

BANK OF COMMERCE – TRUST SERVICES GROUP

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

For the Quarter ended 12/31/2019

FUND FACTS			
Classification	Dollar Bond Fund	Net Asset Value per unit (NAVpu)	2.278310
Launch Date	March 11, 2005	Total Fund NAV	USD 361,693.76
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% per annum	CUSTODIAN FEE: 0.02% p.a.	EXTERNAL AUDITOR FEE: 0.0444%	OTHER FEES:	N/A
*As a percentage of daily NAV	of the Face Value of Bonds	of Total External Audit Fee of TSG		N/A
	Deutsche Bank	KPMG Audit		

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.

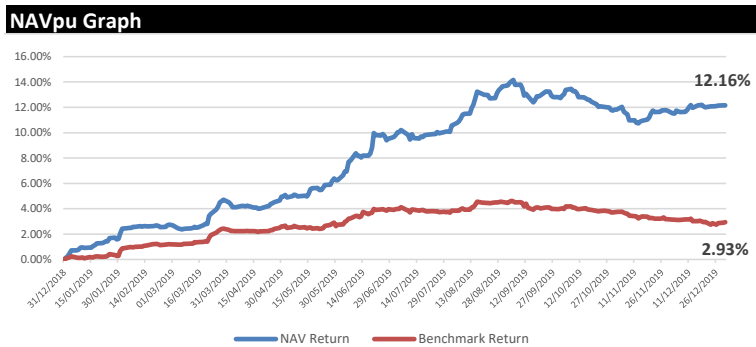
Country Risk. The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- 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

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FUND PERFORMANCE AND STATISTICS AS OF 12/31/2019
(Purely for reference purposes and is not a guarantee of future results)



NAVpu over the past 12 months

Highest	2.318887
Lowest	2.031789

Statistics

Wtd. Ave. Duration	6.85
Volatility, Past 1 Year*	0.18%
Sharpe Ratio**	1.64
Information Ratio***	2.91

*Volatility measures the degree to which the Fund fluctuates vis-a-vis its average return over a period of time.

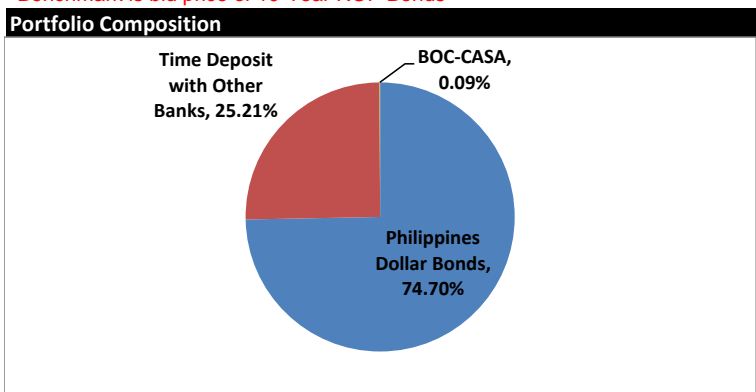
**Sharpe ratio is used to characterize how well the return of the Fund compensates the investor for the level of risk taken.

***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	0.3509%	-0.5962%	2.3999%	12.1390%	15.4032%
Benchmark	-1.3067%	-2.0657%	-2.0674%	1.8610%	-8.0297%

*Benchmark is bid price of 10-Year ROP Bonds



Top Ten Holdings (%)

Holdings	Weight
Philippines Dollar Bonds	74.70%
Time Deposit with Other Banks	25.21%
BOC-CASA	0.09%
TOTAL	100.00%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The fund has deposit with Bank proper amounting to US\$328.12 which is 0.09% 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

Despite disappointing US home sales, the U.S. dollar index was up 12%, as it continued to trend higher with markets having a risk-off tone amid fears of the Coronavirus already spreading to at least 13 countries since the outbreak. With investors worried about the possible economic impact of the virus and over 2,794 confirmed cases, market players have flocked to safe haven currencies, driving the Yen and CHF lower as well as the 10 year US treasuries, falling to a 3 month low.

Risk appetites were strong at the start of January due to the signing of a phase on trade deal between the US and China, a slight upturn in global economic data, and signs of continued generally accommodative monetary policy across major regions. However, sentiment turned negative toward end of the month as concerns about the coronavirus outbreak and its effects on China and global economic growth became the market focus., catalyzing a rotation into safe-haven assets and fuelling speculation of increased monetary policy easing and potential fiscal stimulus in the near future. Despite no policy action or major changes to the US Federal Reserve outlook, the market began pricing higher change of a policy move lower within the year, driving US Treasury yields lower, US government bonds returned 2.4% over the month.

Forecast for 2020:

- USD/PHP (yearend) to hit around Php53.00

The fund will keep the existing portfolio position. Strong local fundamentals should continue to support Philippine dollar-denominated bond prices. However, global events remain likely to add volatility.