

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of September 30, 2024

FUND FACTS

Classification:	Money Market Fund	Net Asset Value per Unit (NAVPu):	1.471632
Launch Date:	February 20, 2009	Total Fund Net Asset Value (NAV):	Php26,975.76 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:	1.00% of the proceeds

FEES<sup>1</sup>

Trustee Fees: 0.0216%	Custodianship Fees: 0.0012%	External Auditor: 0.00003%	Other Fees: None
China Bank – Trust and Asset Management Group	Deutsche Bank AG, Manila Branch Philippine Depository & Trust Corp.	SGV & Co.	

<sup>1</sup>As a percentage of average daily NAV for the month valued at Php26,673.99 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 at least 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.

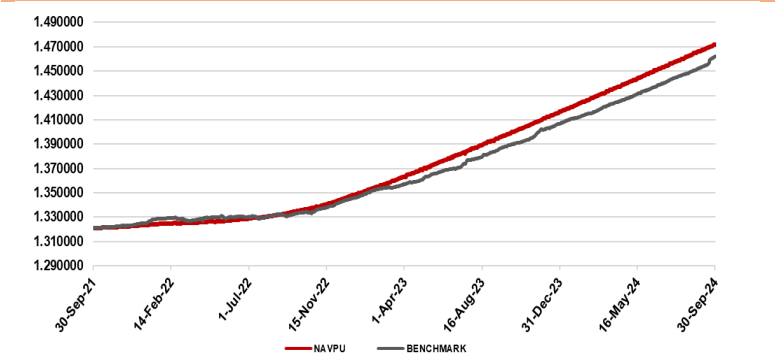
The Trustee only transacts with reputable counterparties and invests in debt securities issued by prime corporate borrowers which have undergone a rigorous accreditation and evaluation process. Regulatory exposure limits as well as the Fund’s average duration are monitored regularly to ensure that exposures 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 30, 2024

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

NAVPU GRAPH



NAVPU OVER THE PAST 12 MONTHS

Highest	1.471632
Lowest	1.398069

STATISTICS

Weighted Average Duration	0.05
Volatility, Past 1 year <sup>2</sup>	0.11%
Sharpe Ratio <sup>3</sup>	6.65
Information Ratio <sup>4</sup>	-0.22

<sup>2</sup>**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.

<sup>3</sup>**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.

<sup>4</sup>**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.

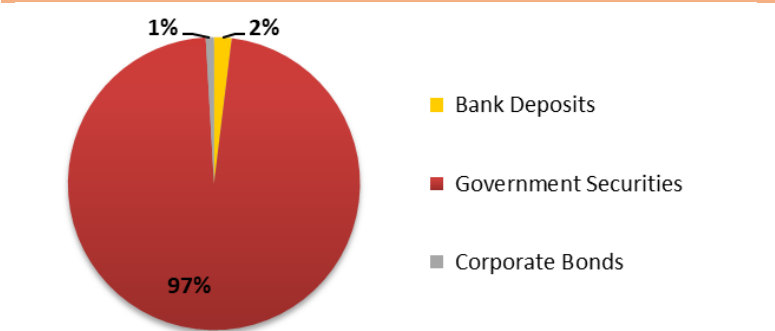
CUMULATIVE PERFORMANCE (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.39%	1.28%	2.59%	5.27%	11.41%
Benchmark	0.68%	1.55%	2.78%	5.32%	10.82%

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 1 year and minimum par amounts of Php3.0Bn. The 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, peso-denominated marketable fixed income securities with a duration of not more than 1 year, which are among the allowable investments of the Fund.

PORTFOLIO COMPOSITION



TOP HOLDINGS (%)

BSPL 10.01.24	24.60%
BSPL 10.29.24	21.96%
BSPL 10.15.24	13.93%
BSPL 10.08.24	12.11%
BSPL 11.19.24	6.75%
BSPL 11.05.24	6.22%
BSPL 10.01.24	4.41%
BSPL 11.12.24	3.68%
BSPL 10.22.24	3.48%
Deposit - Other Banks	1.94%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to Php2.15 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 peso yield curve bull steepened due to dovish moves by central banks amidst slowing inflation. On average, yields fell by 48 basis points (bps), with the short-end outperforming the rest of the curve. Short-end rates fell by 62 bps on average, with the 1-year rate down by 56 bps to fetch 5.5199%. Meanwhile, the belly went down by 48 bps on average, with the 5-year rate ending at 5.5709%, down 47 bps versus the previous month. The long-end underperformed but still rallied by 29 bps on average, as the 10-year rate fell by 33 bps to fetch 5.7381% at the end of the month. Amidst the bond market rally, trading volume for the month grew by 32% totaling Php1,367.280 billion versus the previous month. FXTNs accounted for majority or 45% of total trades amounting to Php612.640 billion, followed by Bangko Sentral ng Pilipinas (BSP) bills accounting for 23% or Php309.791 billion.

After more than a year of high policy rates, inflation has been on a downward trend. Headline inflation decreased to 3.3% in August, down from 4.4% in July and significantly lower than the 5.3% recorded in August 2023. This brought the average inflation for the year so far to 3.6%, which falls within the government's target range of 2-4%. The decline in overall inflation

in August was largely driven by a slower rise in food and non-alcoholic beverage prices, which increased by 3.9%, down from 6.4% in July. Specifically, food inflation dropped to 4.2% from 6.7%, with rice inflation decreasing to 14.7% from 20.9% in July. Core inflation, which excludes certain food and energy items, also slowed, falling to 2.6% in August from 2.9% the previous month.

With inflation at manageable levels, the BSP announced a reduction of the reserve requirement ratios (RRR) for banks, effective October 25, 2024. The RRR for universal and commercial banks, and non-bank financial institutions with quasi-banking functions, will drop by 250 basis points to 7%. Digital banks' RRR will decrease by 200 basis points to 4%, and thrift banks will see a 100 basis point reduction to 1%. Rural and cooperative banks will have their RRR reduced to 0%. This move is expected to release an estimated Php310-330 billion into the economy, increasing funds available for lending. The BSP remains optimistic about the inflation outlook and may consider additional RRR and policy rate cuts in the coming years.

Meanwhile, the local macroeconomic environment remains robust. In July 2024, cash remittances from overseas Filipino workers hit a seven-month high of USD3.085 billion, up 3.1% year-on-year, with land-based workers contributing a 3.6% rise and sea-based workers a 0.9% increase. Month-on-month, remittances grew 7%. For the first half of the year, remittances rose 2.9% to USD 19.332 billion, led by the US. Personal remittances also saw a 3.2% rise to USD3.428 billion in July, largely driven by longer-term contract workers. The BSP expects remittance growth to continue, despite potential economic challenges in host countries. Meanwhile, the country's budget deficit narrowed by 59% to Php 54.2 billion in August due to stronger revenues and slight spending cuts. From January to August, the deficit decreased by 5% to Php 697 billion.

In the local bond market, the Bureau of Treasury (BTr) held its weekly auctions of bills and bonds, offering a total of Php115 billion in bonds and Php105.2 billion in bills for September. All auctions were fully awarded, as rates for the bills fell by 77 bps versus end of August. Rates for the bond auctions, meanwhile, also declined by an average of 15 bps compared to previous auctions of the same tenor. Tenors for the bond auctions for September were for 3, 5, 10, and 20 years. Bid-to-cover ratio (BCR) for the bills averaged 3.53 times, up from August's 2.52 times BCR. For the bond auctions, BCR was relatively flat versus previous month, with September's average BCR at 2.23 times and last month's BCR of 2.22 times.

In the coming month, we expect the market to take its cue from key inflation and macroeconomic data, and the upcoming BTr auctions, which are scheduled to be of significant lower volume than previous quarters. The BSP Monetary Board is also expected to decide on the policy rate in October, wherein the market estimates a 25 bp cut.

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](mailto:online@chinabank.ph). Chinabank is regulated by the BSP with contact number (+632) 8708-7087 and email address: [consumeraffairs@bsp.gov.ph](mailto:consumeraffairs@bsp.gov.ph).