

BANK OF COMMERCE – TRUST SERVICES DIVISION

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

For the Quarter ended September 30, 2015

FUND FACTS			
Classification	Dollar Bond Fund	Net Asset Value per unit (NAVpu)	1.959866
Launch Date	March 9, 2005	Total Fund NAV	USD 562,966.61
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*			
TRUSTEE FEE: 1.00%	CUSTODIAN FEE: 0.00%	EXTERNAL AUDITOR FEE: 0.00%	OTHER FEES: 0.00%
*As a percentage of daily NAV	N/A	KPMG	None

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.

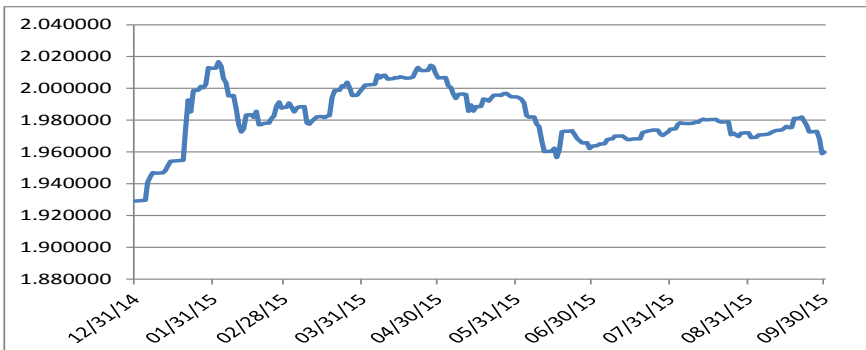
- **THE UIT FUND IS NOT A DEPOSIT AND NOT INSURED BY PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC).**
- **RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENT/FLUCTUATIONS ONLY.**
- **WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND 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

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FUND PERFORMANCE AND STATISTICS AS OF September 30, 2015
(Purely for reference purposes and is not a guarantee of future results)

NAVpu Graph



NAVpu over the past 12 months

Highest	2.016786
Lowest	1.929150

Statistics

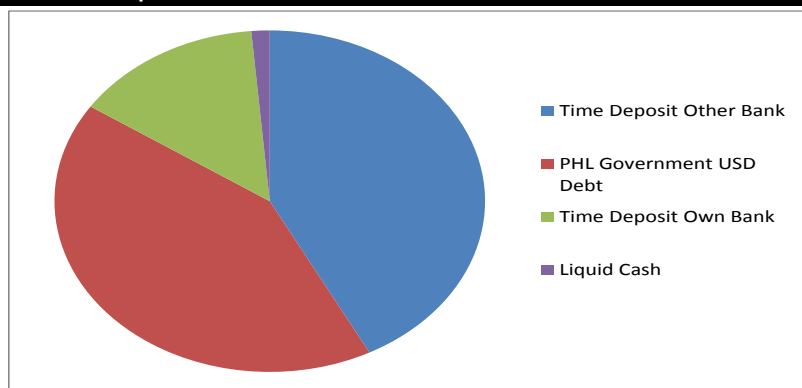
Wtd. Ave. Duration	4.50
Volatility, Past 1 Year*	1.74%
Sharpe Ratio**	4.07
Information Ratio***	4.13

***Volatility** measures the extent to which the Fund fluctuates in relation to yield over a period of time.
****Sharpe ratio** evaluates the return-to-risk efficiency of the portfolio as it recompense for the level of risk taken by its investor. The higher the value, the higher the reward per unit of risk.
*****Information ratio** evaluates the return-to-risk efficiency of the portfolio in relation to the benchmark. The higher the number, the better the reward per unit of risk.

Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	-0.62%	-2.62%	-2.11%	4.93%	2.12%
Benchmark	-0.61%	-1.15%	-0.21%	5.50%	1.53%

Portfolio Composition



Top Ten Holdings (%)*

Time Deposit Other Bank	42.34%
PHL Government USD Debt	42.01%
Time Deposit Own Bank	14.28%
Liquid Cash	1.37%
Total	100.00%

*Complete list of portfolio holdings available upon request

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper amounting to USD 80,013.02. Such investment was approved by the Board of Directors. Furthermore, all related party transactions are done on an arm's length basis and within established limits.

OUTLOOK AND STRATEGY

Market Volatility surged as China's dim economic data and outlook took the spotlight during the third quarter. For the month of July, China's Caixin Purchasing Manager's Index fell at 47.80 indicating a contraction worse than expected by the market. Exports have also underperformed, decreasing activity by 8.90%. Imports also shrank in trade activity, decreasing by 8.60%. Chinese economic managers have adjusted monetary and fiscal policy, loosening money supply and vowing to ramp up public spending to revitalize the world's second largest economy. China loosened its lending rate from 6.00% to a low of 4.60%.

Meanwhile, the United States Federal Reserve (Fed), despite observing a modestly growing U.S. economy, have delayed their policy rate increase as it monitors global markets. While the US economy is steadily improving, as evidenced by unemployment rate hitting the Fed target, jobless claims tapering off, and home sales starting to improve, thus becoming imperative now for a policy rate increase to hang on to the improvement of US inflation and the stability of the global economy.

US treasury yields have swayed during this volatile time of balancing global and US growth. The ten-year US treasury bond yield during the third quarter moved from a high of 2.40% back to 2.00% right after the Chinese data suggested a rough path to economic recovery. After the Fed announced that policy rates will be unchanged, rates moved from 2.30% to 2.00% once more.