

**BANK OF COMMERCE – TRUST SERVICES DIVISION****BANK OF COMMERCE DIVERSITY MONEY MARKET FUND  
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT***For the Quarter ended 12-31-2018*

<b>FUND FACTS</b>			
<b>Classification</b>	<b>Money Market Fund</b>	<b>Net Asset Value per unit (NAVpu)</b>	<b>1.08215</b>
<b>Launch Date</b>	August 16, 2013	<b>Total Fund NAV</b>	<b>PHP 62,189,243.00</b>
<b>Minimum Investment/ Maintaining Participation</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: 0.00%</b>	<b>EXTERNAL AUDITOR FEE: 0.00%</b>	<b>OTHER FEES: 0.00%</b>
*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 and Government Securities. 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.

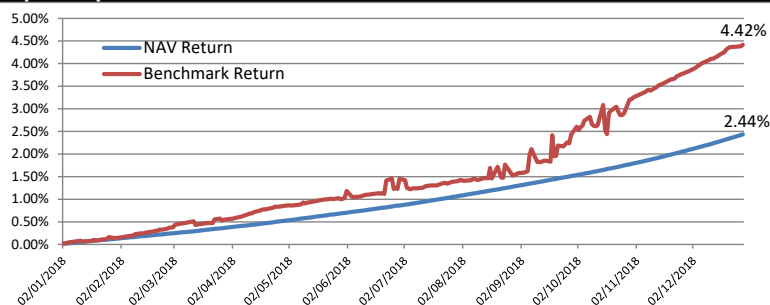
**Country Risk.** The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

<ul style="list-style-type: none"> <li>• THE UIT FUND IS NOT A DEPOSIT AND NOT INSURED BY PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC).</li> <li>• RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENT/FLUCTUATIONS ONLY.</li> <li>• WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES WILL BE SOLELY FOR THE ACCOUNT OF THE CLIENT.</li> <li>• THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE.</li> </ul>
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**FUND PERFORMANCE AND STATISTICS AS OF 12-31-2018**  
(Purely for reference purposes and is not a guarantee of future results)

**NAVpu Graph**

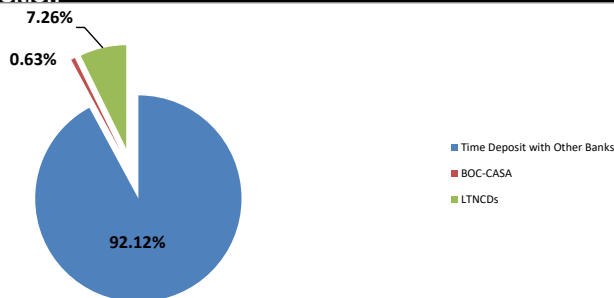


**Cumulative Performance (%)**

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.3411%	0.9099%	1.5690%	2.4354%	5.3007%
Benchmark	4.1082%	3.1975%	2.5107%	1.6953%	1.8834%

\*Benchmark is the 3-month yield based on PDST-R2 / PHP BVAL Rate

**Portfolio Composition**



**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

The fund has deposit with Bank proper amounting to Php389,542.62 which is 0.6281% 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**

Monetary authorities held fire on policy rates on last Dec. 13, 2018 meeting, marking the end of five straight tightening moves for 2018, amid expectations that inflation will decelerate faster than initially thought. The policy-setting Monetary Board of the Bangko Sentral ng Pilipinas (BSP) voted to keep benchmark interest rates unchanged. Inflation expectations this year and the next continue to trend down as fuel and food prices, particularly rice, declined from highs last September 2018. December's inflation print of 5.1% was the lowest since May and brought 2018's average to 5.2%, in line with BSP forecast for the year but beyond the 2%-4% target band. This was also lower than consensus estimate of 5.6%. Upside risks to inflation this year is still present as 2019 is an election year, but the high base from 2018 and the decline in global oil (~30% from peak in October) and rice (~12% from peak in end-September) plus the Bangko Sentral's monetary action last year (150-bp hike) should keep inflation tethered. As such, we expect the yield curve to continue to flatten. A possible reversal of the Fed's previously believed policy tightening this year could help sustain the downtrend in local bond yields.

With the Philippine economy seen to rebound to 7% in 2019 coupled with reliefs on inflation concerns, the easing of interest rates, and stabilization of the trade balance with foreign exchange weakness, the Fund shall take advantage of the upcoming short-term government borrowings anchored to support the administration's projects, as well as bank-fueled public and private borrowings which will provide attractive yields to investors.

**NAVpu over the past 12 months**

Highest	1.082150
Lowest	1.056161

**Statistics**

Wtd. Ave. Duration	0.11
Volatility, Past 1 Year*	0.01%
Sharpe Ratio**	(0.99)
Information Ratio***	(3.42)

\*Volatility measures the degree to which the Fund fluctuates vis-a-vis its average return over a period of time.

\*\*Sharpe ratio is used to characterize how well the return of the Fund compensates the investor for the level of risk taken.

\*\*\*Information ratio measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

**Top Ten Holdings (%)**

Holdings	Weight
Time Deposit with Other Banks	92.12%
BOC-CASA	0.63%
LTNCDs	7.26%
<b>TOTAL</b>	<b>100.00%</b>