

BANK OF COMMERCE – TRUST SERVICES GROUP

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

For the Quarter ended 9/30/2019

<b>FUND FACTS</b>			
<b>Classification</b>	<b>Peso Bond Fund</b>	<b>Net Asset Value per unit (NAVpu)</b>	<b>1.608781</b>
<b>Launch Date</b>	March 10, 2005	<b>Total Fund NAV</b>	<b>PHP 5,802,421.43</b>
<b>Minimum Investment/Maintaining Participation</b>	PhP 10,000.00	<b>Dealing Day</b>	11:30 AM
<b>Minimum Additional</b>	PhP 5,000.00	<b>Redemption Settlement</b>	T + 1
<b>Minimum Holding period</b>	30 days	<b>Early Redemption Fee</b>	5% on redeemed amount

<b>FEES*</b>			
<b>TRUSTEE FEE: 1.00% p.a.</b>	<b>CUSTODIAN FEE: 0.00%</b>	<b>EXTERNAL AUDITOR FEE: 0.00%</b>	<b>OTHER FEES: 0.00%</b>
*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.

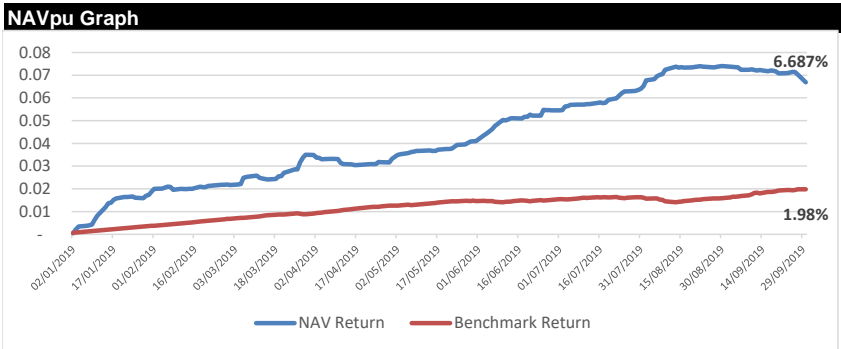
**Reinvestment Risks.** The possibility that an investor may experience losses due to probable lower returns or earnings when maturing funds or the interest earnings of the Fund are reinvested.

**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](mailto:trustmarketing@bankcom.com.ph)  
Tel No. 214-8800; Fax: 477-5552

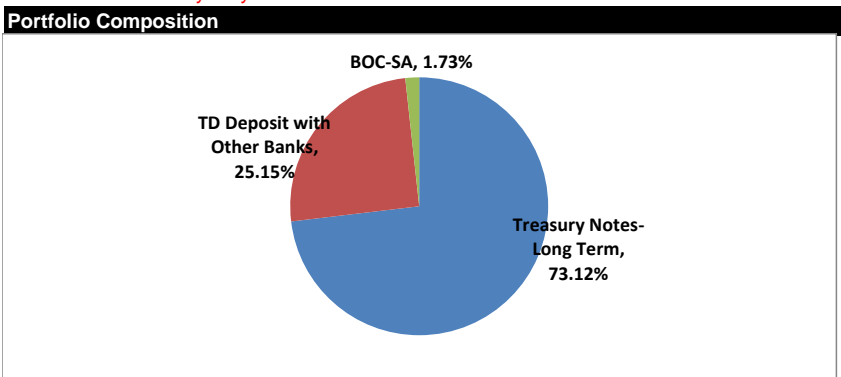
**FUND PERFORMANCE AND STATISTICS AS OF 9/30/2019**  
(Purely for reference purposes and is not a guarantee of future results)



**Cumulative Performance (%)**

Period	1mo	3mos	6mos	1yr	3yrs
Fund	-0.6673%	1.1714%	3.0785%	7.8243%	4.2879%
Benchmark	2.3384%	2.9976%	3.5016%	4.6316%	1.8500%

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



**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

The fund has deposit with Bank proper amounting to Php101,822.04 or 1.73% 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 Bureau of the Treasury (BTr) held two FXTN auctions in September, reissuances of FXTNs 7-62 and 20-23. Both issuances saw mixed demand, with the FXTN7-62 only partially awarded and the FXTN20-23 fully rejected amid higher bids from the market. The 7-year reissuance had an issue size of PHP20bn and was awarded at an average yield of 4.503%, 342 bps below the yield it was awarded at in the previous auction held July of this year. Only Php10.4 billion out of the Php22.15 billion of total bids was awarded. The 20-year paper also had an issue size of PHP20bn, though the BTr rejected all bids as average yield on the paper would have gone up to 5.356%, compared to the 5.015% yield during its last successful auction in July. Local government bond yields curve bear-steepened as yields rose by 10-40 bps led by longer-dated bonds. Average daily turnover was lower albeit healthy at Php 16B (vs. last month's Php 38B) as RTB 05-12 remains to be the top traded security accounting for 15% of the total monthly turnover.

The Fund looks to maintain its overweight duration position given expectations of easing local inflation and accommodative monetary policy moving forward.

**NAVpu over the past 12 months**

Highest	1.619687
Lowest	1.466246

**Statistics**

Wtd. Ave. Duration	2.02
Volatility, Past 1 Year*	0.08%
Sharpe Ratio**	1.86
Information Ratio***	2.84

\*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	73.12%
Time Deposit with Other Banks	25.15%
BOC-SA	1.73%
<b>TOTAL</b>	<b>100.00%</b>