

BANK OF COMMERCE – TRUST SERVICES DIVISION

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

For the Quarter ended 6/30/2017

<b>FUND FACTS</b>			
<b>Classification</b>	<b>Peso Bond Fund</b>	<b>Net Asset Value per unit</b>	<b>1.540151</b>
<b>Launch Date</b>	March 9, 2005	<b>Total Fund NAV</b>	<b>PHP 5,459,826.10</b>
<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: 1.00% p.a.</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 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.

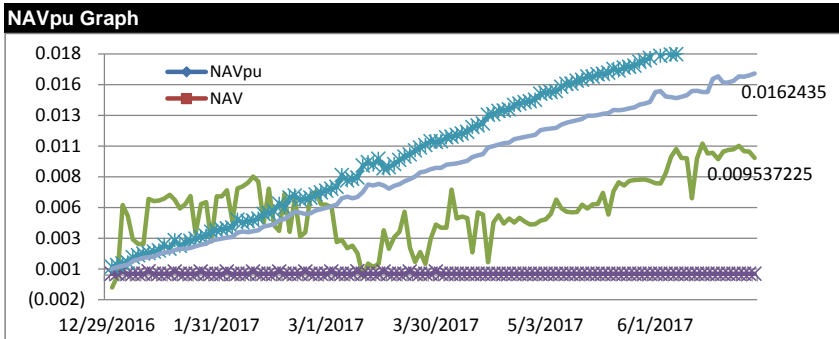
**Reinvestment Risks.** The possibility that an investor may experience losses due to probable lower returns or earnings when maturing funds or the interest earnings of the Fund are reinvested.

**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.

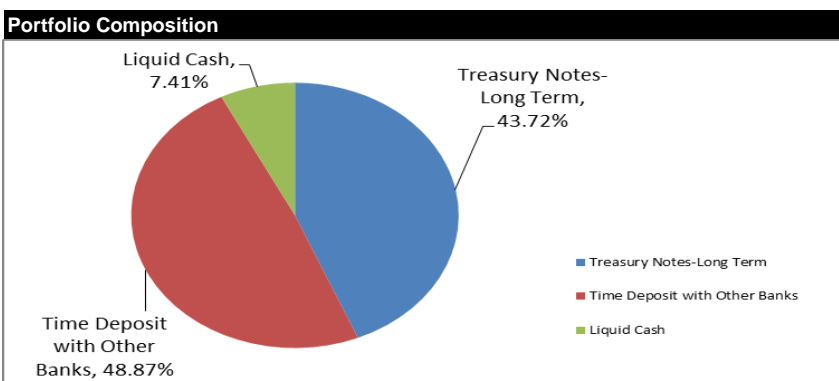
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| <ul style="list-style-type: none"><li>• <b>THE UIT FUND IS NOT A DEPOSIT AND NOT INSURED BY PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC).</b></li><li>• <b>RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENT/FLUCTUATIONS ONLY.</b></li><br/><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><br/><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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**FUND PERFORMANCE AND STATISTICS AS OF 06/30/17**  
(Purely for reference purposes and is not a guarantee of future results)



Cumulative Performance (%)					
Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.1860%	0.5403%	0.9537%	0.7087%	6.7014%
Benchmark	2.3210%	2.4245%	2.7941%	1.3198%	1.8000%



**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

**OUTLOOK AND STRATEGY**

The government was able to raise Php7.7B in its latest auction, with almost 50% short of its planned borrowings. It also awarded Php4.127billion out of the Php9B bids at 2.189% from 2.126%, while the 364 day T-bill was awarded at 2.995% from 2.926%. On the otherhand, the 182 day bids were rejected since bid rate is higher than the rates set by BTr.

The results of the auction seem to imply that investors are still waiting for news that could move the market, more specifically global uncertainties brought by FED possible tightening policy on rates.

The government reportedly plans to raise as much as Php195B in borrowing this quarter which is 8% higher than the second quarter registered figures.

NAVpu over the past 12 months	
Highest	1.581156
Lowest	1.477365

Statistics	
Wtd. Ave. Duration	4.92
Volatility, Past 1 Year*	0.27
Sharpe Ratio**	(0.74)
Information Ratio***	(1.64)

\*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	43.72%
Time Deposit with Other Banks	48.87%
Liquid Cash	7.41%
<b>TOTAL</b>	<b>100.00%</b>