

**BANK OF COMMERCE – TRUST SERVICES DIVISION**

**BANK OF COMMERCE DIVERSITY MONEY MARKET FUND**  
**KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT**

*For the Quarter ended 09/30/15*

**FUND FACTS**

<b>Classification</b>	<b>Money Market Fund</b>	<b>Net Asset Value per unit</b>	1.023419
<b>Launch Date</b>	August 16, 2013	<b>Total Fund NAV</b>	PHP 56,833,343.34
<b>Minimum Investment</b>	Php 10,000.00	<b>Dealing Day</b>	11:30 AM
<b>Minimum Additional</b>	Php 5,000.00	<b>Redemption Settlement</b>	T + 1
<b>Minimum Holding period</b>	30 days	<b>Early Redemption Fee</b>	5% on redeemed amount

**FEES\***

<b>TRUSTEE FEE: 0.25%</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 preservation of capital by investing diversified portfolio of deposits with local banks (including the Bangko Sentral ng Pilipinas) and/or branches of foreign banks operating in the Philippines.

**CLIENT SUITABILITY**

The Bank of Commerce Diversity Money Market Fund is suitable only for investors who:

- Have a CONSERVATIVE risk profile
- With an investment horizon of less than one (1) year

**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.

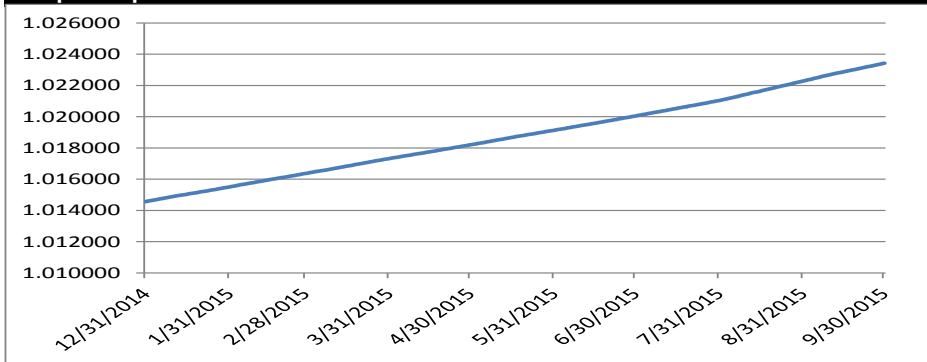
**Country Risk.** The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- **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 09/30/15**  
(Purely for reference purposes and is not a guarantee of future results)

**NAVpu Graph**



**NAVpu over the past 12 months**

Highest	1.023419
Lowest	1.014563

**Statistics**

Wtd. Ave. Duration	0.28
Volatility, Past 1 Year*	-
Sharpe Ratio**	(1.40)
Information Ratio***	(2.75)

\* **Volatility** measures the extent to which the Fund fluctuates in relation to yield over a period of time.

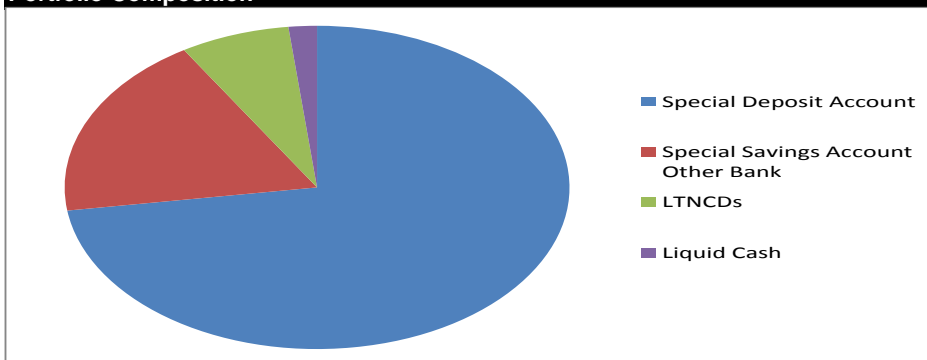
\*\***Sharpe ratio** evaluates the return-to-risk efficiency of the portfolio as it recompense for the level of risk taken by its investor. The higher the value, the higher the reward per unit of risk.

\*\*\***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	0.1237%	0.3245%	0.5968%	1.1590%	NA
Benchmark	1.1809%	1.1563%	0.6001%	3.0000%	NA

**Portfolio Composition**



**Top Ten Holdings (%)**

BSP-SDA	64.05%
Bank Deposits	28.16%
Long-term Bank Deposits	6.18%
Cash	1.60%
<b>Total</b>	<b>100.0%</b>

**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

The Fund has no related party exposure to report. However, all related party transactions are conducted on an arm's length basis.

**OUTLOOK AND STRATEGY**

The market saw the Bureau of Treasury taking the opportunity of illiquid market trading, it conducted a bond-swap exchange which consequently able to generate further interest savings. The illiquid off-the run bonds across the curve were exchanged with new 10-year and 25-year bonds with coupon rates of 3.625% and 4.625% respectively. The swap ended in a success and was able to reissue around PHP 300 billion worth of bonds.

Inflation during the third quarter reached historic lows. From 1.20% increase year-on-year last June, CPI growth printed only 0.80% in July and 0.60% in August, the lowest that the country has seen in the last 20 years. However, economic managers forecast that low inflation might just be temporary due to the impact of this year's El Nino phenomenon to agricultural goods.

While the government had supplied new benchmark bonds, and with inflation currently in its historic lows, bond trading still seems to be muted on the back of global uncertainty regarding China's growth prospects, as well as the U.S. Federal reserve scenario of possibly raising rates in the fourth quarter of 2015. With the 10-year benchmark yield traded down by an estimated 30 basis points from 4.24% to 3.93%, the effective yield of the new 10-year bond (FXTN 10-60) jumped by 10 basis points from 3.63% to 3.73%. Similarly, the new 25-year bond (FXTN 25-11) traded above by 10 basis points from its coupon which is currently trading around 4.72%-4.76% yield level. This suggests that market players were converting their bonds into cash, thus preferring to stay in the sidelines until headwinds from both global and local sources are cleared. Bangko Sentral ng Pilipinas, for its part, have stated that rates might remain unchanged for the rest of 2015 as they evaluate their policy.