increase from October 2022. The jobs market meanwhile stayed resilient, as jobless claims dropped sharply by 24,000 to 209,000, surpassing expectations, while continuing claims also fell by 22,000 to 1,840,000. The decline suggests a resilient labor market, supporting the Fed's decision to maintain current interest rates. Meanwhile, the University of Michigan consumer sentiment rose to 61.3 from the preliminary 60.4 but remained at its lowest since May, reflecting a fourth consecutive decline driven by deteriorating business expectations.

In the coming month, we expect the market to trade sideways as we await key inflation and macroeconomic data to close off the year. The market will also take its cue from key statements from Fed officials in its December meeting to determine monetary policy decisions 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.