

**BANK OF COMMERCE – TRUST SERVICES DIVISION**

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

For the Quarter ended 31/03/2018

<b>FUND FACTS</b>			
<b>Classification</b>	<b>Money Market Fund</b>	<b>Net Asset Value per unit</b>	<b>1.060028</b>
<b>Launch Date</b>	August 16, 2013	<b>Total Fund NAV</b>	<b>PHP 77,648,090.18</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

<b>FEES*</b>			
<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.

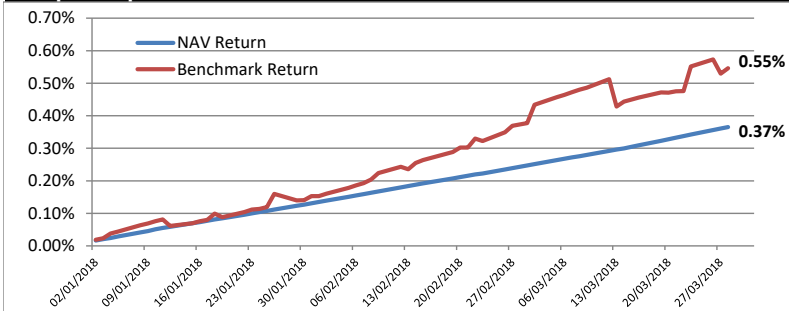
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| <ul style="list-style-type: none"><li>• <b>THE UIT FUND IS NOT A DEPOSIT AND NOT INSURED BY PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC).</b></li><li>• <b>RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENT/FLUCTUATIONS ONLY.</b></li><li>• <b>WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES WILL BE SOLELY FOR THE ACCOUNT OF THE CLIENT.</b></li><li>• <b>THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE.</b></li></ul> |
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**FUND PERFORMANCE AND STATISTICS AS OF 03/31/18**  
(Purely for reference purposes and is not a guarantee of future results)

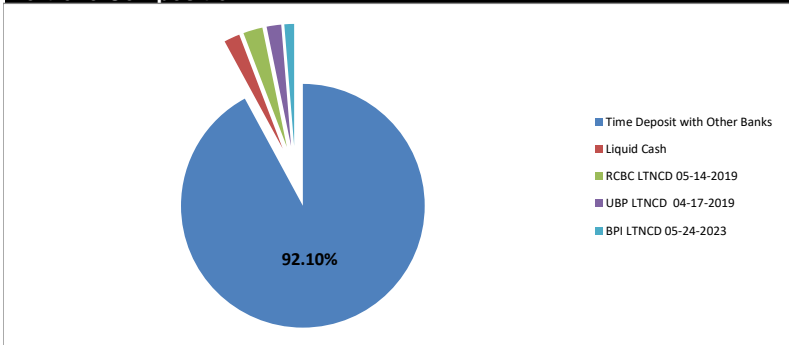
**NAVpu Graph**



**Cumulative Performance (%)**

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.1219%	0.3651%	0.6789%	1.3029%	4.1841%
Benchmark	2.2039%	1.6953%	1.3701%	2.1257%	1.5931%

**Portfolio Composition**



**OUTLOOK AND STRATEGY**

Inflation increased to 4.8% in March from 4.5% in February using the old base year of 2006 and was the highest since the 4.9% reported in both July and August of 2014. This is above the BSP's target range of 2-4% for the year. While, core inflation was at 4.7% vs 4.4% in February. Month-on-month inflation rose to 0.8%, higher than 0.7% last month. Looking at the figures released by Philippine Statistics Authority on the composition of inflation items, it shows that Food, Beverage, Alcohol and Tobacco pulled up the overall inflation rate. F&B increased to 5.9% (+110bps) while alcohol increased to 18.6% (+170bps). While other items were almost constant, with utilities only increasing by 30bps, and transportation declined by 90bps.

During the last auction for the 1st quarter of 2018, BTr fully awarded the 91-day T-bills, but partially accepted bids for 182- and 364-day securities, reflecting the market's continued preference for short-term debt papers. During April 2's auction, the BTr fully awarded P9.0Bn worth of 91-day T-bills as interest rates declined 2.9 bps to 2.995% from 3.024% auction. The three-month notes were oversubscribed, with total tenders amounting to P16.12Bn. Meanwhile, 182-day T-bills fetched an average rate of 3.206%, up 4.1 bps from the 3.165% recorded the previous auction. This is despite the partial award made for the securities, after accepted rates were capped at 3.25%. As a result, only P3.584Bn of the P6.0Bn original volume was awarded. The T-bills were also undersubscribed, with only P5.834Bn tendered. Lastly, the average rate for one-year securities rose 12.3bps to 3.434% from the 3.311% posted the previous auction, even after the auction committee cut the accepted rates at 3.55%

The Fund is set to position on higher yielding issues which are within the allowed average duration.

**NAVpu over the past 12 months**

Highest	1.060028
Lowest	1.046323

**Statistics**

Wtd. Ave. Duration	0.16
Volatility, Past 1 Year*	0.004%
Sharpe Ratio**	(1.15)
Information Ratio***	(2.50)

\*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	92.10%
Liquid Cash	2.11%
RCBC LTNCD 05-14-2019	2.58%
UBPI LTNCD 04-17-2019	1.93%
BPI LTNCD 05-24-2023	1.29%
<b>TOTAL</b>	<b>100.00%</b>