

BANK OF COMMERCE – TRUST SERVICES DIVISION

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

For the Quarter ended 12/31/15

FUND FACTS			
Classification	Money Market Fund	Net Asset Value per unit	1.02729
Launch Date	August 16, 2013	Total Fund NAV	PHP 54,444,363.91
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: 0.25%	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 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.

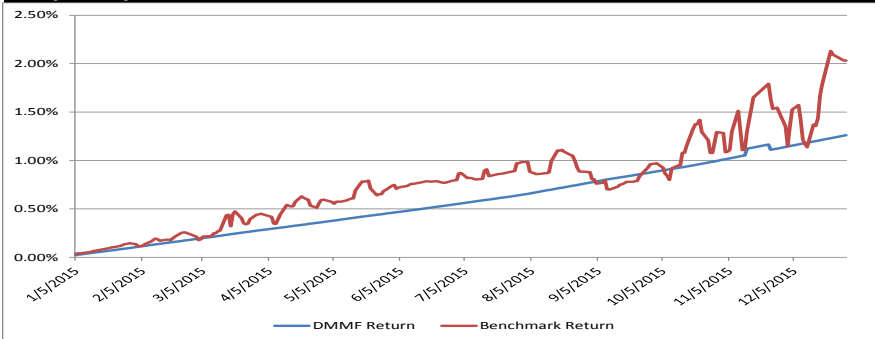
Country Risk. The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

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| <ul style="list-style-type: none">• 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. |
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For queries, contact us via email at trustmarketing@bankcom.com.ph
Tel No. 214-8800; Fax: 477-5552

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	1.027290
Lowest	1.014563

Statistics

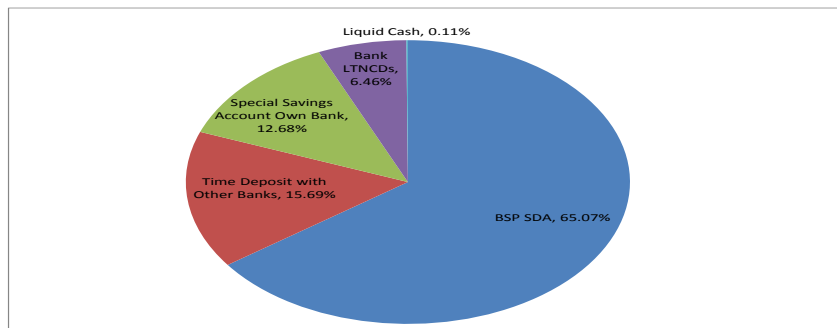
Wtd. Ave. Duration	0.25
Volatility, Past 1 Year*	-
Sharpe Ratio**	(1.06)
Information Ratio***	(1.19)

*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	0.50%	0.38%	0.98%	1.26%	NA
Benchmark	1.18%	1.29%	0.60%	2.50%	3.26%

Portfolio Composition



Top Ten Holdings (%)

BSP SDA	65.07%
Bank Deposits (Other Banks)	15.69%
Bank Deposits (Own Bank)	12.68%
Bank LTNCDs	6.46%
Liquid Cash	0.11%
Total	100.00%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposits with the Bank Proper amounting to [PHP 6,904,993.94](#). 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 Bond Market move against the trend: Despite Philippine historic lows on inflation as bond yields have actually risen up, with the 10-year benchmark bond yield rising by 24 basis points from 3.86% to 4.10% and the 25-year benchmark bond yield rising by 41 basis points from 4.49% to 4.89%. Philippine inflation fell below 1.00%, levels which were seen even prior to the 1997 Asian Financial Crisis, with the big drop attributable mainly to the drop in Oil prices globally. Logically, interest rates across the yield curve tenors would have moved downwards alongside decelerating inflation.

Fear, however, can be attributed to this market divergence. The Philippine Capital Markets were held subject 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 Bond and Stock Market entered a bear market and ended 2015 in the red. During this sell-off, cash and cash equivalents became the preferred investment destination, giving justification to the phrase "Cash is King". Despite having low returns ranging between 0.50% to 1.50% on the average, Money Market Instruments such as Time Deposits, Short Term Notes, and Treasury Bills became the most sought after investments for the year as it gave investors a defensive stance against price-risk, but gave investments a net positive return against inflation, with consumer prices decelerating its increase last year.

With analysts and economists expecting that inflation 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 traders and fund managers alike this year. The challenge is to seek for short tenor securities which provide the highest returns. Such that any liquidity will be channeled to short term investments with higher effective yields.