

BANK OF COMMERCE – TRUST SERVICES DIVISION

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

For the Quarter ended **9-30-2018**

FUND FACTS			
Classification	Money Market Fund	Net Asset Value per unit (NAVpu)	1.072153
Launch Date	August 16, 2013	Total Fund NAV	PHP 64,302,002.18
Minimum Investment/ Maintaining Participation	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: 0.25%	CUSTODIAN FEE: 0.00%	EXTERNAL AUDITOR FEE: 0.00%	OTHER FEES: 0.00%
*As a percentage of daily NAV	N/A	R.G. Manabat and Co.	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 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.

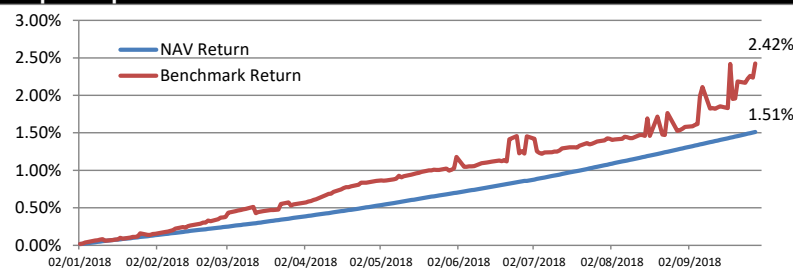
Country Risk. The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

<ul style="list-style-type: none">• 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 9-30-2018
(Purely for reference purposes and is not a guarantee of future results)

NAVpu Graph

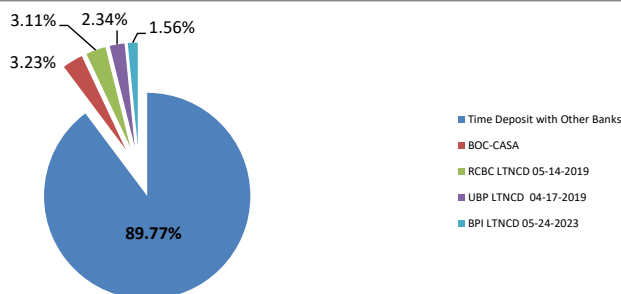


Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.2088%	0.6472%	1.1424%	1.8290%	4.7460%
Benchmark	2.3210%	2.8757%	2.2078%	1.3701%	1.0954%

*Benchmark is the 3-month yield based on PDST-R2

Portfolio Composition



OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The fund has deposit with Bank proper amounting to Php2,071,8247.70 which is 3.2252% of the funds. 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

BSP's Term Deposit rates hits an all-time high level last October 10 as investors expects that the Bangko Sentral ng Pilipinas (BSP) would further raise interest rates amid the projected elevated inflation until next year. The seven-day TDF auction hit a weighted average yield of a record high of 4.71274% from previous rate of 4.4215%, while the 14-day facility interest rates increased from 4.4215% to 4.7127%. All bids were awarded for both tenors. Likewise the 28-day facility reached the 4.7884% from 4.4877% last September 26 trading. BSP only offered Php10Billion while the bid reached Php26.505Billion.

BSP already raised benchmark interest rates by a cumulative 150 basis points (bp) in five month time. The move is on account of the continued increase in inflation showing signs of potential breach of the target range with the administrations' conscious effort to meet the inflation expectations on the back of surging prices of basic goods going beyond the central bank's 2% to 4% target band for the year.

September inflation hits a fresh nine-year-high at 6.7%, pushing the year-to-date pace to 5%. The BSP sees inflation averaging to 5.2% and 4.3% for 2018 and 2019, respectively, both piercing the ceiling of the target range. Tightening moves might pause should month-on-month inflation show deceleration with the implementation of the rice tariffication law, seem to be instrumental in tapering inflation with expectation decrease the retail price of rice to up to P7 per kilogram.

NAVpu over the past 12 months

Highest	1.072153
Lowest	1.052804

Statistics

Wtd. Ave. Duration	0.14
Volatility, Past 1 Year*	0.01%
Sharpe Ratio**	(1.52)
Information Ratio***	(5.06)

*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	89.77%
BOC-CASA	3.23%
RCBC LTNCD 05-14-2019	3.11%
UBPN LTNCD 04-17-2019	2.34%
BPI LTNCD 05-24-2023	1.56%
TOTAL	100.00%