

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of December 29, 2023

FUND FACTS

Classification:	Money Market Fund	Net Asset Value per Unit (NAVPu):	1.416478
Launch Date:	February 20, 2009	Total Fund Net Asset Value (NAV):	Php20,286.52 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 banking days	Early Redemption Fee:	1.0% of the proceeds

FEES ¹			
Trustee Fees: 0.0202%	Custodianship Fees: 0.0011%	External Auditor: 0.0000%	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 Php19,756.42 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 and notes 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 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.

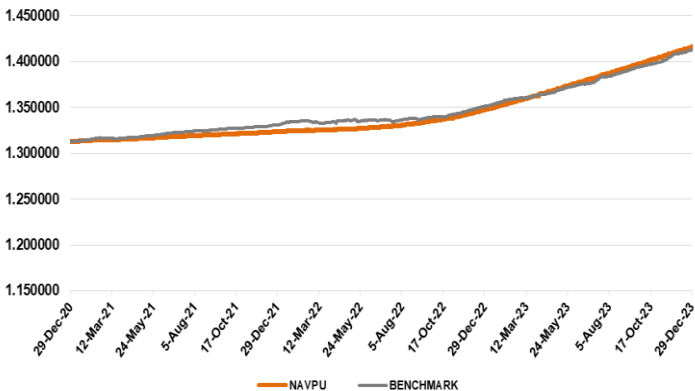
The Trustee only transacts with reputable counterparties and invests in debt securities issued by prime corporate borrowers which have undergone a rigorous accreditation and evaluation process. Regulatory exposure limits as well as the Fund’s average duration are monitored regularly to ensure that exposures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

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

NAVPU GRAPH



NAVPU OVER THE PAST 12 MONTHS

Highest	1.416478
Lowest	1.348234

STATISTICS

Weighted Average Duration	0.07
Volatility, Past 1 year ²	1.03%
Sharpe Ratio ³	0.68
Information Ratio ⁴	3.11

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.

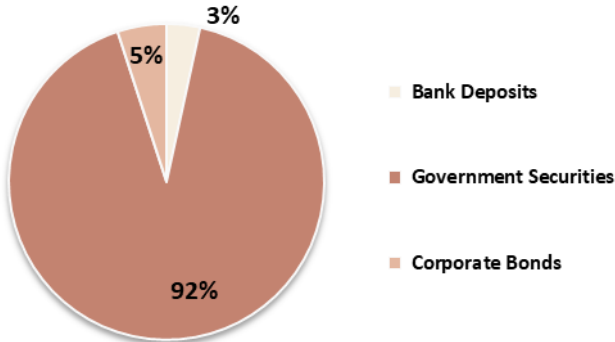
⁴**Information Ratio** measures the reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk. This is computed by dividing the excess return of the fund against the benchmark over the fund's volatility.

CUMULATIVE PERFORMANCE (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.43%	1.33%	2.59%	5.07%	7.90%
Benchmark	0.34%	1.31%	2.68%	4.57%	7.71%

The BPHILMM Index is a systematically designed, rules-based, market value-weighted index that measures the performance of short-term, fixed-rate and zero-coupon local currency securities that are publicly issued by the Philippines. It includes liquid money market instruments such as treasury bills with maturities of less than one year and minimum par amounts of Php3.0Bn.

PORTFOLIO COMPOSITION



TOP HOLDINGS (%)

BSPL 01.23.24	44.77%
BSPL 01.09.24	19.50%
BSPL 01.02.24	11.71%
BSPL 01.23.24	10.70%
BSPL 01.16.24	4.87%
Deposit - Other Banks	3.41%
RCB 05-24	2.38%
BDO 01-24	1.46%
SM 02-25	1.19%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to Php2.68 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 December, the yield curve continued its descent on expectations of further rate cuts in 2024 and the lack of additional bond supply for the month. Yields declined by an average of 15 basis points (bps) across the curve. All benchmark tenor rates declined, save for the 1-year rate which rose 7 bps to 5.8674%, as the short-end fell by 9 bps on average. The long-end outperformed, falling by 20 bps on average, with the 10-year rate down 23 bps to 6.0012%. Meanwhile, the belly declined by 16 bps on average, with the 5-year rate down 20 bps to 5.9386% and the 2-year rate down 5 bps to 5.914%. Total traded volume for December amounted to Php416.454 billion, down by 40% versus November's volume. This was driven by a decline in trading volume for all security types, with FXTNs declining by 55% and t-bills by 58%. Majority of traded volume came from FXTNs and Bangko Sentral ng Pilipinas' (BSP) bills both accounting for 33% each.

A major driver of the bond market rally was inflation, which saw a continued decline. Inflation in November eased to its lowest level in 20 months, to 4.1% from 4.9% in October and versus 8% in November last year. The figure was also below consensus estimate of 4.3% and was at the lower end of the BSP's forecast range of 4.0% to 4.8%. Core inflation, which excludes volatile food and energy items, also eased from 5.3% to 4.7% in November, driven by the reduction in food prices, transport, and restaurants and accommodation services. Year-to-date, the average inflation stood at 6.2%, exceeding the BSP's full-year forecast of 6.0%. Meanwhile, the BSP said that it will keep monetary policy tight until a sustained downward trend in

inflation becomes evident. The central bank will continue to monitor inflation expectations and second-round effects, ready to take necessary actions to bring inflation back to the target and uphold price stability objectives.

As inflation slowly cooled, the BSP maintained the policy rate at 6.50% in its December rate setting meeting. The BSP anticipates inflation to remain steady in 2024 with a slight downward adjustment in its full year forecast from 4.4% to 4.2%, albeit upside risks remain, coming from transport fare hikes, higher power rates and oil prices. Emphasizing a data-dependent approach, the BSP closely monitors the responses of households and firms to tighter monetary policy when making decisions to achieve the long-term inflation goals of 2-4%.

In the local bond market, the Bureau of Treasury (BTr) only conducted two auctions for the month. Initially scheduled to have 10-year and 15-year auctions for the month, it only pushed through with the 10-year auction, awarding Php20 billion, as programmed. The auction fetched a bid-to-cover ratio of 2.03 times, and an average rate of 6.224%, which was down 56 bps versus the previous month's auction of the same tenor. Meanwhile, the sole T-bill auction for December garnered a bid-to-cover ratio of 3.6 times, with the three tenors – 91-, 182-, and 364-days – fetching average rates of 5.00%, 5.27%, and 5.73%, respectively. The BTr also released its auction schedule for the first quarter of 2024, where it intends to issue Php15 billion weekly bills for the quarter, and Php120 billion worth of bonds in January, Php150 billion in February, and Php120 billion in March.

For the coming month, we expect the market to pick up its volume versus December as market players take position at the start of the year. Yields however are expected to trade sideways as it awaits the release of December's inflation print, which the BSP estimates to settle between 3.6-4.4%. Higher prices of rice and meat are seen as the primary sources of upward price pressures. Meanwhile, lower prices for agricultural items such as vegetables, fruits, and fish along with lower electricity rates and petroleum prices are expected to contribute to downward price pressures. Moreover, market will take its cue from the fresh supply of bills and bonds for month.

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:	0.25% 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.