

BANK OF COMMERCE – TRUST SERVICES GROUP

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

For the Quarter ended 9/30/2019

FUND FACTS			
Classification	Dollar Bond Fund	Net Asset Value per unit (NAVpu)	2.291504
Launch Date	March 11, 2005	Total Fund NAV	USD 366,998.86
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.

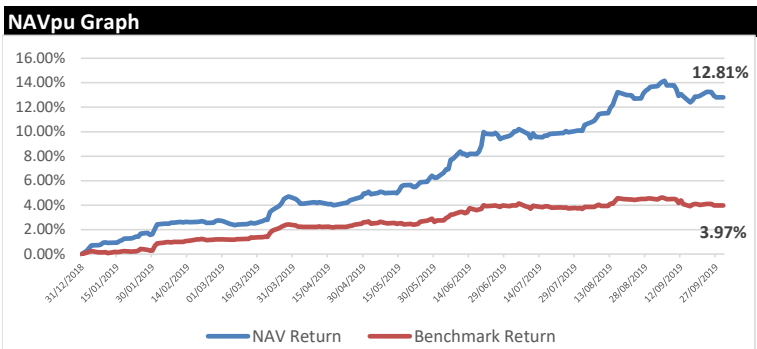
**Country Risk.** The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- 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](mailto:trustmarketing@bankcom.com.ph)

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**FUND PERFORMANCE AND STATISTICS AS OF 9/30/2019**  
(Purely for reference purposes and is not a guarantee of future results)



**NAVpu over the past 12 months**

Highest	2.318887
Lowest	1.971317

**Statistics**

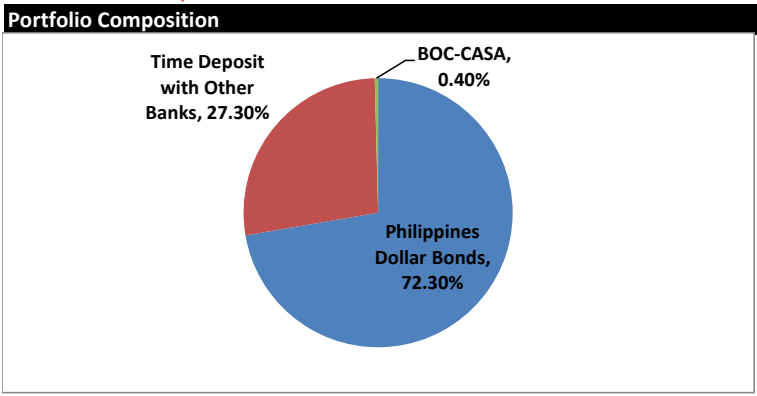
Wtd. Ave. Duration	7.86
Volatility, Past 1 Year*	0.19%
Sharpe Ratio**	1.41
Information Ratio***	3.06

\*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	-0.7457%	3.0141%	7.7414%	14.1806%	9.4401%
Benchmark	-1.5460%	-1.0017%	0.5018%	1.8007%	-11.5353%

\*Benchmark is bid price of 10-Year ROP Bonds



**Top Ten Holdings (%)**

Holdings	Weight
Philippines Dollar Bonds	72.30%
Time Deposit with Other Banks	27.30%
BOC-CASA	0.40%
<b>TOTAL</b>	<b>100.00%</b>

**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

The fund has deposit with Bank proper amounting to US\$1,338.29 which is 0.40% 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**

The US-China trade debacle and never-ending geopolitical risks remained the highlight not only for the month but also for the whole third quarter. The US Treasury yield curve steepened with increasing expectations of global monetary easing due to lackluster economic data and the persistence of trade fears. With US second-quarter GDP growth down to 2% from 3.1% in the first quarter, a marked slowdown in the manufacturing sector, and low consumer confidence, the US Federal Reserve cut rates by 25 basis points, meeting market expectations. With markets pricing in even more easing before the end of the year, the US 10-year benchmark yield rose 17 bps to close the month at 1.6646%, while the US 3-month benchmark yield fell 17 bps to close the month at 1.8071%. Bond prices dropped by 1 to 2.5 points for the month while spreads closed the month a tad tighter. The funds remain cautiously bullish on rates and keeping the existing portfolio.