

BANK OF COMMERCE – TRUST SERVICES DIVISION

**BANK OF COMMERCE DIVERSITY DOLLAR BOND FUND**  
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

For the Quarter ended 03/31/16

**FUND FACTS**

Classification	Dollar Bond Fund	Net Asset Value per unit (NAVpu)	2.045612
Launch Date	March 9, 2005	Total Fund NAV	USD 485,471.26
Minimum Investment	USD 1,000	Dealing Day	11:30 AM
Minimum Additional	USD 100	Redemption Settlement	T + 1
Minimum Holding period	30 days	Early Redemption Fee	5% on redeemed amount

**FEES\***

<b>TRUSTEE FEE: 1.00%</b>	<b>CUSTODIAN FEE:</b>	<b>EXTERNAL AUDITOR FEE:</b>	<b>OTHER FEES:</b>
*As a percentage of daily NAV	N/A	N/A	N/A

**INVESTMENT OBJECTIVE & STRATEGY**

The Fund intends to achieve for its participants total returns consisting of current income and capital growth. The fund aims to achieve a rate of return higher than the bid price of 10-year Republic of the Philippines (ROP) Bonds from Bloomberg Generic (BGN) at the start of the quarter.

**CLIENT SUITABILITY**

The Bank of Commerce Diversity Dollar Bond Fund is suitable only for investors who:

- Have a MODERATE risk profile
- With an investment horizon of more than 5 years

**KEY RISKS AND RISK MANAGEMENT**

You should not invest in this Fund if you do not understand or are not comfortable with the accompanying risks.

**Credit Risk/Default Risk.** The possibility for an investor to experience losses due to a borrower's failure to pay principal and/or interest payments/amortizations in a timely manner on instruments such as bonds, loans, or other forms of security which the borrower issued.

**Interest Rate Risk.** The possibility that an investor may experience losses due to changes in interest rates.

**Market / Price Risk.** The possibility that an investor may experience losses due to changes in market prices of securities (e.g., bonds and equities).

**Liquidity Risk:** The possibility that an investor may 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.

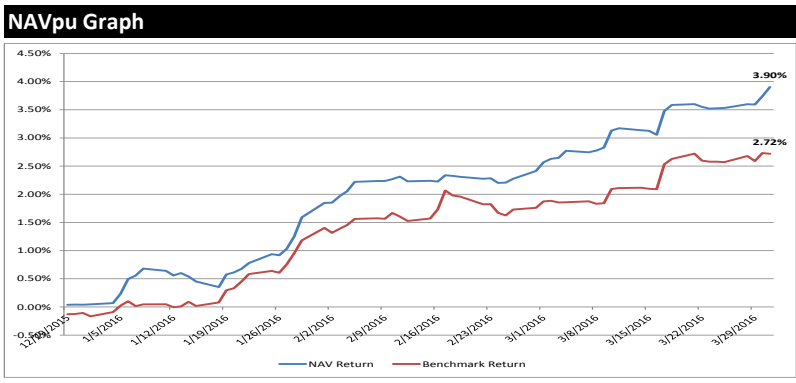
**Reinvestment Risks.** The possibility that an investor may experience losses due to probable lower returns or earnings when maturing funds or the interest earnings of the Fund are reinvested.

**Country Risk.** The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- THE UIT FUND IS NOT A DEPOSIT AND NOT INSURED BY PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC).
- RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENT/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 queries, contact us via email at [trustmarketing@bankcom.com.ph](mailto:trustmarketing@bankcom.com.ph)  
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**FUND PERFORMANCE AND STATISTICS AS OF 03/31/16**  
 (Purely for reference purposes and is not a guarantee of future results)



**NAVpu over the past 12 months**

Highest	2.045612
Lowest	1.956462

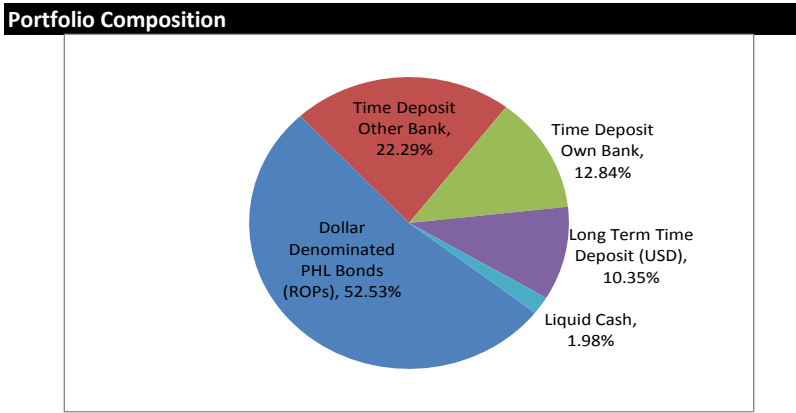
**Statistics**

Wtd. Ave. Duration	5.61
Volatility, Past 1 Year*	1.22
Sharpe Ratio**	2.11
Information Ratio***	4.11

\*Volatility measures fluctuation in yield.  
 \*\*Sharpe ratio evaluates return-to-risk efficiency of the portfolio. The higher the value, the higher the reward per unit of risk.  
 \*\*\*Information ratio evaluates return-to-risk efficiency of the portfolio

**Cumulative Performance (%)**

Period	1mo	3mos	6mos	1yr	3yrs
Fund	1.45%	3.87%	4.38%	2.28%	0.16%
Benchmark	1.27%	3.70%	3.87%	4.15%	8.60%



**Top Ten Holdings (%)**

Holdings:	Weight
Dollar Denominated PHL Bonds	52.53%
Time Deposit Other Bank	22.29%
Time Deposit Own Bank	12.84%
Long Term Time Deposit (USD)	10.35%
Liquid Cash	1.98%
<b>TOTAL</b>	<b>100.00%</b>

**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**  
 The Fund has deposits with the Bank Proper amounting to **USD 62,106.81** Such investment was approved by the Board of Directors. Likewise, all related party transactions are conducted on an arm's length basis.

**OUTLOOK AND STRATEGY**

Volatility from 2015 spilled over to the first quarter of 2016 as markets continued to fret over global growth prospects. While the Philippine equity market did rebound and is now trading positive year-to-date, the same persistent global headwinds are not keeping global markets out of the woods just yet.

The real economy dictated the market pace, as investors have now started adopting a more data-driven approach, with volatility in mind. The start of the year saw the U.S. economy's growth prospects dim with initial jobless claims hiking up on several occasions. However, unemployment, a much more constant barometer, is seen going down, last seen at 4.93% during the March data release. This is the first time that the unemployment rate has gone down below 5.00% since December 2007, before the start of the Global Financial Crises.

The case for quantitative, while seemingly a lost cause for the US economy, is gaining ground around the world, in a different form: Negative rates. Japan, in its efforts to push money out of banks and into the real economy has effectively set forth negative interest rates. The third largest global economy is seeking ways to avoid further slowdown in its economy. Currently, the overnight bank rate fell to negative 0.074%. Both the Eurozone and the Federal Reserve Bank of the United States, have echoed that these instruments are still on the table.

Consequently, with a fragile global economy, the Federal Reserve had to consider its condition and toned down with its pace of increasing policy rates. This became a net positive for dollar bond holders, as the rally was seen across the curve. The 10-year US treasury bond yield dropped by almost 50 basis points year-to-date from 2.27% to 1.77%. The 30-year bond yield benchmark dropped by 40 basis points from 3.02% to 2.61%.