

# CHINABANK SHORT-TERM FUND



## KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of November 29, 2024

### FUND FACTS

<b>Classification:</b>	Money Market Fund	<b>Net Asset Value per Unit (NAVPu):</b>	1.328015
<b>Launch Date:</b>	May 22, 2014	<b>Total Fund Net Asset Value (NAV):</b>	Php4,154.20 million
<b>Minimum Investment:</b>	Php5,000.00	<b>Dealing Day:</b>	Daily up to 12:00nn
<b>Additional Investment:</b>	At least Php1,000.00	<b>Redemption Settlement:</b>	Next banking day from date of notification
<b>Minimum Holding Period:</b>	3 banking days	<b>Early Redemption Fee:</b>	1.00% of the proceeds

### FEES<sup>1</sup>

<b>Trustee Fees:</b> 0.0201%	<b>Custodianship Fees:</b> 0.0010%	<b>External Auditor:</b> 0.0002%	<b>Other Fees:</b> 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 Php4,212.78 million.

### INVESTMENT OBJECTIVE AND STRATEGY

The Chinabank Short-Term Fund intends to achieve a high level of liquidity and better earnings potential than those offered by money market placements, regular savings deposit and short-term time deposit accounts by investing in a diversified portfolio of marketable financial instruments including deposits issued by financial institutions, money market instruments, government securities, BSP securities, corporate bonds/notes with a weighted average portfolio modified duration of not more than one (1) year, and preferred shares classified as debt securities. 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 Short-Term 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 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.

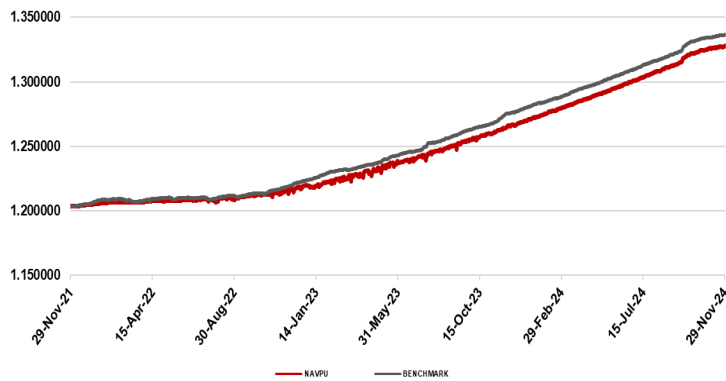
- **THE UITF IS A TRUST PRODUCT AND NOT A DEPOSIT ACCOUNT, AND IS NOT INSURED NOR GOVERNED BY THE PDIC.**
- **THE UITF IS NOT AN OBLIGATION OF, NOR GUARANTEED, NOR INSURED BY THE TRUST ENTITY OR ITS AFFILIATES OR SUBSIDIARIES.**
- **DUE TO THE NATURE OF THE INVESTMENTS OF A UITF, THE RETURNS/YIELDS CANNOT 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](mailto:online@chinabank.ph), or visit our website at [www.chinabank.ph](http://www.chinabank.ph)

## FUND PERFORMANCE AND STATISTICS AS OF NOVEMBER 29, 2024

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

### NAVPU GRAPH



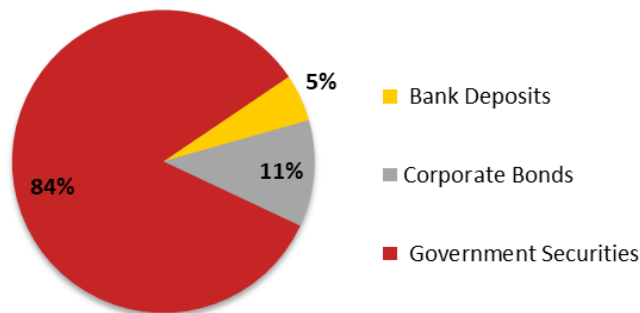
### CUMULATIVE PERFORMANCE (%)

Period	1mo	3mos	6mos	1yr	3yrs
<b>Fund</b>	0.19%	1.20%	2.49%	4.97%	10.35%
<b>Benchmark</b>	0.17%	1.18%	2.45%	4.83%	11.21%

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. 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 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



### OTHER DISCLOSURES

#### RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to Php208.74 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 November, the peso yield curve bear flattened on the back of expectations of slower rate cuts in 2025 due to strong economic data and rising inflation. Rates on average increased by 20 basis points (bps), with the short end underperforming the rest of the curve. Rates for 1 year and less tenors jumped by 23 bps, with the 1-year rate fetching 6.0048%, up 20bps versus October. Meanwhile the belly of the curve and the long end increased by 22 bps and 11 bps, respectively. The 2-year rate jumped by 29bps to end at 5.9342%, while the 10-year benchmark rose by 12 bps to end at 5.9987%. Trading activity slowed month-on-month as total volume amounted to Php975.003 billion, down 20% versus October. Retail treasury bonds accounted for majority or 38% of total volume, followed by Bangko Sentral ng Pilipinas' (BSP) bills at 26%.

Inflation in October saw an acceleration to 2.3%, coming from previous month's 1.9%, but significantly lower than 4.9% in October 2023. The increase was primarily due to higher food and transport prices. Core inflation, which strips out volatile food and energy items, was at 2.4% in October, steady with September's rate. BSP Governor Eli Remolona said that it will

### NAVPU OVER THE PAST 12 MONTHS

<b>Highest</b>	1.328015
<b>Lowest</b>	1.265842

### STATISTICS

<b>Weighted Average Duration</b>	0.71
<b>Volatility, Past 1 year<sup>2</sup></b>	0.35%
<b>Sharpe Ratio<sup>3</sup></b>	1.38
<b>Information Ratio<sup>4</sup></b>	0.80

<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.

### TOP HOLDINGS (%)

BSPL 12.26.24	24.1%
FXTN 03-30	14.5%
BSPL 01.21.25	14.4%
SM 02-25	6.0%
FXTN 20-14	5.1%
Deposit - Own Bank	5.0%
BSPL 12.17.24	4.8%
BSPL 01.02.25	4.8%
PBCOM 05-26	4.8%
RTB 05-15	4.8%

take a “measured approach” in its policy easing cycle, and flagged the possibility of a third quarter-point rate cut at its final meeting for the year next month, and up to 100 basis points of additional cuts next year.

Economic indicators presented a mixed picture. On one hand, the Philippine economy showed signs of slowing, with gross domestic product (GDP) growth decelerating to 5.2% in the third quarter, down from a revised 6.4% in the previous quarter. This weaker-than-expected performance was attributed to adverse weather conditions impacting agricultural output and reduced government spending. Despite the slowdown, National Economic and Development Authority (NEDA) Secretary Arsenio Balisacan noted that the Philippines' third-quarter GDP growth was the second-fastest in the region, trailing only Vietnam's 7.4%. Moreover, in the manufacturing sector, activity continued to expand in October, though at a slower pace. The Purchasing Managers' Index (PMI) slipped to 52.9 from September's 53.7 due to softer growth in new orders and output. However, the Philippines maintained the highest PMI among the five Association of Southeast Asian Nations (ASEAN) countries, ahead of Vietnam (51.2) and Thailand (50).

On a more positive note, remittances from overseas Filipino workers (OFWs) increased, with cash remittances sent through banks rising by 3.3% year-on-year to \$2.91 billion in September 2024. Cumulative remittances for the first nine months of the year reached \$25.23 billion, up 3% from \$24.49 billion in the same period of 2023, driven by stronger inflows from land- and sea-based workers, particularly from the United States, Saudi Arabia, Singapore, and the United Arab Emirates. Meanwhile, the labor market saw improvements, with the unemployment rate declining to 3.7% in September, down from 4% in August and 4.5% in September 2023. This was partly attributed to an increase in female labor force participation ahead of the holiday season.

In the local bond market, the Bureau of Treasury (BTr) auctioned off Php30 billion worth of bonds and Php77.6 billion worth of bills. All auctions were fully awarded and were met with strong demand as bid-to-cover ratio for bonds averaged 2.76 times, and 2.97 times for bills. There were only two scheduled bond auctions, which were for the 5- and 20-year tenors, with average yields rising by 34 bps on average versus previous auctions of the same tenor. Meanwhile, rates for the bill auctions rose by 12 bps on average versus last month's auctions.

In the coming month, we expect relatively muted trading activity due to the shortened month and holiday season. The market will continue to take its cue from inflation print and key policy rate decisions by both the BSP and the US Federal Reserve in their upcoming meetings where market is pricing in a 25-bp cut for both.

## 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

<b>Trust Fee:</b>	0.25% p.a.	<b>Minimum Maintaining Amount:</b>	Php5,000.00
<b>Initial NAVPu:</b>	P1.000000	<b>Minimum Redemption Amount:</b>	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).