

CHINA BANK DOLLAR CASH FUND

(formerly China Bank Dollar Money Market Fund)



KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of January 31, 2023

FUND FACTS

Classification:	Money Market Fund	Net Asset Value per Unit (NAVPU):	1.030259
Launch Date:	April 08, 2019	Total Fund Net Asset Value (NAV):	USD21.10 million
Minimum Investment :	USD500.00	Dealing Day:	Daily up to 12:00nn
Additional Investment:	At least USD100.00	Redemption Settlement:	Next banking day from date of notification
Minimum Holding Period:	5 calendar days	Early Redemption Penalty:	1.50% p.a. of the proceeds

FEES¹

Trustee Fees: 0.0138%	Custodianship Fees: None	External Auditor: 0.0003%	Licensing Fee: 0.0022%
China Bank – Trust and Asset Management Group		SGV & Co.	Bloomberg Index Services Limited

¹As a percentage of average daily NAV for the month valued at USD20.83 million.

INVESTMENT OBJECTIVE AND STRATEGY

The China Bank Dollar Cash Fund (formerly China Bank Dollar Money Market Fund) intends to achieve liquidity and to potentially earn higher than USD time deposits by investing in fixed-income securities mostly time deposits, special savings accounts and government securities with an average duration of not more than one (1) year. The Fund aims to outperform its benchmark which is the Bloomberg US Treasury Bills 3-6 months.

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 China Bank Dollar Cash Fund is suitable only for investors who:

- Have a conservative risk appetite;
- Are seeking a high level of liquidity with returns better than deposits; 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.
- **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 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.

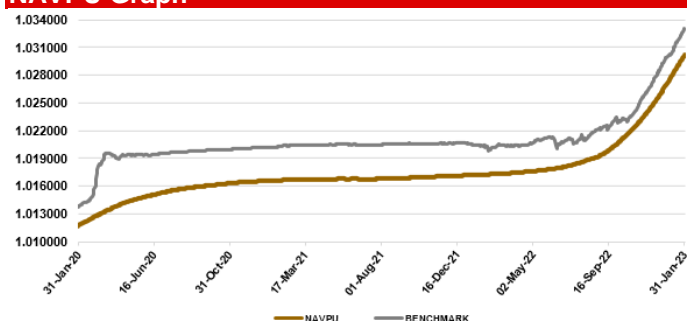
- **THE UITF IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC).**
- **RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/ FLUCTUATIONS ONLY.**
- **WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES WILL BE SOLELY FOR THE ACCOUNT OF THE CLIENT.**
- **THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE.**

For more information, you may call us at (+632) 8885-5841, 8885-5853, 8885-5875 and 8885-5859, or email us at online@chinabank.ph, or visit our website at www.chinabank.ph

FUND PERFORMANCE AND STATISTICS AS OF JANUARY 31, 2023

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

NAVPU Graph



NAVPU OVER THE PAST 12 MONTHS

Highest	1.030259
Lowest	1.017241

STATISTICS

Weighted Average Duration	0.00
Volatility, Past 1 year ²	0.40%
Sharpe Ratio ³	-2.21
Information Ratio ⁴	-2.07

²Volatility 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.

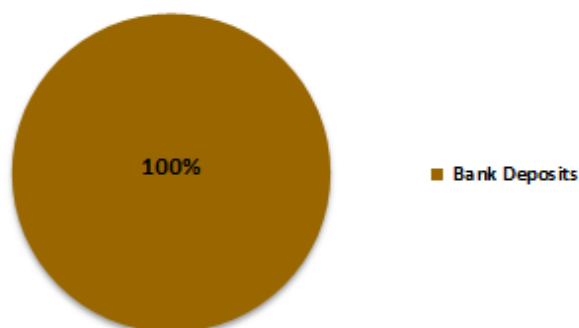
³Sharpe Ratio is used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better. This is computed by dividing the excess return of the fund against the risk-free rate over the fund's volatility.

⁴Information 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	0.32%	0.79%	0.15%	1.28%	1.83%
Benchmark	0.32%	0.95%	1.33%	1.46%	2.11%

PORTFOLIO COMPOSITION



TOP TEN HOLDINGS (%)

Deposit – Other Banks	85.46%
Deposit – Own Bank	14.53%
Cash on Hand	0.01%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper, amounting to USD3.05 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

The US Treasury yield curve inverted some more in January. Short-dated Treasury yields rose as the Federal Reserve is expected to continue raising policy rates in February. The yield of the 1mo bill gained the most, rising 46 basis points (bps) MoM to 4.58%. The 2- and 3mo US Treasuries were also higher by 26 bps to 4.64% and 4.70%, respectively. The 4- and 6mo Treasuries increased at a smaller pace of 4 bps to 4.74% and 4.8%, respectively. On the other hand, rates of US Treasuries with maturities of longer than a year decreased by an average of 29 bps. Outperformers were 3y bonds and longer, falling by 35 bps. The 3y bond yield eased 32 bps to 3.9%, while the 10y bond yield edged 36 bps lower to 3.52%.

Fears of a US economic slowdown and slowing inflation are boosting bets that the Federal Reserve may begin cutting policy rates by the second half of 2023; thus underpinning demand for Treasuries with a longer duration. A couple of economic reports released in January supported the view. Manufacturing activity contracted for the second straight month in December with both the Markit PMI and ISM manufacturing indices registering at 46.2 and 48.4, respectively. Customer demand remained low with new orders and the production index both remaining in contraction territory. On the other hand, both retail sales and industrial production came out below expectations. Retail sales fell for the 2nd straight month in December, contracting by 1.1% MoM, while industrial production decreased by 0.7% MoM due to higher borrowing costs. Housing data also came out weak. Housing starts fell by 1.4% to 1.382M in December, lower than the 1.427M registered in November, while building permits declined by 1.6% to 1.330M from 1.342M. Also, existing home sales declined for the 11th straight month in December to 4.02M on higher mortgage rates and low supply. On inflation, the US consumer price index (CPI) eased in December to 6.5% YoY, lower than the previous month's level of 7.1%. This was its 6th consecutive month of decline and was attributed to lower inflation in energy items such as gasoline and fuel. Excluding volatile food and energy items, core CPI eased to 5.7% YoY. Also, the producer's price index (PPI) in December declined by 0.5% MoM from 0.3% MoM in November and 6.2% YoY from 7.4% YoY in November. Meanwhile, the Fed's favored inflation gauge, the PCE price index eased in December, declining 5% YoY and 0.1% MoM.

In ROPs, yields traded mixed in January. The 2y ROP fell 50 bps MoM to 4.03%, while the 7y ROP yield rose 9 bps to 4.54%. The 10y yield was also higher in January at 4.72% amid supply overhang from the new ROP bonds. The government sold US\$3Bn of new ROP bonds in January in its first foray in the US\$ bond market for 2023. There was strong interest from the market as orders were said to be close to US\$28Bn, leading to a lower pricing relative to the earlier guidance. The borrowing was multi-tranche. The 5.5y ROP was priced at 4.625% or +105 bps over the comparable US Treasury. The 10.5y ROP's coupon was set at 5% or a spread of +145 bps over benchmark, while the 25y ROP was priced at 5.5%. The government is set to borrow 25% of its debt requirement from external sources for 2023. In the near-term, we expect inflation and monetary policy to continue to influence market direction. The Fed is set to release its first policy rate decision on February 1 and consensus points to another quarter point rate hike in policy rates.

INVESTMENT POLICY / PROSPECTIVE INVESTMENTS

The Fund may be invested or reinvested in the following:

- (a) Cash and deposits with local banks or branches including the Trustee's own commercial banking and treasury units;
- (b) Cash and deposits with banks or branches of foreign banks operating in the Philippines and with Financial Institutions (FI) in any foreign country; provided that said FI has at least an investment grade credit rating from a reputable international credit rating agency; and
- (c) Such other tradable financial instruments as may be allowed by the Bangko Sentral ng Pilipinas.

OTHER BASIC FUND FACTS

Trust Fee:	0.15% p.a.	Minimum Maintaining Participation:	USD500.00
Initial NAVPu:	\$1.000000	Redemption Amount:	No minimum amount is imposed provided the minimum maintaining participation is complied with.

IMPORTANT NOTICE

China Banking Corporation (China Bank) may receive customer complaints, inquiries or any concern about its products and services through Customer Contact Center 24/7 Hotline: (+632) 8885-5555 or email: online@chinabank.ph. China Bank is regulated by the BSP with contact number (+632) 8708-7087 and email address: consumeraffairs@bsp.gov.ph.