

BANK OF COMMERCE – TRUST SERVICES DIVISION

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

For the Quarter ended 30/06/2018

**FUND FACTS**

<b>Classification</b>	<b>Peso Bond Fund</b>	<b>Net Asset Value per unit</b>	<b>1.5163430</b>
<b>Launch Date</b>	March 9, 2005	<b>Total Fund NAV</b>	<b>PHP 5,449,955.40</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: 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.

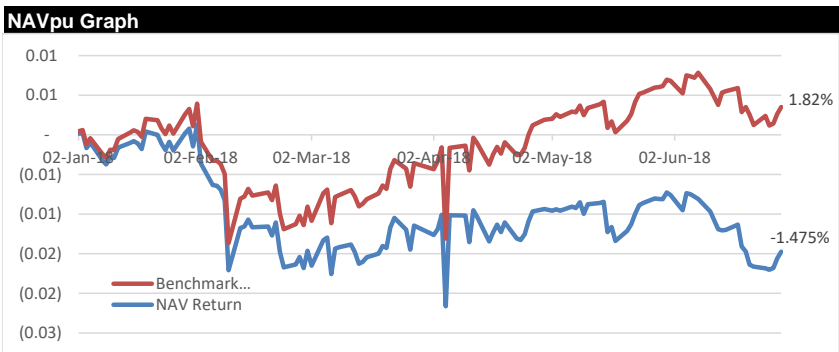
**Reinvestment Risks.** The possibility that an investor may experience losses due to probable lower returns or earnings when maturing funds or the interest earnings of the Fund are reinvested.

**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.

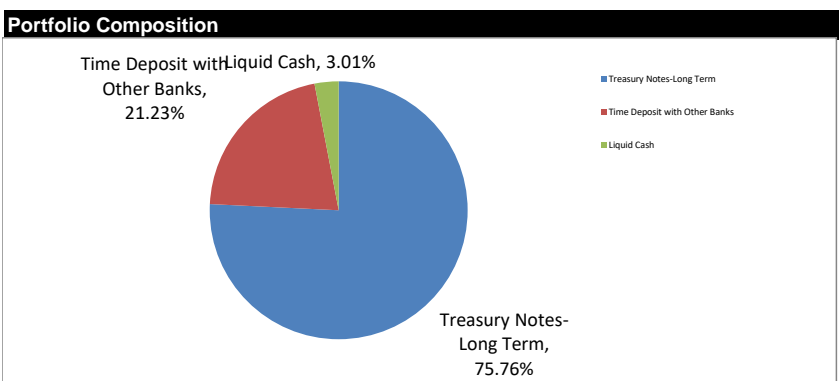
- THE UIT FUND IS NOT A DEPOSIT AND NOT INSURED BY PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC).
- RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENT/FLUCTUATIONS ONLY.
- WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES 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 06/30/18**  
 (Purely for reference purposes and is not a guarantee of future results)



Period	1mo	3mos	6mos	1yr	3yrs
Fund	-0.6672%	-0.3325%	-1.4745%	-1.5518%	4.9245%
Benchmark	3.3793%	3.1922%	2.7950%	2.2269%	2.1120%



**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

The fund has deposit with Bank proper amounting to Php170,924.85 or 3.01% 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 Philippine Statistics Authority released the inflation figure which accelerated to a fresh five-year high of 5.2% in June as compared to 4.6% of May. The said figure is way beyond the BSP's estimate at 4.3% to 5.1% range and the DOF's estimate of 4.9%. Price increases in June were led by alcohol and tobacco (20.8%), transport (7.1%), as well as food (6.1%). With the current scenario, BSP plans to review and update the situation and reassess inflation forecast. The BSP already raised its interest rates twice this year with borrowing cost now within the range of 3-4%.

On the other hand, the first Treasury bond auction for the second half of the 2018, the government rejected all bids for the 10-year Treasury bonds (T-bond) as investors demanded higher rates ahead of the June inflation print. The Bureau of the Treasury (BT) opted to reject all tenders for its P15-billion offer of reissued 10-year debt, as tenders put forward by banks reached P14.84 billion, slightly below the amount the Treasury wanted to borrow. The 10-year securities rallied in afternoon trading to close at 6.3437% as the session wrapped up.

Additional investments to the Fund shall be diversified to take advantage of fixed-income instruments offering better returns which are expected to float in the market.

NAVpu over the past 12 months	
Highest	1.549873
Lowest	1.505658

Statistics	
Wtd. Ave. Duration	3.06
Volatility, Past 1 Year*	0.24%
Sharpe Ratio**	(2.03)
Information Ratio***	(3.61)

\*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	75.76%
Time Deposit with Other Banks	21.23%
Liquid Cash	3.01%
<b>TOTAL</b>	<b>100.00%</b>