

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
As of September 29, 2023

FUND FACTS

Classification:	Money Market Fund	Net Asset Value per Unit (NAVPU):	1.397923
Launch Date:	February 20, 2009	Total Fund Net Asset Value (NAV):	Php19,148.98 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:	3 business days	Early Redemption Penalty:	1.0% of the amount redeemed

FEES¹

Trustee Fees: 0.0201%	Custodianship Fees: 0.0011%	External Auditor: 0.0000%	Other Fees: None
Chinabank – 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 Php18,901.54 million.

INVESTMENT OBJECTIVE AND STRATEGY

The Chinabank Money Market Fund intends to achieve a high level of liquidity and better earnings potential than those offered by regular savings and short-term time deposit accounts by investing in a diversified portfolio of marketable fixed-income securities comprised of deposits, tradable money market instruments, government securities and corporate bonds/notes with an average duration of not more than one (1) year. The Fund aims to outperform its benchmark which is the Bloomberg Philippine Sovereign Bond Index Money Market (BPHILMM 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 Money Market 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 not more than one (1) year.

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.

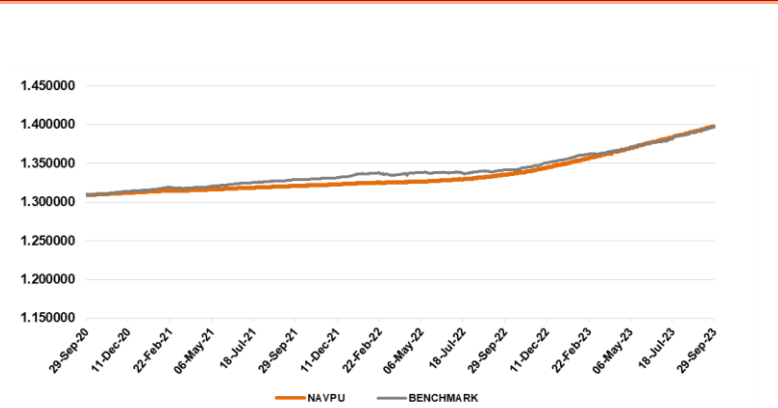
The Trustee only transacts with reputable counterparties and invests in debt securities issued by prime corporate borrowers which have undergone a rigorous accreditation and evaluation process. Regulatory exposure limits as well as the Fund’s average duration are monitored regularly to ensure that exposures are managed. The Fund also 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 SEPTEMBER 29, 2023

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

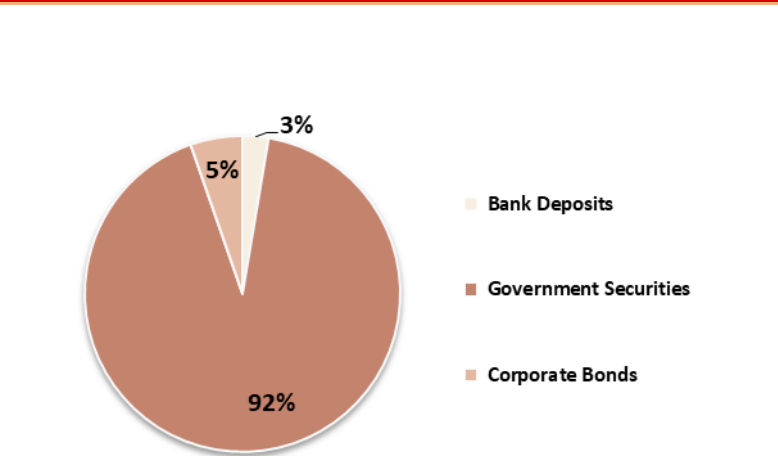
NAVPU GRAPH



CUMULATIVE PERFORMANCE (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.40%	1.25%	2.54%	4.66%	6.78%
Benchmark	0.41%	1.34%	2.33%	4.12%	6.75%

PORTFOLIO COMPOSITION



NAVPU OVER THE PAST 12 MONTHS

Highest	1.397923
Lowest	1.335767

STATISTICS

Weighted Average Duration	0.06
Volatility, Past 1 year ²	1.18%
Sharpe Ratio ³	0.45
Information Ratio ⁴	2.21

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.

TOP HOLDINGS (%)

BSPL 10.03.23	57.73%
BSPL 10.17.23	19.73%
BSPL 10.10.23	9.88%
BSPL 10.24.23	4.67%
Deposit - Own Bank	2.54%
RCB 05-24	2.53%
BDO 01-24	1.55%
SM 02-25	1.26%
Deposit - Other Banks	0.10%
Cash on Hand	0.01%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to Php490.74 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 September, the yield curve slightly flattened month-on-month as central banks reiterated their hawkish stance amid sticky inflation. Yields across the curve increased by 2 basis points (bps) on average, driven by increase in yields at the belly, which rose by an average of 10 bps. The 5- and 7- year benchmarks underperformed, increasing 13 bps month-on-month to end at 6.3445% and 5.4124%, respectively. Meanwhile yields in the 1 year and less tenors declined by 2 bps on average, with the 1-year rate falling by 7 bps to fetch 6.1941%. The long-end outperformed, with the exception of the 10-year rate rising by 10 bps to fetch 6.4902%, while the 20- and 25-year rates fell down by 12 and 14 bps to 6.5002% and 6.489% respectively. Total traded volume for the month grew by 5% to Php518.399 billion versus Php494.447 billion in August, with RTBs increasing by the largest margin of 43% month-on-month. Majority of trades consisted of FXTNs accounting for 37% of trades, followed by the Bangko Sentral ng Pilipinas' (BSP) bills accounting for 29% of total trades.

As evidence of sticky inflation, the latest figure released was August's headline print, which came out at 5.3%, as rice and fuel prices rose during the period. This is higher than the 4.7% recorded in July, ending the six straight months of deceleration. This brought year-to-date inflation to 6.6%, still well above the government's target 2-4% range. A key driver was rice inflation which increased to 8.7% in August from 4.2% in July, as the reduction in rice production due to El Niño and the export ban recently imposed by major rice exporters like India and Myanmar led to higher international rice prices. Moreover, oil companies raised diesel prices by almost Php10 and gasoline by almost Php6. Likewise, the LRT raised fares during the month, with maximum fares of as high as Php35.

Amid elevated inflation, the BSP's Monetary Board (MB) in its September meeting, decided to maintain the reverse repurchase rate at 6.25%, and the overnight deposit and lending rates at 5.75% and 6.75%, respectively. The MB noted

that while there is a slightly higher inflation projection, it is still expected to return to the 2.0% to 4.0% target range by Q4 2023 unless there are significant supply-side shocks. Core inflation, however, eased, indicating reduced underlying inflationary pressures, and inflation expectations are in line with the target range. Projections for average inflation in 2023 increased to 5.8%, and in 2024 rose to 3.5% due to weather disturbances, rising global oil prices, and currency depreciation. The MB likewise observed a decrease in pent-up demand in the domestic economy, and the impact of past monetary tightening measures continues to affect credit. Nonetheless the BSP remains prepared to tighten policy if inflation risks intensify and influence expectations. More recently, BSP Governor Eli Remolona doubled down on his hawkish signals, saying there was “a little bit of scope” for an off-cycle interest rate hike “depending on the numbers,” and that a hike was on the table at the BSP’s rate-setting meeting in November.

With the BSP’s stringent monetary policies for the past several quarters, latest data on bank lending showed a deceleration in July. Loans outstanding from universal and commercial banks increased by 7.7% year-on-year in July, a slower pace compared to the 9.4% growth seen in June. The BSP noted that the overall slowing of lending growth is a deliberate outcome of its tight monetary policy, aimed at mitigating inflation. The BSP’s objective is to ensure that the levels of domestic liquidity and credit are in line with its goals of maintaining price and financial stability.

Meanwhile, foreign direct investments (FDI) in the Philippines hit a five-month low in June. Data from the BSP showed FDI net inflows dropping by 3.9% to US\$484 million in June, down from US\$503 million in the same month of last year, attributed to investor concerns over the country’s slowing economic growth and persistent global uncertainties. For the first half of the year, FDI net inflows decreased by 20.4% to US\$3.9 billion from the US\$4.9 billion net inflows recorded in the same period last year. The central bank revised its FDI net inflow projection for the year, lowering it from US\$11 billion to US\$9 billion. Meanwhile, remittances from overseas Filipino workers stayed robust, hitting a seven-month high in July. Data from the central bank showed cash remittances rising by 2.6% to US\$2.99 billion in July, compared to US\$2.92 billion posted a year ago. The BSP attributed this expansion to the growth in receipts from both land-and sea-based workers. This brought the year-to-date remittances to US\$18.79 billion or 2.9% higher versus the same period last year. The central bank anticipates remittances to grow by 3% this year.

In the local bond market, the Bureau of Treasury (BTr) fell short of its bond auction program for September of Php120 billion, awarding only Php61.064 billion, as it capped bids by defensive market participants. Out of the 4 scheduled bond auctions of 3-, 7-, 10-, and 3-year tenors, the BTr only fully awarded the 10-year bond auction, and fully rejected the last 3-year bond auction. The bid-to-cover ratio averaged 1.51 times for the month, with the 10-year auction fetching the highest ratio at 2.22 times and an average rate of 6.42%, which was 13.8 bps lower than its previous auction in August. Meanwhile, T-bill auctions were met with strong demand averaging a bid-to-cover ratio of 3.3 times, and the BTr was able to meet its program of Php60 billion for the month. The 91-day T-bill ended the month at 5.595%, up 2 bps from previous month-end, the 182-day T-bill fetched 5.968%, down 3 bps, and the 364-day T-bill fetched 6.119%, down 18 bps from end-August.

For the coming month, we expect the market to trade defensively with all eyes on the release of the September inflation print, with BSP Governor Eli Remolona’s recent reiteration of his hawkish stance. The BSP is forecasting the latest reading to fall within the 5.3 to 6.1% range. Higher prices of fuel, electricity, and key agricultural commodities, as well as peso depreciation are the primary sources of upward price pressures in September. Lower prices of rice and meat could contribute to downward price pressures for the month. A higher inflation print will likely continue to put some upward pressure on bond yields.

INVESTMENT POLICY / PROSPECTIVE INVESTMENTS

The Fund may be invested or reinvested in the following:

- (a) Evidences of indebtedness issued by or guaranteed by the government of the Republic of the Philippines or the Bangko Sentral ng Pilipinas (BSP) or any of its subdivisions or instrumentalities;
- (b) Tradable fixed-income securities issued by private and public corporations which are listed and traded in an organized exchange/market with a duration not exceeding one (1) year;
- (c) Cash, bank deposits and tradable money market instruments issued by accredited financial institutions including the Trustee’s own commercial banking and treasury units;
- (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 financial instruments as may be allowed by the BSP.

OTHER BASIC FUND FACTS

Trust Fee:	0.25% p.a.	Minimum Maintaining Participation:	Php5,000.00
Initial NAVPu:	P1.000000	Redemption Amount:	No minimum amount is imposed provided the minimum maintaining participation is complied with.

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.