

BANK OF COMMERCE – TRUST SERVICES DIVISION

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

For the Quarter ended 30/06/2018

FUND FACTS

Classification	Dollar Bond Fund	Net Asset Value per unit (NAVpu)	1.961772
Launch Date	March 9, 2005	Total Fund NAV	USD 306,786.24
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.

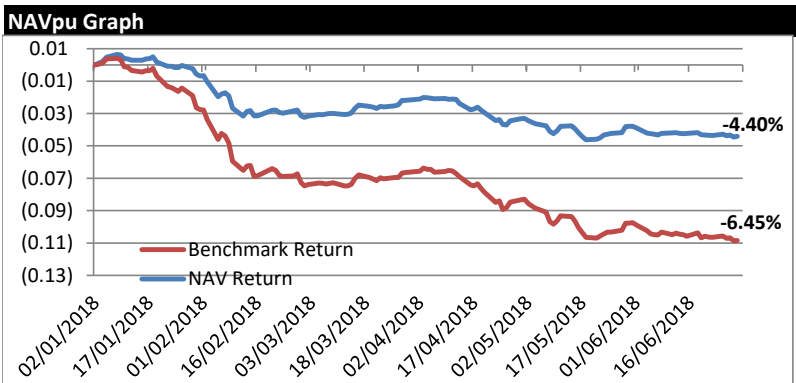
Reinvestment Risks. The possibility that an investor may experience losses due to probable lower returns or earnings when maturing funds or the interest earnings of the Fund are reinvested.

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 06/30/18
(Purely for reference purposes and is not a guarantee of future results)

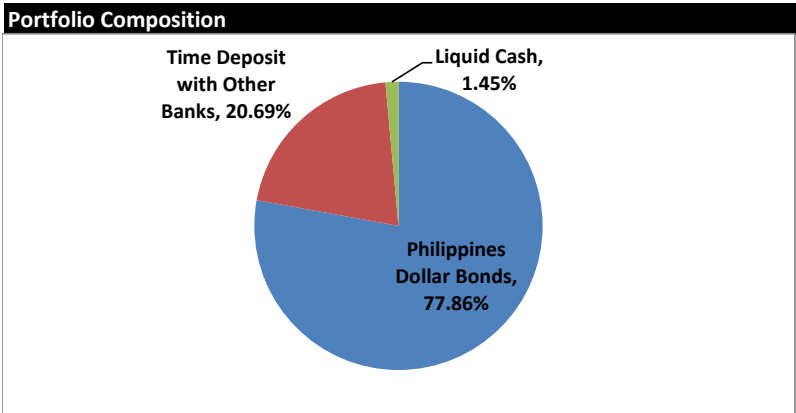


NAVpu over the past 12 months	
Highest	2.076278
Lowest	1.957064

Statistics	
Wtd. Ave. Duration	8.89
Volatility, Past 1 Year*	0.20%
Sharpe Ratio**	2.80
Information Ratio***	3.74

*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	2.9173%	1.4911%	-0.9658%	-0.7820%	3.5257%
Benchmark	-3.5175%	-5.0117%	-9.4115%	-10.6382%	-12.4844%



Top Ten Holdings (%)	
Holdings	Weight
Philippines Dollar Bonds	77.86%
Time Deposit with Other Banks	20.69%
Liquid Cash	1.45%
TOTAL	100.00%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS
The fund has deposit with Bank proper amounting to US\$4,515.05 which is 1.45% of the fund. Bank of Commerce is an approved counterparty by the Trust and Investment Committee and the Board of Directors. All related party transactions are conducted on an arm's length basis.

OUTLOOK AND STRATEGY

The peso slightly climbed against dollar on July 9 trading following the release of unemployment data in the United States. Also recorded was the slight recovery of peso at P53.40 versus P53.42 closing last July 6.

The dollar reserves of the Philippines fell to their lowest level in six years at the end of June as investors convert their holdings into foreign currency either to repatriate their assets or to protect them against the peso depreciation. The country's Gross International Reserves level as of end-June 2018 was lower at \$77.68 billion from the end-May 2018 level of \$79.2 billion. This was the lowest since the \$75.3 billion recorded at the end of 2011

On the other hand, treasury prices weakened last July 9 trading, as investors sold U.S. government paper in preparation for a busy week of bond auctions. Market participants are expected to push yields higher, and prices lower, to ensure a successful bond auction. With long-dated debt which rallied in the past few weeks, investors estimate that there will be room for bonds to cheapen ahead of the auction. The Treasury Department is set to sell \$69 billion of bonds.

Maturing dollar investments shall be deployed to new ROP issuances of the government or higher yielding medium-term dollar time deposit.