

BANK OF COMMERCE – TRUST SERVICES GROUP

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

For the Quarter ended 12/31/2019

FUND FACTS			
Classification	Peso Bond Fund	Net Asset Value per unit (NAVpu)	1.630584
Launch Date	March 10, 2005	Total Fund NAV	PHP 5,911,188.91
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% per annum	CUSTODIAN FEE: 1.94%p.a. of the NROSS Fee	EXTERNAL AUDITOR FEE: 0.0143% of Total External Audit Fee of TSG	OTHER FEES: 0.00%
*As a percentage of daily NAV	*Portion/Percentage of Php5,000 per month Bureau of Treasury	KPMG Audit	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.

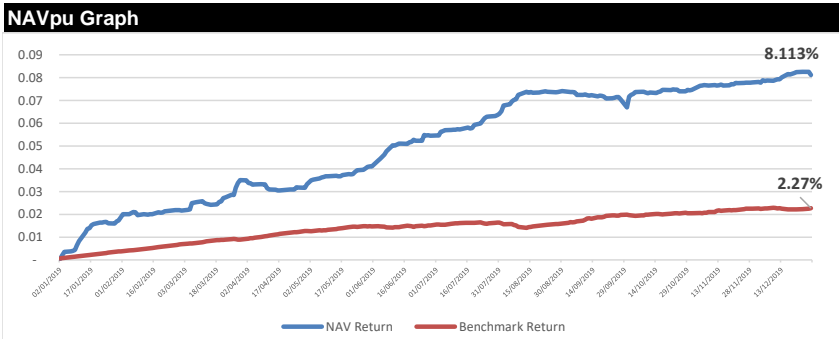
Reinvestment Risks. The possibility that an investor may experience losses due to probable lower returns or earnings when maturing funds or the interest earnings of the Fund are reinvested.

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
 Tel No. 214-8800; Fax: 477-5552

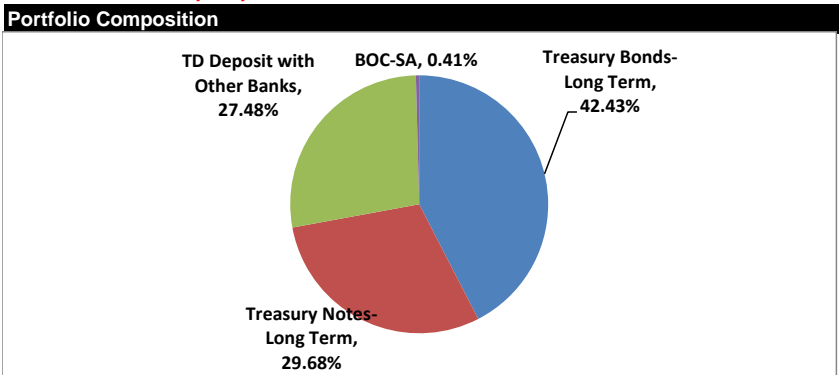
FUND PERFORMANCE AND STATISTICS AS OF 12/31/2019
(Purely for reference purposes and is not a guarantee of future results)



Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.3054%	1.3361%	2.5232%	8.1129%	6.8612%
Benchmark	2.4048%	2.5848%	2.9976%	4.6296%	2.7941%

*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 Php23,975.54 or 0.41% 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

Bangko Sentral ng Pilipinas (BSP) Governor Benjamin E. Diokno said monetary policy easing will not be as "aggressive" this year compared to 2019 and will be delivered at a slower pace as inflation is expected to stay within target, and with other data showing the economy remains strong. In addition, Mr. Diokno said they have "a lot of room" for further monetary policy adjustments this year after the 75 basis points (bps) cuts it implemented in 2019.

The government raised P134 billion from its 23rd offer of retail Treasury bonds (RTBs) and successfully awarded the new RTB3-10 at 4.375 coupon, which was met with firm demand amid strong liquidity in the market. The Bureau of the Treasury (BTR) awarded P134 billion worth of three-year RTBs at the rate-setting auction for the papers out of total bids worth P149.827 billion. This was almost five times the initial offer of P30 billion, prompting the government to upsize the acceptance. Elsewhere, BSP Gov. Diokno maintained that they will be data dependent in next week's Monetary Board meeting – casting some doubt to a possible rate cut at the next meeting as market will look at how January CPI prints.

Forecast for 2020:

- BSP will cut rates by 50 bps
- RRR cut by at least 100bps
- Chance for a FED rate cut (25bps)

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	1.632593
Lowest	1.508334

Statistics

Wtd. Ave. Duration	1.80
Volatility, Past 1 Year*	0.08%
Sharpe Ratio**	2.06
Information Ratio***	3.26

*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.

Top Ten Holdings (%)

Holdings	Weight
Treasury Bonds-Long Term	42.43%
Treasury Notes-Long Term	29.68%
Time Deposit with Other Banks	27.48%
BOC-SA	0.41%
TOTAL	100.00%