

BANK OF COMMERCE – TRUST SERVICES DIVISION

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

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

FUND FACTS				
Classification	Peso Bond Fund	Net Asset Value per unit (NAVpu)	1.492240	
Launch Date	March 9, 2005	Total Fund NAV	PHP	5,512,118.45
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: 1.00% p.a.	CUSTODIAN FEE: 0.00%	EXTERNAL AUDITOR FEE: 0.00%	OTHER FEES:	0.00%
*As a percentage of daily NAV	Bureau of Treasury	R.G. Manabat and Co.	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.

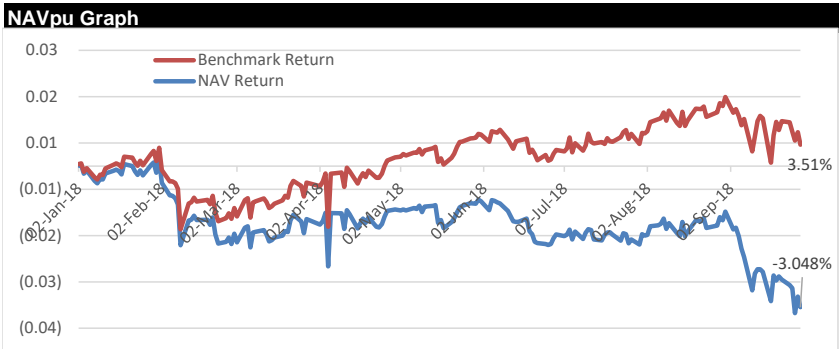
Reinvestment Risks. The possibility that an investor may experience losses due to probable lower returns or earnings when maturing funds or the interest earnings of the Fund are reinvested.

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
Tel No. 214-8800; Fax: 477-5552

FUND PERFORMANCE AND STATISTICS AS OF 9-30-2018
(Purely for reference purposes and is not a guarantee of future results)

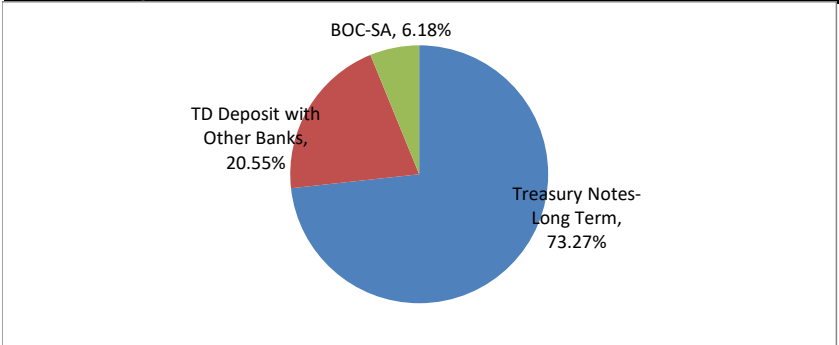


Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	-2.0875%	-1.5968%	-1.9239%	-3.4984%	2.9267%
Benchmark	3.6334%	3.6096%	3.1922%	2.7100%	1.7938%

*Benchmark is the 5-year yield based on PDST-R2

Portfolio Composition



OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The fund has deposit with Bank proper amounting to Php362,932.01 or 6.18% 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

Inflation hit the highest level since 2009 registering 6.7% level in September, from 6.4% in August. The figure is higher than the forecast of 6.4% by the Department of Finance (DOF) but within target of the Bangko Sentral ng Pilipinas (BSP) at the range of 6.3%-7.1% yet lower than the median forecast of economist in a Bloomberg survey of 6.8%. This brings year-to-date average inflation to 5.0%. The higher inflation is brought about by the heavily-weighted food inflation and non-alcoholic beverages index which further accelerated to 9.7% from 8.5% in August. This was fueled by further price hikes in alcoholic beverages and tobacco (+21.8%) and transport (+8%). On the other hand, September core inflation – which excludes selected volatile food and energy items – decreased to 4.7% from 4.8% in the prior month. This is due to deceleration in housing, water, electricity, gas and other fuels index (4.6%).

Investors reacted through presence of active trading on government bonds especially on the liquid securities particularly FXTN5-75 where yield fell 3.50bps went lower by 3.5 - 10bps compared to previous day's levels. There is significant decline in yield for done deals of the 10-60, 10-61 and 10-63 series. Relatively, Bureau of Treasury will re-issue Php15B of 4yr 4mos FXTN 5-75 at indicative rates of 7.25 – 7.30%, a 15-20bps increase at current market price.

NAVpu over the past 12 months

Highest	1.547755
Lowest	1.490085

Statistics

Wtd. Ave. Duration	2.89
Volatility, Past 1 Year*	0.23%
Sharpe Ratio**	(1.82)
Information Ratio***	(4.51)

*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	73.27%
Time Deposit with Other Banks	20.55%
BOC-SA	6.18%
TOTAL	100.00%