

**BANK OF COMMERCE – TRUST SERVICES DIVISION**

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

*For the Quarter ended 06/30/16*

<b>FUND FACTS</b>			
<b>Classification</b>	<b>Money Market Fund</b>	<b>Net Asset Value per unit</b>	1.034861
<b>Launch Date</b>	August 16, 2013	<b>Total Fund NAV</b>	PHP 47,071,063.33
<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

<b>FEES*</b>			
<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 maximize income potential with steady return while preserving capital and maintaining adequate liquidity. The Fund shall be invested in a diversified portfolio of peso deposits with minimal price volatility and has a duration of less than one (1) year. These include short-term peso deposits with local banks, including the Bangko Sentral ng Pilipinas, and/or branches of foreign banks operating in the Philippines. The Fund is suitable for individual and institutional investors with a "Conservative" risk profile who prefers low level of risk, favors fixed return and have an investment horizon of less than one (1) year.

**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.

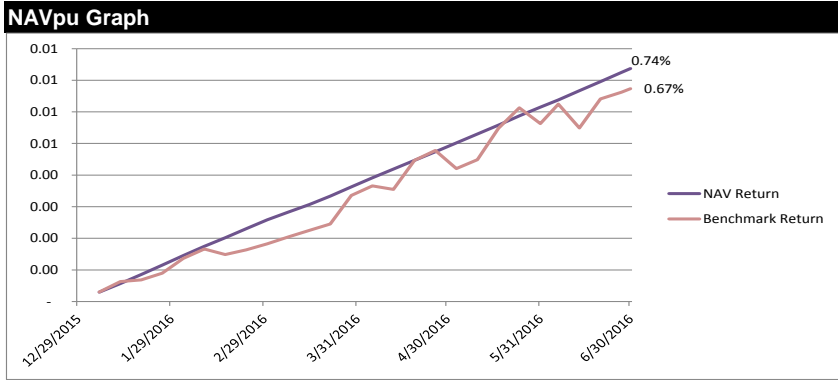
**Reinvestment Risks.** The possibility that an investor may experience losses due to probable lower returns or earnings when maturing funds or the interest earnings of the Fund are reinvested.

**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"><li>• <b>THE UIT FUND IS NOT A DEPOSIT AND NOT INSURED BY PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC).</b></li><li>• <b>RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENT/FLUCTUATIONS ONLY.</b></li><li>• <b>WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES WILL BE SOLELY FOR THE ACCOUNT OF THE CLIENT.</b></li><li>• <b>THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE.</b></li></ul> |
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For queries, contact us via email at [trustmarketing@bankcom.com.ph](mailto:trustmarketing@bankcom.com.ph)  
Tel No. 214-8800; Fax: 477-5552

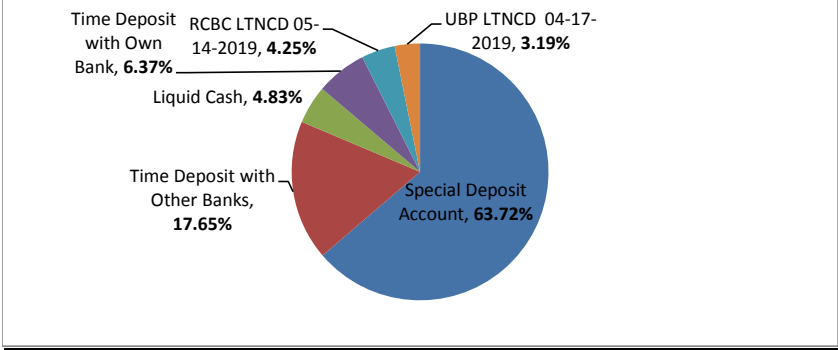
**FUND PERFORMANCE AND STATISTICS AS OF 06/30/16**  
(Purely for reference purposes and is not a guarantee of future results)



**Cumulative Performance (%)**

Period	1mo	3mos	6mos	1yr	3yrs
<b>Fund</b>	0.1210%	0.4771%	0.7113%	1.4526%	3.49%
<b>Benchmark</b>	1.3160%	1.0427%	1.6337%	1.5574%	0.75%

**Portfolio Composition**



**NAVpu over the past 12 months**

Highest	1.034861
Lowest	1.014595

**Statistics**

Wtd. Ave. Duration	0.22
Volatility, Past 1 Year*	(6.26)
Sharpe Ratio**	0.76
Information Ratio***	1.10

\*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

**Top Ten Holdings (%)**

Holdings	Weight
Special Deposit Account	63.72%
Time Deposit with Other Banks	17.65%
Liquid Cash	4.83%
Time Deposit with Own Bank	6.37%
RCBC LTNCD 05-14-2019	4.25%
UBP LTNCD 04-17-2019	3.19%
<b>TOTAL</b>	<b>100.00%</b>

**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

The Fund has deposits with the Bank Proper amounting to PHP 3,000,016.66. 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 reported inflation figure for the month of June reached 1.9% because of higher commodity prices. And, the published average inflation during first half of the year was at 1.3%. The figures are well within inflation guidance set by the central bank for 2016 which range 2% to 4%. Short-term rates continue its stability because of unchanged policy rates for the period. The overnight deposit rate stood at 2.5% while the overnight lending rate was kept at 3.5%. It was in June that the Interest Rate Corridor (IRC) been officially implemented. Term Deposit Auction Facility (TDF) replaced the Special Deposit Account (SDA) as the main tool to siphon liquidity in the market. The BSP offered in its auction 10Bn (7-day term) and 30Bn (28-day term) with awarded rate of 2.5%p.a., same rate with Overnight Deposit Facility (ODF). The Treasury Bill auction in June 6, 2016 offered three tenors with yield of a 91-day T-bill at 1.588%, down by 9 bps, while yield of a 182-day T-bill at 1.617%, down by 3 bps. Whereas, the yield of a 362-day T-bill inched up by 6bps to 1.925%.

The market's high liquidity and the current low inflation environment may continue to support short-term rates at its low range. With this, the Fund prefers the steady return and remain invested in the BSP Overnight Deposit Facility (ODF) and short-term peso deposits.