

CHINABANK DOLLAR CASH FUND



KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of October 31, 2024

FUND FACTS

| | | | |
|-------------------------|--------------------|-----------------------------------|--|
| Classification: | Money Market Fund | Net Asset Value per Unit (NAVPu): | 1.107297 |
| Launch Date: | April 8, 2019 | Total Fund Net Asset Value (NAV): | USD23.75 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: 0.0129% | Custodianship Fees: None | External Auditor: 0.0003% | Licensing Fee: 0.0020% |
| 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 USD25.04 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.

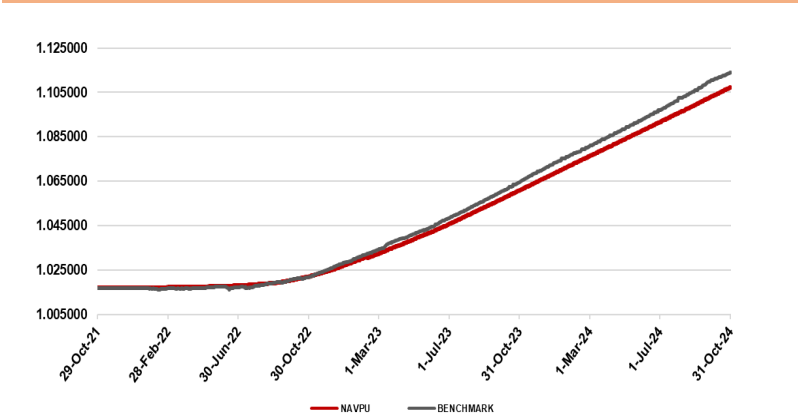
The Trustee only transacts with reputable counterparties which have undergone a rigorous accreditation and evaluation process. Regulatory exposure limits as well as the Fund's average duration are monitored regularly to ensure that exposures are managed. The Fund also undergoes an annual review to ensure 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 OCTOBER 31, 2024

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

NAVPU GRAPH



NAVPU OVER THE PAST 12 MONTHS

| | |
|---------|----------|
| Highest | 1.107297 |
| Lowest | 1.061366 |

STATISTICS

| | |
|--------------------------------------|-------|
| Weighted Average Duration | 0.00 |
| Volatility, Past 1 year ² | 0.15% |
| Sharpe Ratio ³ | -0.90 |
| Information Ratio ⁴ | -5.14 |

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.

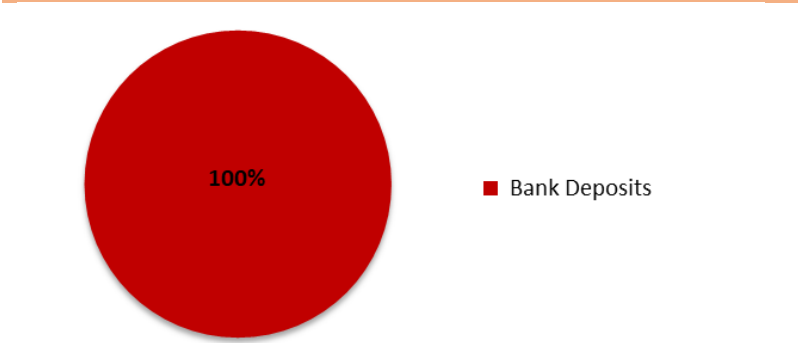
CUMULATIVE PERFORMANCE (%)

| Period | 1mo | 3mos | 6mos | 1yr | 3yrs |
|-----------|-------|-------|-------|-------|-------|
| Fund | 0.35% | 1.08% | 2.16% | 4.36% | 8.88% |
| Benchmark | 0.31% | 1.15% | 2.34% | 4.66% | 9.61% |

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, but does not reflect deductions for fees and expenses. Additional information on the benchmark and/or its administrator can be found on Bloomberg, and be made available to investors upon request.

The benchmark provides a reference for evaluating the performance of highly liquid, short-term, dollar denominated money market placements with a similar investment horizon to the Fund.

PORTFOLIO COMPOSITION



TOP HOLDINGS (%)

| | |
|-----------------------|-------|
| Deposit – Other Banks | 85.6% |
| Deposit – Own Bank | 14.3% |
| Cash on Hand | 0.1% |

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to USD3.40 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 US yield curve bear flattened on the back of strong macroeconomic data and uncertainty amid the US presidential elections. Yields on average increased by 45 basis points (bps), with the belly underperforming for the month, rising by 54 bps. The 2-year rate jumped by 50 bps to end at 4.16%, while the 10-year rate increased by 47 bps to fetch 4.28%. This narrowed the benchmark spread between 2-year versus 10-years to 12 bps, compared to previous month's 15 bps. The long-end rates, meanwhile, increased by 40 bps on average, and the short-end fell by 2 bps. In the Philippines, ROP rates also increased by 41 bps on average, tracking movements in the US. The 2-year ROP fetched 4.35%, up 26 bps versus September, while the 10-year ROP rate rose by 38 bps to 4.98%.

Inflation in September was higher than expected, with the Consumer Price Index (CPI) rising 0.2% for the month and 2.4% annually. Core inflation, which excludes food and energy, increased by 0.3%, bringing the annual rate to 3.3%, mainly driven by higher food (up 0.4%) and shelter costs (up 0.2%). Meanwhile, producer prices increased 1.8% year-on-year, with a slight rise in services offset by a drop in goods prices, signalling stable inflation. Similarly, the Fed's preferred inflation measure, the Personal Consumption Expenditures (PCE) Index, rose 0.3% in September, keeping the annual rate steady at 4.2%.

Labor data released in October came out strong, driving rates higher, as nonfarm payrolls surged by 254,000 in September, up from a revised 159,000 in August and better than the 150,000 consensus forecast. The unemployment rate fell to 4.1%,

down 0.1 percentage point, as the survey of household employment showed an even stronger picture, with a gain of 430,000. Average hourly earnings increased 0.4% on the month and were up 4% from a year ago. Both figures were ahead of respective estimates.

US macroeconomic data showed mixed results. GDP grew at a 2.8% annualized rate, slightly below the 3.1% forecast and down from 3% in the previous quarter. Consumer spending and government spending were key drivers of growth, highlighting economic resilience despite high interest rates and fiscal uncertainty. The S&P Global US Composite PMI rose to 54.3 in October from 54.0 in September, indicating solid growth, mainly fuelled by the service sector. However, manufacturing PMI edged up to 47.8 but remained in contraction, with slower declines in new orders, production, and employment, as supply chain issues continued to strain the sector. In contrast, the services PMI climbed to 55.3, driven by strong domestic demand despite weaker exports.

Meanwhile, other consumer data remained strong. US retail sales rose 0.4% month-on-month and 1.7% year-on-year in September, boosted by lower gas prices, suggesting the economy kept a solid growth pace in Q3. In housing, building permits fell 2.9% month-on-month to a seasonally adjusted annual rate of 1.43 million in September, down 5.7% from a year earlier. Housing starts also declined slightly by 0.5% month-on-month to 1.35 million, 0.7% lower than last year. High interest rates have limited homebuyer activity, especially for lower-priced homes. However, with the Fed beginning to cut rates, many potential buyers may be waiting for mortgage rates to drop further before entering the market.

In the coming month, we expect continued volatility as all eyes will be on the upcoming US elections where market is seemingly pricing in a Trump victory, and the Fed's FOMC meeting where a 25 bp rate cut is widely expected.

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.