

BANK OF COMMERCE – TRUST SERVICES DIVISION

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

For the Quarter ended 12/31/2017

**FUND FACTS**

<b>Classification</b>	<b>Money Market Fund</b>	<b>Net Asset Value per unit</b>	<b>1.056116</b>
<b>Launch Date</b>	August 16, 2013	<b>Total Fund NAV</b>	<b>PHP 78,646,518.75</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

**FEES\***

<b>TRUSTEE FEE: 0.25%</b>	<b>CUSTODIAN FEE:</b>	<b>EXTERNAL AUDITOR</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

**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.

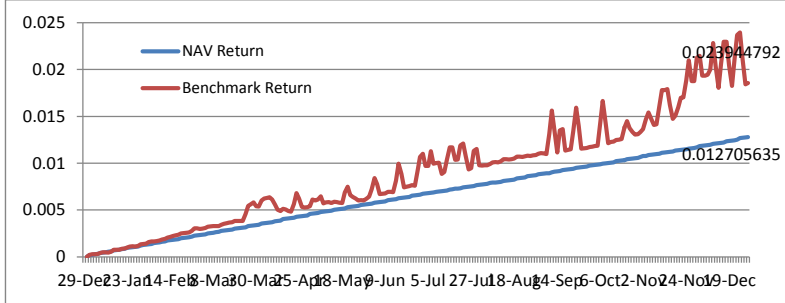
**Country Risk.** The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- 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 12/31/17**  
(Purely for reference purposes and is not a guarantee of future results)

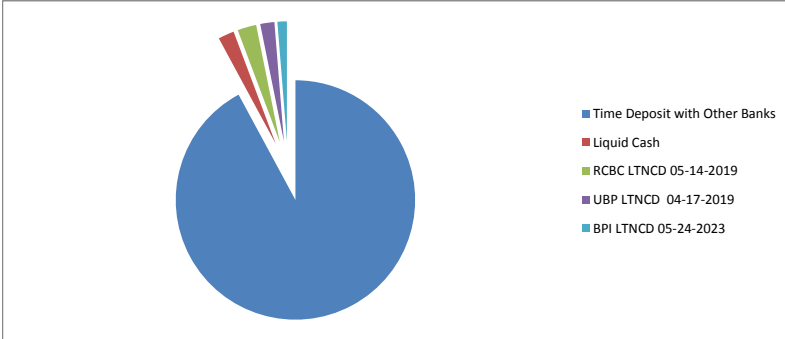
**NAV/pu Graph**



**Cumulative Performance (%)**

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.8671%	0.6623%	0.3417%	1.2793%	4.0934%
Benchmark	1.8889%	1.6370%	1.6604%	1.6604%	1.9000%

**Portfolio Composition**



**NAVpu over the past 12 months**

Highest	1.056116
Lowest	1.042807

**Statistics**

Wtd. Ave. Duration	0.16
Volatility, Past 1 Year*	0.60
Sharpe Ratio**	(1.04)
Information Ratio***	(2.33)

\*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
Time Deposit with Other Banks	92.12%
Liquid Cash	2.15%
RCBC LTNCD 05-14-2019	2.54%
UBP LTNCD 04-17-2019	1.91%
BPI LTNCD 05-24-2023	1.27%
<b>TOTAL</b>	<b>100.00%</b>

**OUTLOOK AND STRATEGY**

Inflation which averaged 3.2% in 2017, which is to settle within an official target of 2-4%, gives BSP room to leave borrowing rates unchanged. Economic growth for the first nine months of 2017 averaged at 6.7% which is within the 6.5% to 7.5% goals. The strong manufacturing performance was hand in hand with the robust private household spending and the continuous increase in public infrastructure in relation with the government's build build build project. These favorable domestic conditions allow the BSP to stand firm despite an evolving overseas environment.

The BTr fully awarded the three tenors in the last January 15 auction, ending the five failed auctions in the latter part of 2017. The 91-day bill was awarded at 2.233% versus the last auction at 2.148% for Php9B. The 182-day bills worth Php6B was awarded at 2.233% from 2.148% last auction in 2017 while the Php5B 364-day notes were sold at 2.849% versus 2.952%. It seems that the market still has strong appetite for short term investments.

The Fund is set to position on higher yielding issues which are within compliance to satisfy Declaration of Trust provision allowed average duration.