

BANK OF COMMERCE – TRUST SERVICES DIVISION

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

For the Quarter ended 12/31/15

FUND FACTS

Classification	Dollar Bond Fund	Net Asset Value per unit (NAVpu)	1.969485
Launch Date	March 9, 2005	Total Fund NAV	USD 518,742.76
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:	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 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.

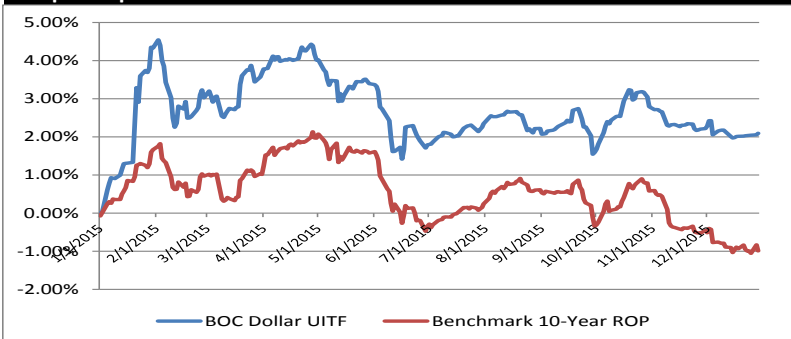
Country Risk. The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- 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 12/31/15
(Purely for reference purposes and is not a guarantee of future results)

NAVpu Graph



NAVpu over the past 12 months

Highest	2.01679
Lowest	1.92915

Statistics

Wtd. Ave. Duration	4.82
Volatility, Past 1 Year*	0.82
Sharpe Ratio**	3.91
Information Ratio***	3.79

*Volatility measures fluctuation in yield.

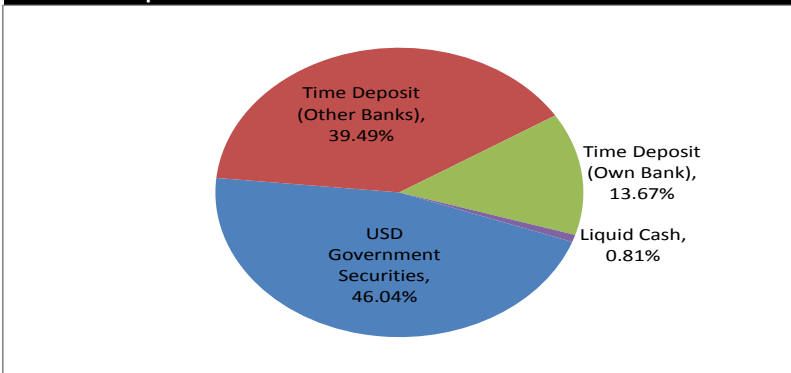
**Sharpe ratio evaluates return-to-risk efficiency of the portfolio. The higher the value, the higher the reward per unit of risk.

***Information ratio evaluates return-to-risk efficiency of the portfolio

Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	-0.11%	0.49%	0.28%	2.09%	2.16%
Benchmark	-0.13%	0.19%	1.02%	2.73%	1.42%

Portfolio Composition



Top Ten Holdings (%)

USD Government Securities	46.04%
Time Deposit (Other Banks)	39.49%
Time Deposit (Own Bank)	13.67%
Liquid Cash	0.81%
Total	100.00%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper amounting to **USD 70,180.39** 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

2015 saw the Philippine Stock Market succumb to to global headwinds. It started with the Eurozone Sovereign Fiscal Crisis with Greece during the start of the second half of 2015. Negative market sentiments were compounded by the apparent deceleration of Chinese Economic Growth with disappointing data released last August 2015. Market fears entered its height when the Federal Reserve, the Central Bank of the United States of America, hinting, and then finally pulling the trigger as it raised policy rates for the first in more than a decade. The net effect of these negative externalities was a broad and deep sell-off as both the Philippine Bond and Stock Market entered a bear market and ended 2015 in the red. Dollar-denominated government securities, however, was able to survive the sell-off and end the year in the green.

With analysts and economists expecting that interest rates will creep up this year, the overall strategy is to reduce holdings in long duration securities, or holdings in fixed income securities that will take a long time to mature, due to the erratic movement with these bond prices. A short duration strategy, or investing in securities which mature in a shorter time, is the preferred strategy between fund managers this year. The challenge is to seek for high yielding securities, such that any volatility will be repositioned to high yielding, short dated investments of up to one-year with regular interest payments.