CHINABANK DOLLAR FIXED INCOME FUND

(formerly Chinabank Dollar Fund)

CHINABANK Since 1920

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of March 27, 2024

FUND FACTS

Classification:	Long-Term Fixed Income Fund	**Net Asset Value per Unit (NAVPu):**	2.079204
Launch Date:	September 9, 2005	**Total Fund Net Asset Value (NAV):**	USD8.41 million
Minimum Investment:	USD500.00	**Dealing Day:**	Daily up to 12:00nn
Additional Investment:	At least USD100.00	**Redemption Settlement:**	3 banking days from date of notification
Minimum Holding Period:	30 calendar days	**Early Redemption Fee:**	1.00% of the proceeds

FEES[1]

Trustee Fees: 0.0563%	**Custodianship Fees:** 0.0016%	**External Auditor:** 0.0011%	**Licensing Fee:** 0.0046%
China Bank – Trust and Asset Management Group	Deutsche Bank AG, Manila Branch	SGV & Co.	Bloomberg Index Services Limited

[1]As a percentage of average daily NAV for the month valued at USD8.36 million.

INVESTMENT OBJECTIVE AND STRATEGY

The Chinabank Dollar Fixed Income Fund intends to achieve a steady stream of income by investing in a diversified portfolio of high-grade marketable securities comprised mainly of Philippine sovereign bonds as well as US treasury bonds of varying tenors with a weighted average portfolio modified duration of not more than ten (10) years. The Fund aims to outperform its benchmark which is the Bloomberg EM USD Sovereign-Philippine Total Return 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 Fixed Income Fund is suitable only for investors who:

- have a moderate risk appetite;
- are willing to assume a certain level of risk in consideration for higher returns; and
- have an investment horizon of at least five (5) years.

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.
- **Market/Price Risk.** This is the possibility for an investor to experience losses due to changes in the market price of securities. It is the exposure to the uncertain market value of a portfolio due to price fluctuations.
- **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.
- **Country Risk.** This is the possibility for an investor to experience losses arising from investments in securities issued by/in foreign countries due to political, economic and social structures of such countries. There are risks in foreign investments due to the possible internal and external conflicts, currency devaluations, foreign ownership limitations and tax increases of the foreign country which are difficult to predict but must be taken into account when making such investments.

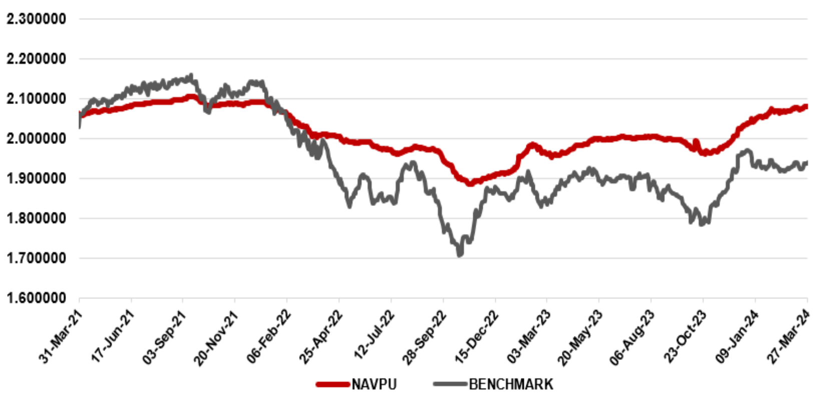
The Trustee only transacts with reputable counterparties and invests in debt securities issued by countries and prime corporate borrowers which have undergone a rigorous accreditation and evaluation process. Regulatory exposure limits as well as the Fund's average duration are monitored regularly to ensure that exposures are managed. The Fund also employs risk management measures to monitor significant declines in the Fund's NAVPu and alert the Trustee to review current strategies and take corrective action as necessary. Furthermore, the Fund 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 MARCH 27, 2024

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

NAVPU GRAPH



NAVPU OVER THE PAST 12 MONTHS

Highest	2.080174
Lowest	1.960569

STATISTICS

Weighted Average Duration	5.11
Volatility, Past 1 year[2]	2.33%
Sharpe Ratio[3]	0.52
Information Ratio[4]	1.91

[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.

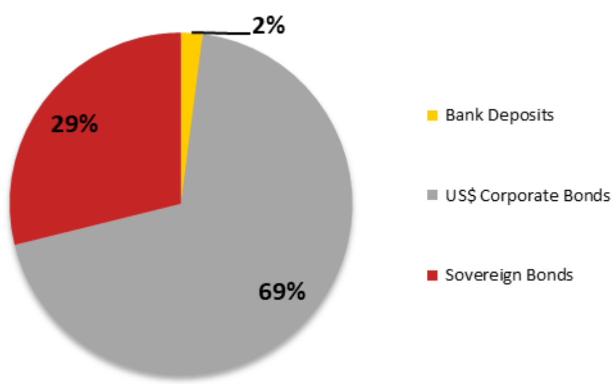
[4]**Information Ratio** measures the reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk. This is computed by dividing the excess return of the fund against the benchmark over the fund's volatility.

CUMULATIVE PERFORMANCE (%)

Period	**1mo**	**3mos**	**6mos**	**1yr**	**3yrs**
Fund	0.47%	1.98%	4.84%	5.85%	0.93%
Benchmark	0.72%	-1.64%	6.43%	2.49%	-5.96%

The Bloomberg EM USD Sovereign-Philippine Total Return Index is a market value-based, unhedged index that tracks the performance of Philippine sovereign bonds denominated in US Dollars, particularly ROP bonds of different maturities. 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 TEN HOLDINGS (%)

RDB 5.5-01	18.8%
MWCPM 4.375% 07/30	13.5%
ICTPM 4.75% 06/30	12.8%
ROP 5.95% 47	7.7%
VLLPM 7.25% 7/27	7.1%
MEGPM 4.125% 7/27	6.8%
AEVPM 4.2% 1/30	6.8%
ACNRGY 5.1 PERP	6.7%
JGSPM 4.125% 07/30	5.6%
GLOPM 3% 07/35	4.7%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to USD9.72 thousand, 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 March, the yield curve shifted downwards as yields as the US Federal Reserve (Fed) maintained its target rates cuts for the year. Yields across the curve fell by 5 basis points (bps) on average, with both the belly and long-end falling by 5 bps on average. The 7-year tenor outperformed, falling by 8 bps from 4.28% to 4.2%. Meanwhile, the 2-year and 10-year rates went down by 5 bps to 4.59% and 4.2%, respectively, keeping the benchmark 2-year versus 10-year spread at -0.39 bps in March. In the Philippines, ROPs tracked the movement of US treasuries, with yields falling by 7 bps on average. The 2-year ROP rate declined by 2 bps to fetch 4.677%, while the 10-year ROP ended at 4.946%, falling by 6 bps from the previous month.

US core personal consumption expenditures (PCE) price index rose by 2.4% YoY in January, the smallest increase in three years. Core PCE, which excludes volatile food and energy prices, rose 2.8% YoY. Both core and headline PCE were in line with market expectations. Despite the slowdown, the Fed emphasized that they have yet to reach a level of confidence that inflation is sustainably cooling. On the other hand, the consumer price index (CPI) rose to 3.2% year-on-year in February, higher than the 3.1% annual rate in January and above market expectations. An uptick in gas prices and housing prices was behind the unexpectedly high inflation rate. Core CPI, which excludes volatile prices for food and energy, declined to 3.8%, down from 3.9% in January but still above expectations. While the Fed remains cautious about lowering rates too quickly, the report highlights persistent inflationary trends, particularly in energy and shelter costs, posing challenges for monetary policy moving forward.

Meanwhile some data coming out in the month seemingly showed signs of slowdown. In January, new home sales increased by 1.5% to 661k, missing the expected 680k, possibly due to high mortgage rates. Durable goods orders decreased by 6.1%, more than anticipated, mainly due to a 16.2% drop in transportation equipment orders. Consumer confidence unexpectedly declined in February to 106.7 from 110.9 in January, signaling growing worries about a potential recession despite economic strength. The decline followed three months of improvement and was linked to lower short-term expectations for income, business, and job market conditions. The services sector slightly slowed in February, with the ISM services PMI at 52.6, down from 53.5 in January. Growth was reported in construction, retail trade, public administration, and utilities, while arts, entertainment and recreation, mining, and real estate experienced contraction. On the other hand, the US producer price index rose by 0.6% month-on-month in February, surpassing market expectations. The core rate, which excludes more volatile items like food and energy, increased by 0.3%, representing a slowdown from the 0.5% growth observed in January but slightly above the consensus of 0.2%.

As for the jobs market, data came in mixed. Job creation exceeded expectations in February with nonfarm payrolls increasing by 275,000 jobs, up from a downwardly revised level of 229,000 in January and expectations of 198,000. Leading the job creation were the health care sector, followed by government, restaurants and bars, and social assistance. Conversely, the unemployment rate rose to 3.9% from January's 3.7%, hitting its highest since January 2022. Average hourly earnings saw a 0.1% monthly increase, marking the slowest wage growth since February 2022. Meanwhile, the number of Americans filing for unemployment benefits in the week ending March 1, were unchanged at 217,000 suggesting little deterioration in a strong labor market.

As for the broad economy, it grew at a solid 3.4% annual pace in the last quarter of 2023, an upgrade from the previous estimate of 3.2%. Despite deceleration from the previous quarter's 4.9% growth, GDP growth was robust, driven by consumer spending, exports, and business investment. For the full year 2023, the U.S. economy grew by 2.5%, up from 1.9% in 2022. Forecasts suggest a slower but still decent growth rate of 2.1% for the current quarter. Despite higher interest rates, strong jobs growth and cooling inflation have supported economic expansion, raising hopes for a managed soft landing by the Fed.

Given inflation numbers and mixed macroeconomic data, the Fed held steady the policy interest rates at 5.25-5.5% following the conclusion of its March meeting. During a news conference, Fed Chair Jerome Powell noted that a strong jobs market will not deter the central bank from cutting rates yet, the Fed will continue to monitor if inflation is moving closer to the central bank's 2% target. Recall that major inflationary data points — the CPI and PCE — rose for the first two months. Despite such data points, the Fed is sticking with its forecast of three interest rate cuts in play this year.

For the coming month, with the recently concluded FOMC meeting, we expect the market to look ahead and take its cue from the release of March CPI, PPI, retail sales and key jobs data and 3rd quarter GDP.

INVESTMENT POLICY / PROSPECTIVE INVESTMENTS

The Fund may be invested or reinvested in the following:

a) Securities issued by or guaranteed by the Philippine government or the Bangko Sentral ng Pilipinas (BSP);

b) Tradable securities issued by the government of a foreign country, any political subdivision of a foreign country or any supranational entity;

c) Tradable fixed income securities issued by private and public corporations which are listed and traded in an organized exchange/market such as bonds, notes and preferred shares which are classified as debt securities under appropriate accounting standards;

d) Deposits and tradable money market instruments issued by local banks, including those of the Trustee's own bank, and foreign banks or their Philippine branches or any financial institution in any foreign country;

e) Financial derivatives instruments solely for the purpose of hedging risk exposures of the existing investments of the Fund, provided that these are accounted for in accordance with existing BSP hedging guidelines as well as the Trustee's risk management and hedging policies duly approved by the Trust Investment Committee and disclosed to participants; and

f) Such other tradable investment outlets/categories as the BSP may allow.

OTHER BASIC FUND FACTS

Trust Fee:	0.75% p.a.	**Minimum Maintaining Amount:**	USD500.00
Initial NAVPu:	$1.069018	**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.