

BANK OF COMMERCE – TRUST SERVICES GROUP

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

For the Quarter ended **03-31-2019**

FUND FACTS			
Classification	Dollar Bond Fund	Net Asset Value per unit (NAVpu)	2.127002
Launch Date	March 9, 2005	Total Fund NAV	USD 331,040.63
Minimum Investment/ Maintaining Participation	USD 1,000	Dealing Day	11:30 AM
Minimum Additional	USD 100	Redemption Settlement	T + 1
Minimum Holding period	30 days	Early Redemption Fee	5% on redeemed amount

FEES*				
TRUSTEE FEE: 1.00%	CUSTODIAN FEE: 0.00%	EXTERNAL AUDITOR FEE: 0.00%	OTHER FEES:	0.00%
*As a percentage of daily NAV	Transactional Deutsche Bank	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 bid price of 10-year Republic of the Philippines (ROP) Bonds from Bloomberg Generic (BGN) at the start of the quarter.

CLIENT SUITABILITY

The Bank of Commerce Diversity Dollar Bond Fund is suitable only for investors who:

- Have a MODERATE risk profile
- With an investment horizon of more than 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.

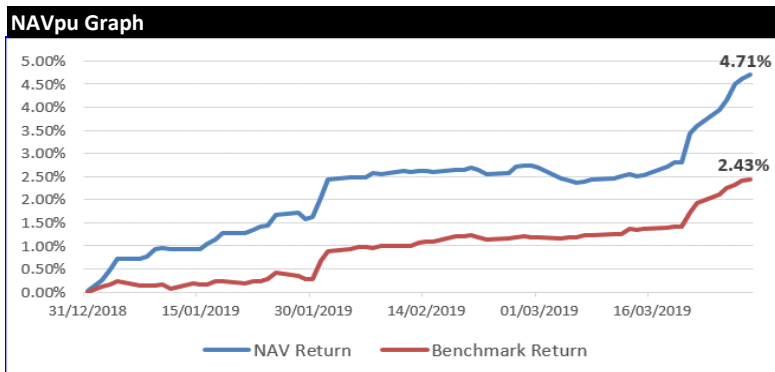
Country Risk. The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- 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 03-31-2019
(Purely for reference purposes and is not a guarantee of future results)



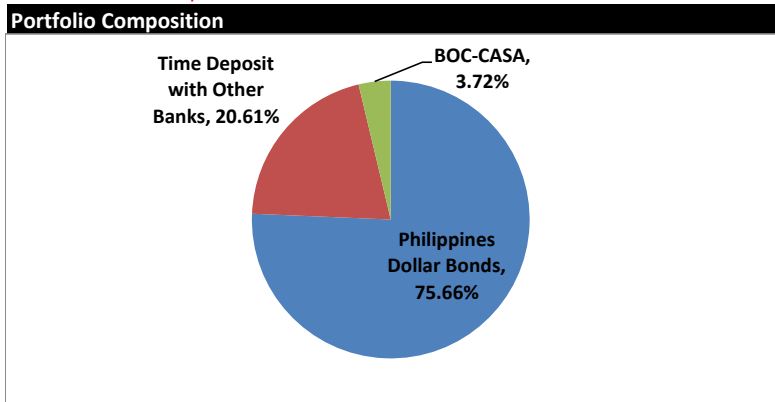
NAVpu over the past 12 months	
Highest	2.127038
Lowest	1.957064

Statistics	
Wtd. Ave. Duration	8.65
Volatility, Past 1 Year*	0.13%
Sharpe Ratio**	2.93
Information Ratio***	5.21

*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.

Period	1mo	3mos	6mos	1yr	3yrs
Fund	1.9244%	4.7059%	5.9765%	5.9789%	3.9716%
Benchmark	0.2228%	1.4307%	0.2797%	-2.6883%	-12.4859%

*Benchmark is bid price of 10-Year ROP Bonds



Top Ten Holdings (%)	
Holdings	Weight
Philippines Dollar Bonds	75.66%
Time Deposit with Other Banks	20.61%
BOC-CASA	3.72%
TOTAL	100.00%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The fund has deposit with Bank proper amounting to US\$11,960.10 which is 3.72% 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

A more-than-anticipated dovish Fed brought about a buying spree in US treasuries overnight with rates lower by 5-8.5bps and the curve ending steeper with the 5s30s curve jumping close to 5bps to 64bps. The Fed dropped its 2019 rate hike forecast to zero from 2 last December, one for 2020 and none for 2021. The key takeaways from the Fed statements were a lower growth expectations for the US, slower household spending and a decline in inflation for the past 12 months. On other news, Trump's comment that tariffs will continue until they are certain that China will comply with any trade deal put a good bid on the safe haven early on.

USD is expected to continue to trend lower as USD yields also broke lower overnight. Thus, expecting USDPHP to trade lower given the USD move overnight though volatility may be relatively tame. BSP Monetary Board after market should keep the exchange supported given expectation of rate cuts. Market is expected to be generally long USD at around 52.73-52.77 so the pain threshold should be around 52.70. Range is expected initially at 52.65-90.

The Fund 's strategy is to continue the investment in long duration dollar bonds and high yielding time deposits and retain the current portfolio profile and investment strategy as global markets remain volatile.

Based on market consensus, factoring the BSP's pro-growth stance in addition to expectations of lower inflation, below are the end-quarter forecasts for forex levels:
End Q1: 53.00, End Q2: 53.50, End Q3: 54.00, End Q4: 54.50