

CHINABANK
INTERMEDIATE FIXED INCOME FUND



KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of December 27, 2024

FUND FACTS

Classification:	Intermediate-Term Fixed Income Fund	Net Asset Value per Unit (NAVPu):	1.332523
Launch Date:	May 22, 2014	Total Fund Net Asset Value (NAV):	Php232.47 million
Minimum Investment:	Php5,000.00	Dealing Day:	Daily up to 12:00nn
Additional Investment:	At least Php1,000.00	Redemption Settlement:	Next banking day from date of notification
Minimum Holding Period:	30 calendar days	Early Redemption Fee:	1.00% of the proceeds

FEES¹

Trustee Fees: 0.0389%	Custodianship Fees: 0.0008%	External Auditor: 0.0023%	Other Fees: None
China Bank – Trust and Asset Management Group	Deutsche Bank AG, Manila Branch Philippine Depository & Trust Corp.	SGV & Co.	

¹As a percentage of average daily NAV for the month valued at Php232.41 million.

INVESTMENT OBJECTIVE AND STRATEGY

The Chinabank Intermediate Fixed Income Fund intends to achieve income in the intermediate-term by investing in a diversified portfolio of high-grade marketable fixed income securities comprised of deposits issued by banks and other financial institutions including, the BSP securities, tradable money market instruments, government securities, corporate bonds and notes with a weighted average portfolio modified duration of not more than three (3) years, and preferred shares which are classified as debt securities. The Fund aims to outperform its benchmark which is the Bloomberg Philippine Sovereign Bond Index 1 to 3 Year (BPHIL13 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 Intermediate 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 three (3) 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.

The Trustee only transacts with reputable counterparties and invests in debt securities issued by 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. 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.

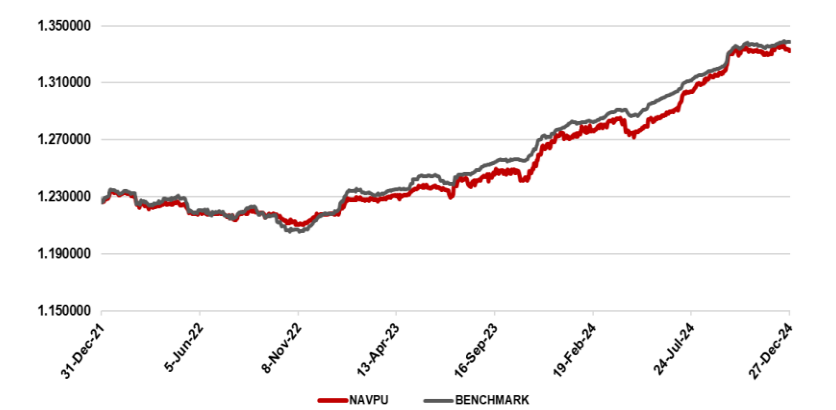
- **THE UITF IS A TRUST PRODUCT AND NOT A DEPOSIT ACCOUNT, AND IS NOT INSURED NOR GOVERNED BY THE PDIC.**
- **THE UITF IS NOT AN OBLIGATION OF, NOR GUARANTEED, NOR INSURED BY THE TRUST ENTITY OR ITS AFFILIATES OR SUBSIDIARIES.**
- **DUE TO THE NATURE OF THE INVESTMENTS OF A UITF, THE RETURNS/YIELDS CANNOT 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 DECEMBER 27, 2024

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

NAVPU GRAPH



NAVPU OVER THE PAST 12 MONTHS

Highest	1.336946
Lowest	1.270664

STATISTICS

Weighted Average Duration	2.74
Volatility, Past 1 year ²	1.19%
Sharpe Ratio ³	-0.01
Information Ratio ⁴	-0.61

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.

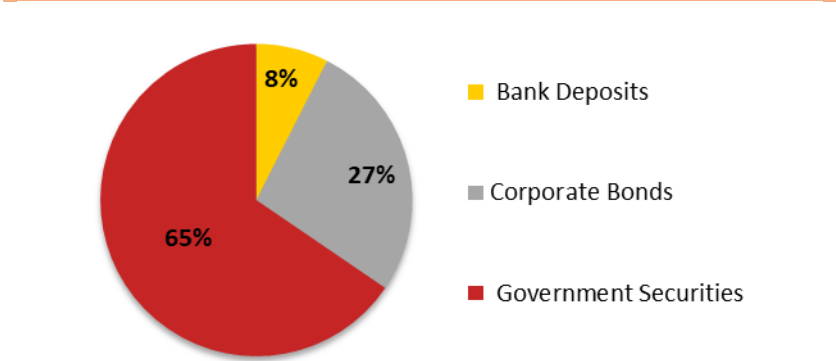
CUMULATIVE PERFORMANCE (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	-0.04%	-0.03%	3.19%	4.52%	8.67%
Benchmark	0.21%	0.26%	2.70%	4.80%	9.25%

The BPHIL 13 Index is a systematically designed, rules-based, market value-weighted index that measures the performance of intermediate-term, fixed-rate local currency securities that are publicly issued by the Philippines. It includes a diversified range of fixed income securities with different coupon rates, maturities of between 1 to 3 years, minimum par amounts of Php3.0Bn, and are traded in the Philippine market. 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 standard for evaluating the Fund's performance by helping investors/participants understand how the Fund is performing relative to the market or asset class the Fund represents. The benchmark reflects the performance of peso-denominated fixed income securities with maturities of between 1 to 3 years. Additionally, its characteristics serve as reference point for the Fund's duration and credit positioning.

PORTFOLIO COMPOSITION



TOP TEN HOLDINGS (%)

RTB 05-18	14.4%
FXTN 25-07	8.3%
Deposit - Other Banks	6.9%
FXTN 07-70	6.1%
SM 02-25	4.9%
BSPL 01.02.25	4.3%
BSPL 02.04.25	4.3%
SMCGP 26 R24	4.3%
BSPL 02.11.25	4.3%
FXTN 03-27	3.9%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to Php1.31 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

Yields continued to increase in December. Key drivers for the month were the monetary policy decisions of the Bangko Sentral ng Pilipinas (BSP) and the US Federal Reserve (Fed). While both central banks reduced their policy rates by 25bps to 5.75% and 4.25%-4.50%, respectively, the surprise came from the large revisions in the Fed's summary of economic projections. Compared to last September's report which indicated a 100bps worth of rate cuts in 2025, the December report revealed a more modest projection of 50bps reduction in interest rates. In the local space, bond yields ended 2024 above the 6% level. The term structure remained flat with only 11bps separating the 2Y and 10Y yields at 6.05% and 6.16%, respectively. Compared to the previous year, rates across the maturity spectrum rose by 14bps on average. This is despite the progress seen on inflation which averaged 3.25% in the first 11 months of the year, after averaging 6.00% in 2023 and 5.82% in 2022. Investors seem to be

putting more weight on the expectations that incoming US President Trump’s policies will largely be inflationary, reducing the ability of the Fed to bring interest rates lower. In the same line, the BSP’s may not be as aggressive in easing policy as well, in order to manage the interest rate differential and the volatility of the local currency. Note that peso has already depreciated from 55.39 to the 58 level in a year’s time.

A number of risk events are on the calendar in January. Aside from the monthly inflation and unemployment prints, incoming US President Trump is scheduled to be inaugurated on the 20th. Trump’s message on tariffs, taxes, and immigration are key items that the markets will be listening to during his day one in office. Additionally, the Fed will meet again on the 29th to decide on policy rates. As of this writing, the market is pricing in that the central bank will keep rates on hold for a while. In the auction space, the Bureau of the Treasury is scheduled to issue a total of Php125B worth bonds, consisting of 3, 5, 7, 10, and 25Y papers. Accordingly, the Fund will stay opportunistic on acquisitions to gradually build-up the portfolio yield.

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 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;
- c) 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;
- d) 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
- e) Such other tradable investment outlets/categories as the BSP may allow.

OTHER BASIC FUND FACTS

Trust Fee:	0.50% p.a.	Minimum Maintaining Amount:	Php5,000.00
Initial NAVPu:	P1.000000	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.