

BANK OF COMMERCE – TRUST SERVICES GROUP

**BANK OF COMMERCE DIVERSITY MONEY MARKET FUND
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT**

For the Quarter ended **09-30-2019**

FUND FACTS

| | | | |
|--|--------------------------|---|--------------------------|
| Classification | Money Market Fund | Net Asset Value per unit (NAVpu) | 1.114912 |
| Launch Date | August 16, 2013 | Total Fund NAV | PHP 64,918,780.19 |
| 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: 0.25% | CUSTODIAN FEE: 0.00% | EXTERNAL AUDITOR FEE: 0.00% | OTHER FEES: 0.00% |
| *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.

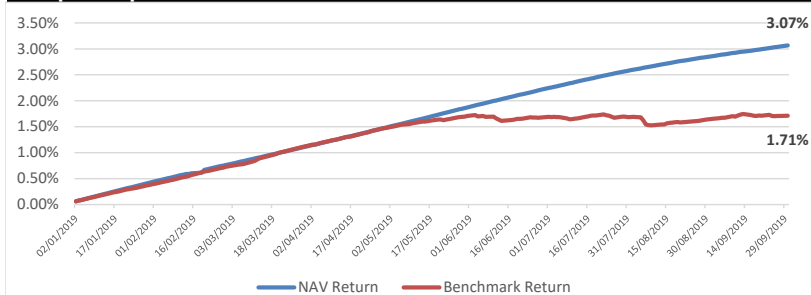
- **THE UIT FUND IS NOT A DEPOSIT AND NOT INSURED BY PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC).**
- **RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENT/FLUCTUATIONS ONLY.**
- **WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND 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 09-30-2019
(Purely for reference purposes and is not a guarantee of future results)

NAVpu Graph



NAVpu over the past 12 months

| | |
|---------|----------|
| Highest | 1.114912 |
| Lowest | 1.072236 |

Statistics

| | |
|--------------------------|-------|
| Wtd. Ave. Duration | 0.11 |
| Volatility, Past 1 Year* | 0.01% |
| Sharpe Ratio** | 0.85 |
| Information Ratio*** | 2.81 |

*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.

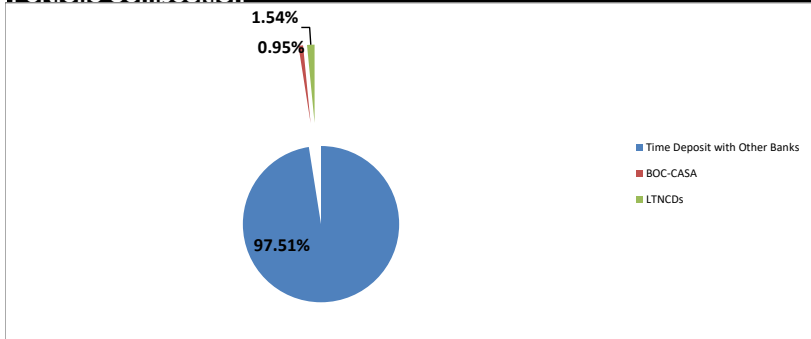
***Information ratio measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

Cumulative Performance (%)

| Period | 1mo | 3mos | 6mos | 1yr | 3yrs |
|-----------|---------|---------|---------|---------|---------|
| Fund | 0.2166% | 0.8369% | 1.9475% | 4.0040% | 7.3236% |
| Benchmark | 2.4052% | 3.3180% | 4.3892% | 3.1975% | 1.0186% |

*Benchmark is the 3-month yield based on PDST R-2 and PHP BVAL Rate

Portfolio Composition



Top Ten Holdings (%)

| Holdings | Weight |
|-------------------------------|----------------|
| Time Deposit with Other Banks | 97.51% |
| BOC-CASA | 0.95% |
| LTNCDS | 1.54% |
| TOTAL | 100.00% |

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The fund has deposit with Bank proper amounting to Php615,376.77 which is 0.95% 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

The Bureau of the Treasury (BTr) sold two tranches of Treasury Bills (T-bills) in September. All three tenors offered (3-month, 6-month, and 1-year papers) were more than 2 times oversubscribed, with particularly heavy demand for the 1-year paper. The strong demand and full award of all auctions kept yields as low as, if not lower than they were in the previous month. Yields for the 3-month, 6-month, and 1-year papers averaged 3.037%, 3.420%, and 3.666%, respectively, in the last T-bill auction held on the 16th of the month.

Inflation for the month of August came in-line with market expectations, rising 1.7% year-on-year, still within the central bank's target range of 2-4%. The minimal increase for the month reflected the slower annual rate posted by the food and non-alcoholic beverages component of the index, as well as benign oil prices globally. Despite the anticipation of policy rate cuts from the BSP and Fed, select time deposit rates remained steady on the back of month- and quarter-end requirements from banks. However, excess market liquidity generally led to lower deposit rates this month. Post 25bp rate cut and 100bp RRR cut, we expect time deposit rates to fall further in the coming months.