

BANK OF COMMERCE – TRUST SERVICES DIVISION

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

For the Quarter ended **12/31/2017**

FUND FACTS			
Classification	Dollar Bond Fund	Net Asset Value per unit (NAVpu)	2.05205
Launch Date	March 9, 2005	Total Fund NAV	USD 362,234.04
Minimum Investment	USD 1,000	Dealing Day	11:30 AM
Minimum Additional	USD 100	Redemption Settlement	T + 1
Minimum Holding period	30 days	Early Redemption Fee	5% on redeemed amount

FEES*			
TRUSTEE FEE: 1.00%	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 bid price of 10-year Republic of the Philippines (ROP) Bonds from Bloomberg Generic (BGN) at the start of the quarter.

CLIENT SUITABILITY

The Bank of Commerce Diversity Dollar Bond Fund is suitable only for investors who:

- Have a MODERATE risk profile
- With an investment horizon of more than 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.

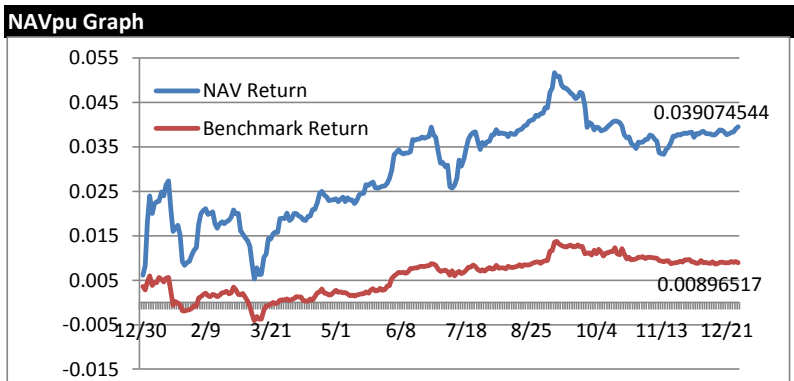
Reinvestment Risks. The possibility that an investor may experience losses due to probable lower returns or earnings when maturing funds or the interest earnings of the Fund are reinvested.

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

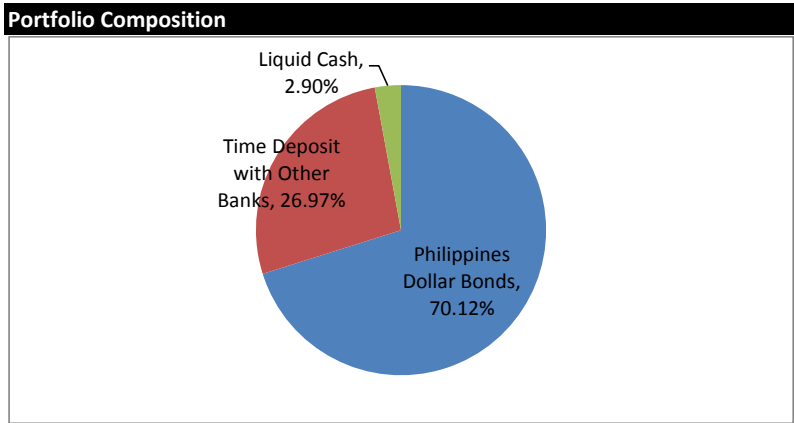


NAVpu over the past 12 months	
Highest	2.076278
Lowest	1.974054

Statistics	
Wtd. Ave. Duration	7.97
Volatility, Past 1 Year*	2.38
Sharpe Ratio**	3.62
Information Ratio***	4.56

*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

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.1230%	-0.0911%	1.8442%	3.9576%	6.3679%
Benchmark	-0.4243%	-1.2002%	0.5593%	-1.4122%	-4.2443%



Top Ten Holdings (%)	
Holdings	Weight
Philippines Dollar Bonds	70.12%
Time Deposit with Other Banks	26.97%
Liquid Cash	2.90%
TOTAL	100.00%

OUTLOOK AND STRATEGY

The Bangko Sentral reported that OFW cash remittance slowed down for the month of November both for sea-based and land-based workers. The money sent home by OFW amounting to \$2.262B for the month of November or an increase of 2% as compared \$2.275B or an increase of 8.4% increased in October of 2017. The peso averaged P51.0384 versus the dollar in November, posting a slight recovery as compared to October trade which is at \$1.3433B Last October, the local currency reached an 11 year low as the peso traded above P51 level against the dollar.

The government is all set to issue \$2B global bonds (ROP), the issue will be composed of 50% new money and 50% for liability management but no exact tenor yet. This is the second ROP issued under the flagship of President Duterte. In January 2017, the government issued a 25-year tenor with the same amount. It raised 25% new money and 75% from swapping as part of the government debt liability management exercise.

Maturing dollar investments shall be deployed to new ROP issuances of the government.