

BANK OF COMMERCE – TRUST SERVICES DIVISION

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

For the Quarter ended 6/30/2016

FUND FACTS

Classification	Peso Bond Fund	Net Asset Value per unit	1.529313
Launch Date	March 9, 2005	Total Fund NAV	PHP 7,893,524.72
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: 1.00% p.a.	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 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.

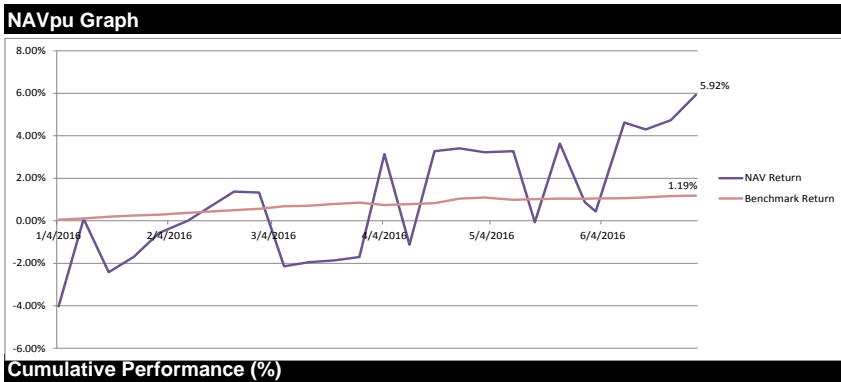
Reinvestment Risks. The possibility that an investor may experience losses due to probable lower returns or earnings when maturing funds or the interest earnings of the Fund are reinvested.

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.**

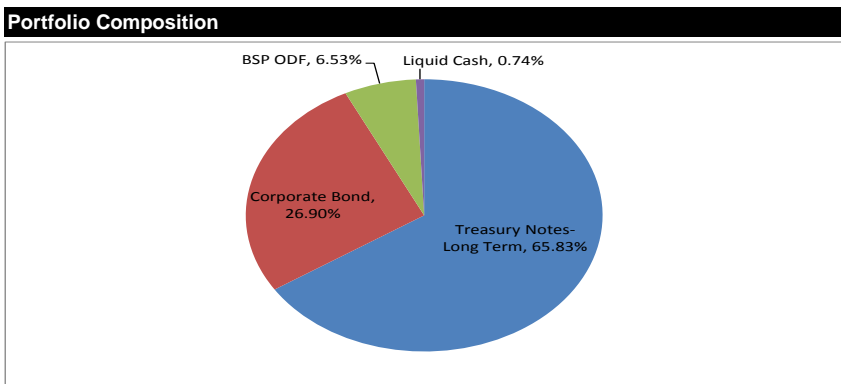
For queries, contact us via email at trustmarketing@bankcom.com.ph
Tel No. 214-8800; Fax: 477-5552

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
Fund	5.0041%	2.2019%	10.3649%	5.8379%	6.3476%
Benchmark	1.0329%	0.7209%	0.0524%	2.9063%	2.1008%



OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has investments with San Miguel Brewery amounting to [PHP 1,060,571.36](#). 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

Fixed income assets rallied in June with expectations that the US Federal Reserve might hold a slim chance of interest rate hike due to weak reports on US non-farm payrolls. Local government securities went parallel with the decline in US Treasury yields. Bond yields declined by an average of 32.3 bps across tenors and trading activity hover at the short-end of the curve. Moreover, the Bureau of Treasury held its last auction for second quarter with an oversubscription of Php84.1Bn for the offering of Php25Bn. The re-issuance of the 4-year treasury bond were sold at 2.698% p.a., lower from its original issuance of 3.375% p.a.

The central bank's term deposit facility (TDF) under the interest rate corridor gained firm demand with an oversubscription of Php199.7Bn from market participants relative to actual offering of Php30Bn with an average rate of 2.5%. The BSP offered in its auction 10Bn (7-day term) and 30Bn (28-day term) with awarded rate same as with the Overnight Deposit Facility (ODF). The 28-day term deposits will increase to Php40.0Bn come July 8, 2016.

The Diversity Peso Bond Fund was able to consistently outperform its benchmark. It posted a return of 5.0% versus 1.0% benchmark return in June. The market's high liquidity and current low inflation environment may continue to support fixed income markets in the near term. And, the Fund will remain with its current investment strategy while being watchful of any data and market-driven events.

NAVpu over the past 12 months

Highest	1.383682
Lowest	1.510555

Statistics

Wtd. Ave. Duration	10.43
Volatility, Past 1 Year*	5.12
Sharpe Ratio**	0.27
Information Ratio***	2.19

*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

Top Ten Holdings (%)

Holdings	Weight
Treasury Notes-Long Term	65.83%
Corporate Bond	26.90%
Special Deposit Account	6.53%
Liquid Cash	0.74%
TOTAL	100.00%