

BANK OF COMMERCE – TRUST SERVICES DIVISION

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

For the Quarter ended 3/31/2016

FUND FACTS

Classification	Peso Bond Fund	Net Asset Value per unit	1.490046
Launch Date	March 9, 2005	Total Fund NAV	PHP 7,874,349.71
Minimum Investment	PhP 10,000.00	Dealing Day	11:30 AM
Minimum Additional	PhP 5,000.00	Redemption Settlement	T + 1
Minimum Holding period	30 days	Early Redemption Fee	5% on redeemed amount

FEES*

TRUSTEE FEE: 1.00% p.a.	CUSTODIAN FEE:	EXTERNAL AUDITOR FEE:	OTHER FEES:
*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 5-year yield based on the Philippine Dealing System Treasury Reference Rate 2 (PDST-R2).

CLIENT SUITABILITY

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

- Have a MODERATE risk profile
- With an investment horizon of more than five (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.

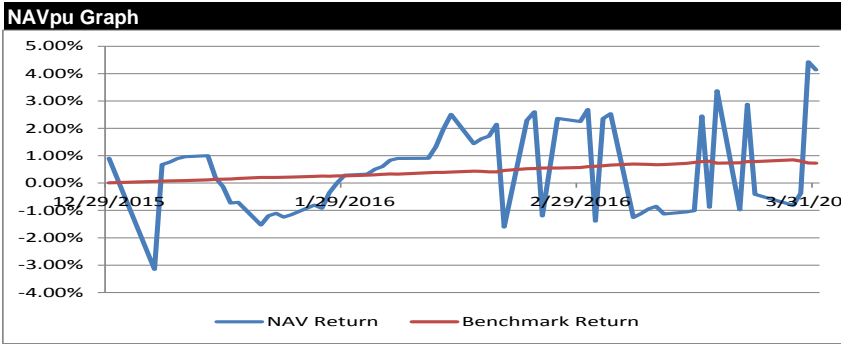
Reinvestment Risks. The possibility that an investor may experience losses due to probable lower returns or earnings when maturing funds or the interest earnings of the Fund are reinvested.

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
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FUND PERFORMANCE AND STATISTICS AS OF March 31, 2016
(Purely for reference purposes and is not a guarantee of future results)

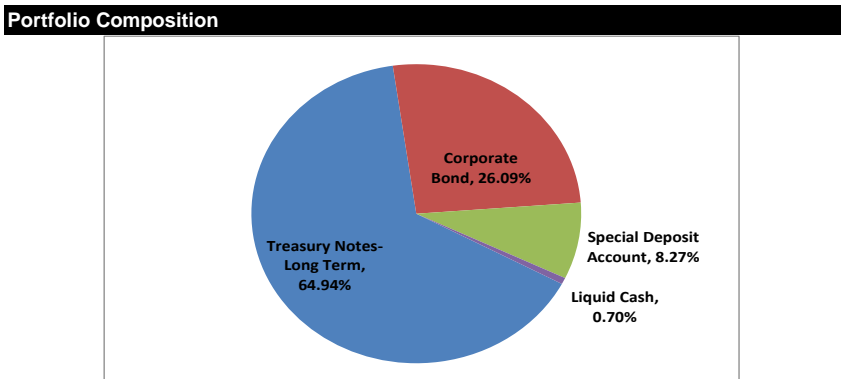


NAVpu over the past 12 months	
Highest	1.496585
Lowest	1.383682

Statistics	
Wtd. Ave. Duration	10.75
Volatility, Past 1 Year*	1.35
Sharpe Ratio**	0.02
Information Ratio***	2.13

*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	1.85%	3.20%	2.79%	3.84%	3.71%
Benchmark	0.57%	0.01%	1.75%	0.78%	0.73%



Top Ten Holdings (%)	
Holding	Portfolio Weight
Treasury Notes-Long Term	64.94%
Corporate Bond	26.09%
Special Deposit Account	8.27%
Liquid Cash	0.70%
TOTAL	100.00%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has investments with San Miguel Brewery amounting to a market value of [PHP 1,017,641.79](#) 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.

Philippine economic data, on the other hand, is encouraging. While inflation is seen stabilizing at the lower band of the Bangko Sentral ng Pilipinas's (BSP's) expectations, growth is seen to rebound and gain momentum. Inflation print was last seen at 1.10% for the month of March, and is below the 2.00% lower band expectations. This is primarily due to the volatile, yet downward swing of the oil market in a deregulated energy market in the Philippines. Growth for 2015 exceeded expectations as the Philippine Economy grew by 6.30% as compared to a 5.90% expectation. While the government has stated that fiscal spending will continue to fast-track for 2016, decreasing levels of exports might counter the fiscal tail-wind.

The Philippine Fixed-Income market rallied during the first quarter of 2016, as supported by benign inflation. The rally, which was generally across the curve, caused long duration bond benchmark, the 20-year, drop by 90 basis points from 5.52% in the year-end of 2015 to 4.62% in March 2016. The 5-year benchmark also dropped, dipping by 43 basis points from 3.93% to 3.53%. Shorter tenors have also dropped by almost a percent, with strength being seen during Treasury-Bill Auctions. Short term rates have also been affected due to the recent market rally. December's window dressing rates have gone down, with 1-month rates dropping from a high of 2.00% gross of taxes to 1.50% gross on the average market rate.

Market expectations point out to a lower yield range in the medium term, as oil prices remain volatile, yet subdued. However, there is a possibility that inflation for the year might accelerate during the second half as fiscal spending continues, with possibly new policies to be spearheaded by the new government.