

BANK OF COMMERCE – TRUST SERVICES GROUP

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

For the Quarter ended 03/31/2019

FUND FACTS

Classification	Peso Bond Fund	Net Asset Value per unit (NAVpu)	1.560873
Launch Date	March 9, 2005	Total Fund NAV	PHP 5,620,270.99
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 PHP BVAL Rate.

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.

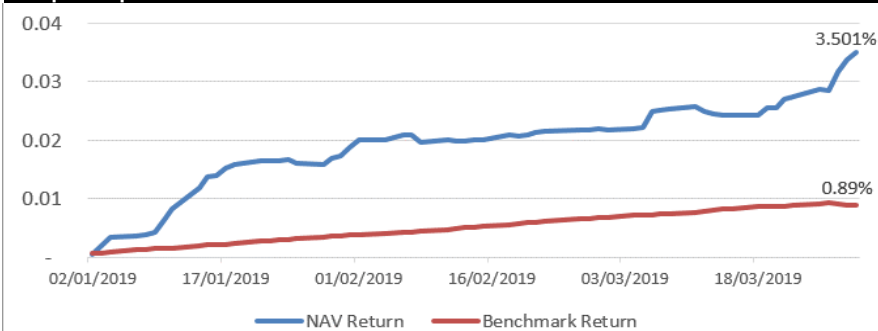
Country Risk. The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- **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
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FUND PERFORMANCE AND STATISTICS AS OF 03/31/2019
(Purely for reference purposes and is not a guarantee of future results)

NAVpu Graph



NAVpu over the past 12 months

Highest	1.560873
Lowest	1.466246

Statistics

Wtd. Ave. Duration	2.36
Volatility, Past 1 Year*	0.09%
Sharpe Ratio**	2.71
Information Ratio***	5.02

*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.

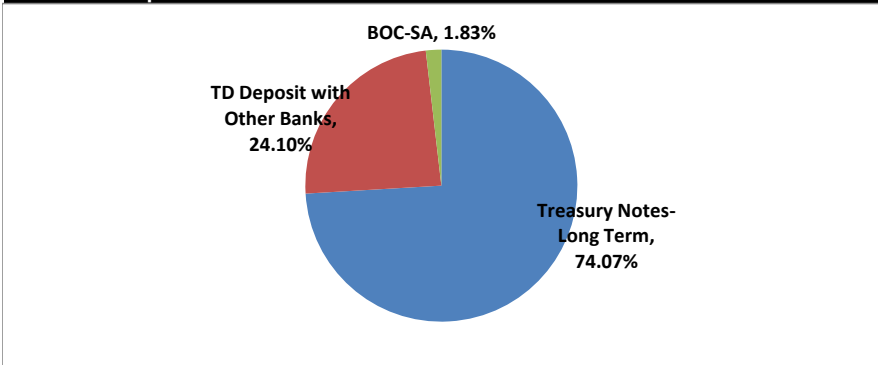
***Information ratio measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	1.2859%	3.5011%	4.6040%	2.5915%	4.7440%
Benchmark	3.9312%	4.6296%	4.6316%	3.1922%	1.7666%

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

Portfolio Composition



Top Ten Holdings (%)

Holdings	Weight
Treasury Notes-Long Term	74.07%
Time Deposit with Other Banks	24.10%
BOC-SA	1.83%
TOTAL	100.00%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The fund has deposit with Bank proper amounting to Php106,532.39 or 1.83% 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

In policy meeting last March 21, the central bank has decided to keep its policy rate steady despite easing inflation. The interest rate on the BSP's overnight RRP facility was kept at 4.75% while rates for overnight lending and deposit facilities were likewise held steady. In its policy statement, the central bank said that monetary policy settings remain appropriate as inflation continues to settle within the BSP's target band of 2-4 percent. In addition, reserve requirement ratio (RRR) was also maintained as policy makers remain watchful about its effects. A BSP deputy governor was quoted as saying that RRR cuts are forthcoming but properly timing the policy action is critical.

Market continued to churn transactions of active securities and some locked in gains on a very thin spread. Yields ended down by another 2-4bps on the belly and 2-3bps on the LE series. RTB5-12 contributed PHP8.6B worth of trades. T-bills also garnered PHP4.5B trades as end clients reinvested their treasury bills maturities. Meanwhile, Bureau of the Treasury's (BTr) auction results of the latest Php20bn were mixed; the 91-day, 182-day and 364-day T-bills were partially awarded at 5.786%, 5.987% and 6.051%, respectively, 7bps, 5bps and 3bps higher than the previous auction. The auction was almost 1.25x oversubscribed but raised only Php13.4bn of the Php20bn offered. The Department of Budget Management (DBM) expects the 364-day T-bill to range from 5.5%-6.5% in 2019 and 5.0%-6.0% in 2020 which led to the uptick last week.

The fund's strategy considered is positioning in IPO offering competitive rates for its maturing investments/liquidity.