

BANK OF COMMERCE – TRUST SERVICES DIVISION

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

For the Quarter ended 12/31/2017

FUND FACTS			
Classification	Peso Bond Fund	Net Asset Value per unit	1.538998
Launch Date	March 9, 2005	Total Fund NAV	PHP 5,490,636.89
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.

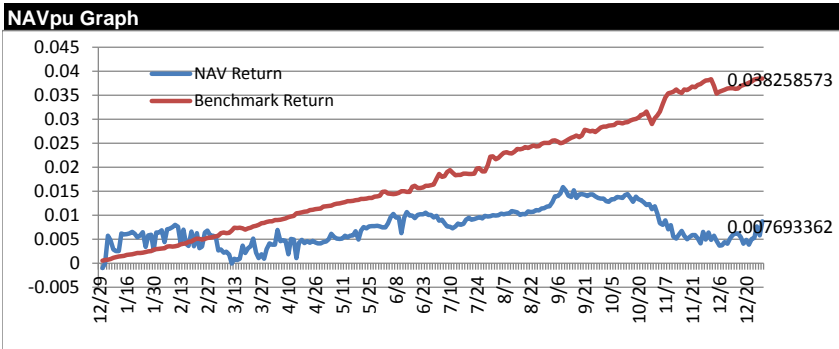
Reinvestment Risks. The possibility that an investor may experience losses due to probable lower returns or earnings when maturing funds or the interest earnings of the Fund are reinvested.

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.

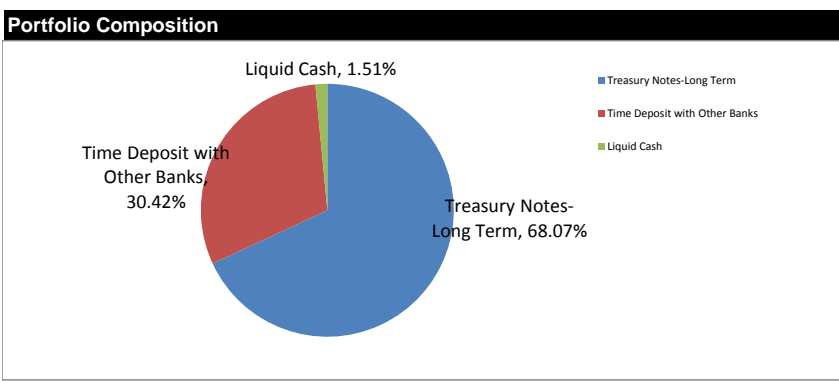
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FUND PERFORMANCE AND STATISTICS AS OF 12/31/17
(Purely for reference purposes and is not a guarantee of future results)



Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.2358%	-0.4776%	-0.1278%	0.8745%	6.8231%
Benchmark	3.0711%	2.7211%	2.2260%	2.7941%	1.6614%



OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

OUTLOOK AND STRATEGY

BSP may possibly increase interest rates if the implementation of the Tax Reform for Acceleration and Inclusion (TRAIN) would trigger price increase for consumer goods and services as well as wage hike petitions that could push inflation beyond target, although they expect that the effect could be short lived. Thus, they see manageable inflation rate for the year 2018 and 2019 as they retained their forecast to 3.4% and 3.2% for 2018 and 2019, respectively.

On the otherhand, BTr initially planned to raise as much as P20B in its January 11 auction of fresh 10 year T-Bonds set to mature on January 22, 2028 but rejected all bids which totaled 18.67B out of 20B offering at 4.915%.

In the secondary market, 2-, 3- and 5-year T-bonds decreased by 7.53bps, 2.73bps and 1.82bps, respectively, while the rates for 4-year and 7-year T-bonds increased by .71bps and .07 bps, respectively. Similarly, long term T-Bonds of 10 and 20-years increased by 9.6bps and 33.23bps, respectively. The yields are expected to increase as the market test the inflationary effect of the new tax reform implementation and the issuance of fresh supply of the 3-year Treasury Bonds.

The fund is slowly deploying its liquid position to higher yielding medium-term instruments in anticipation of interest rate increase by the Bangko Sentral ng Pilipinas.

NAVpu over the past 12 months

Highest	1.566244
Lowest	1.524043

Statistics

Wtd. Ave. Duration	3.12
Volatility, Past 1 Year*	0.15
Sharpe Ratio**	(1.05)
Information Ratio***	(2.87)

*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	68.07%
Time Deposit with Other Banks	30.42%
Liquid Cash	1.51%
TOTAL	100.00%