

BANK OF COMMERCE – TRUST SERVICES DIVISION

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

For the Quarter ended 6/30/2019

FUND FACTS			
Classification	Peso Bond Fund	Net Asset Value per unit (NAVpu)	1.590361
Launch Date	March 9, 2005	Total Fund NAV	PHP 5,731,058.21
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.

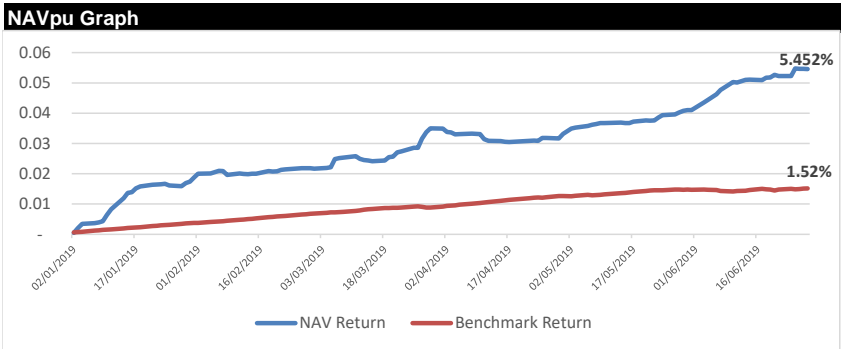
Reinvestment Risks. The possibility that an investor may experience losses due to probable lower returns or earnings when maturing funds or the interest earnings of the Fund are reinvested.

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 6/30/2019
(Purely for reference purposes and is not a guarantee of future results)

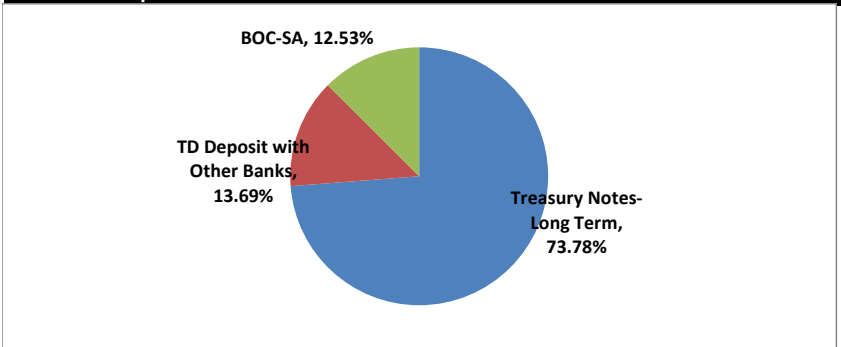


Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	1.3005%	1.8850%	5.4521%	4.8741%	3.9783%
Benchmark	3.4328%	3.5016%	4.6296%	3.6096%	1.3198%

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

Portfolio Composition



OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The fund has deposit with Bank proper amounting to Php731,011.67 or 12.53% 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

Last June 28,2019, Government Securities yields rose 13bps in the morning as market players seen trimming positions to book some profits for the first half of 2019. Buyers took over later in the afternoon and bargain hunt to push yields lower to close higher by 5bps across tenors only. Most active security was the rtb5-12 with deals reaching 8.90 B.

Latest baseline forecasts indicate that inflation remains likely to settle within the target range of 3.0 percent ± 1.0 percentage point for both 2019 and 2020, while inflation expectations have moderated further. The Monetary Board also noted that while real sector activity moderated in the first quarter of the year, overall domestic economic activity is likely to remain firm, supported by a projected recovery in household spending and the continued implementation of the government's infrastructure spending program. In addition, weaker global economic prospects amid a possible easing in global demand and increased trade tensions continue to temper the inflation outlook. The potential adverse effects of a prolonged El Niño episode remain a key upside risk to inflation.

Market consensus expect another round of RRR cuts of 200bps and RRP cut of 50bps for the second half of the year. Thus, further correction on interest rates in the market is mostly likely to happen. However, sweet spot yields are now seen at 5 year tenor securities.

NAVpu over the past 12 months

Highest	1.590512
Lowest	1.466246

Statistics

Wtd. Ave. Duration	2.45
Volatility, Past 1 Year*	0.08%
Sharpe Ratio**	2.32
Information Ratio***	4.50

*Volatility measures the degree to which the Fund fluctuates vis-a-vi 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
Treasury Notes-Long Term	73.78%
Time Deposit with Other Banks	13.69%
BOC-SA	12.53%
TOTAL	100.00%