

**BANK OF COMMERCE – TRUST SERVICES DIVISION**

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

*For the Quarter ended June 30, 2015*

**FUND FACTS**

<b>Classification</b>	<b>Peso Bond Fund</b>	<b>Net Asset Value per unit</b>	1.445088
<b>Launch Date</b>	March 9, 2005	<b>Total Fund NAV</b>	PHP 7,736,086.18
<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: 1.00% p.a.</b> *As a percentage of daily NAV	<b>CUSTODIAN FEE:</b> N/A	<b>EXTERNAL AUDITOR FEE:</b> N/A	<b>OTHER FEES:</b> N/A
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**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.

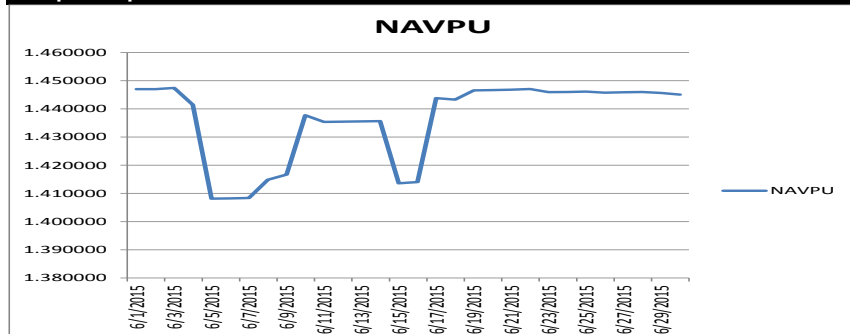
**Country Risk.** The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- **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](mailto:trustmarketing@bankcom.com.ph)  
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**FUND PERFORMANCE AND STATISTICS AS OF June 30, 2015**  
(Purely for reference purposes and is not a guarantee of future results)

**NAVpu Graph**



**NAVpu over the past 12 months**

Highest	1.477425
Lowest	1.402975

**Statistics**

Wtd. Ave. Duration	10.31
Volatility, Past 1 Year*	N/A
Sharpe Ratio**	N/A
Information Ratio***	N/A

\*Volatility measures fluctuation in yield.

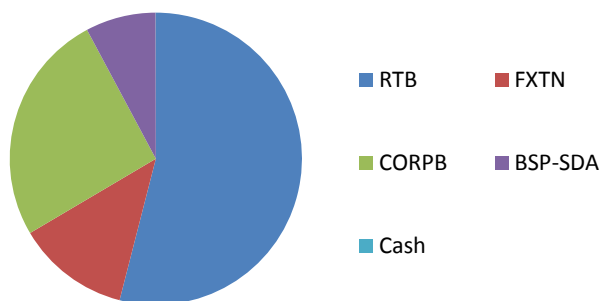
\*\*Sharpe ratio evaluates return-to-risk efficiency of the portfolio. The higher the value, the higher the reward per unit of risk.

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

**Cumulative Performance (%)**

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.5490%	0.5841%	0.3014%	0.1154%	-1.1496%
Benchmark	0.2877%	0.8630%	1.7261%	3.4650%	5.9304%

**Portfolio Composition**



**Top Ten Holdings (%)**

RTB	53.99%
FXTN	12.51%
CORPB	25.69%
BSP-SDA	7.79%
Cash	0.02%
<b>Total</b>	<b>100.00%</b>

**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

The Fund has investments with San Miguel Brewery amounting to PhP 1.0M. 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**

The country's inflation rate slowed to 1.2 percent in June, its lowest in 20 years, but the central bank was keeping interest rates steady owing to risks and conditions that may send prices rising in later months. As a result of this, the BSP has lowered its 2016 inflation target from 2.6% to 2.5%. Moving forward, we expect the market to remain on a downward trend mainly because we believe that the concerns on Greece will continue to have a negative sentiment and overhang on the market even though the eventual direct impact to the Philippine economy is very minimal.

The PSE index closed June 2015 at 7,564.50, a drop of 15.96 points, or -0.21% from May month-end figure of 7,580.46. As such, we expect the market to range between 7,400-7,600 over the near term. While we still expect the year-end outlook on the market to be at around 7,800, we expect volatility to continue. Given this, we look to take advantage of market weakness to position on market dips.