



BANK OF COMMERCE – TRUST SERVICES GROUP

BANK OF COMMERCE DIVERSITY PESO BOND FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

For the Quarter ended **March 31, 2020**

FUND FACTS			
Classification	Long Term Peso Bond Fund	Net Asset Value per unit (NAVpu)	1.598512
Launch Date	March 10, 2005	Total Fund NAV	PHP 3,494,795.28
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: 1.15% of the NROSS Fee for the Quarter	*EXTERNAL AUDITOR FEE: 0.0143% of Total External Audit Fee of TSG	OTHER FEES: 0.00%
*based on the Net Asset Value (NAV) accrued daily	*Portion/Percentage of Php15,000 for the quarter Bureau of Treasury	KPMG Audit	N/A
		*based 2019 External Audit Fee	

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.

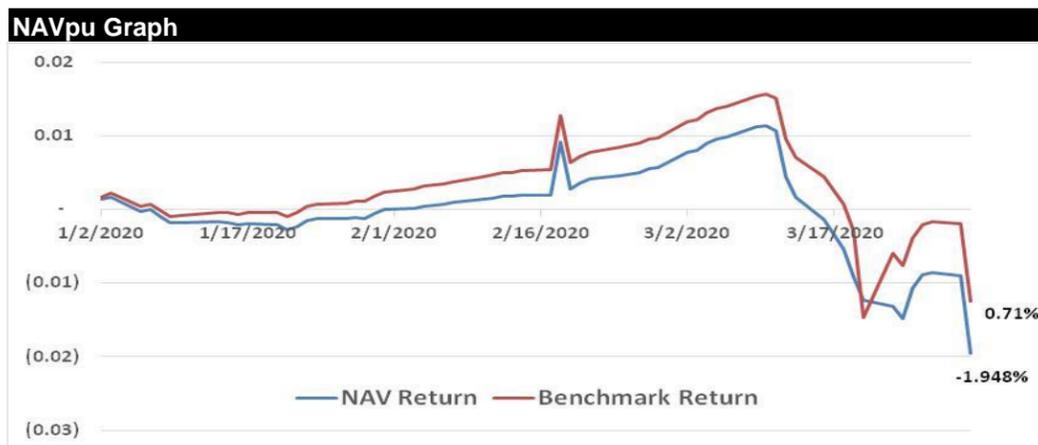
Reinvestment Risks. The possibility that an investor may experience losses due to probable lower returns or earnings when maturing funds or the interest earnings of the Fund are reinvested.

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. 7 214-8800; Fax: 477-5552

FUND PERFORMANCE AND STATISTICS AS OF 03/31/20
(Purely for reference purposes and is not a guarantee of future results)



NAVpu over the past 12 months	
Highest	1.648694
Lowest	1.553913

Statistics	
Wtd. Ave. Duration	3.16
Volatility*	0.24%
Sharpe Ratio**	(0.45)
Information Ratio***	(3.74)

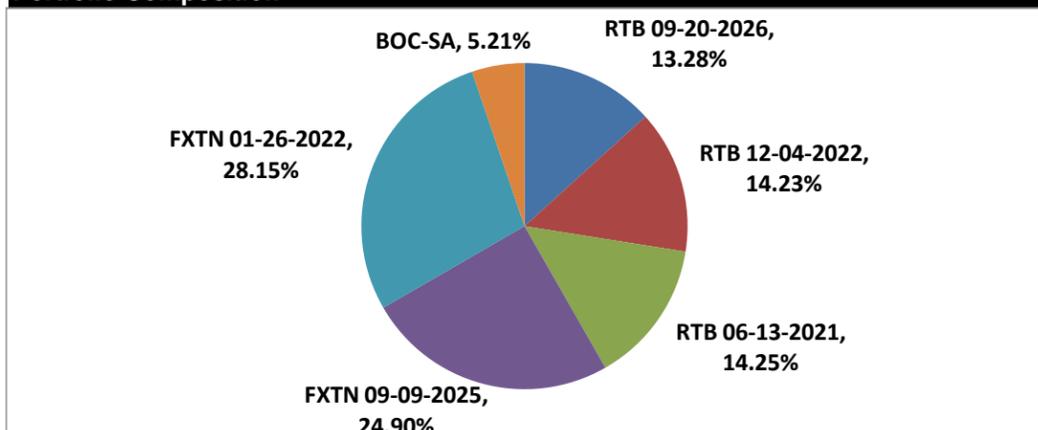
*Volatility measures the degree to which the Fund fluctuates vis-a-vis its average return over a period of time.
**Sharpe ratio is used to characterize how well the return of the Fund compensates the investor for the level of risk taken.
***Information ratio measures reward-to-risk efficiency of the 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	-2.5041%	-1.9484%	-0.6383%	2.4205%	4.3778%
Benchmark	2.2936%	2.2488%	2.5848%	3.5016%	2.4062%

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

Portfolio Composition



Top Ten Holdings (%)

Holdings	Weight
FXTN 01-26-2022	28.15%
FXTN 09-09-2025	24.90%
RTB 06-13-2021	14.25%
RTB 12-04-2022	14.23%
RTB 09-20-2026	13.28%
BOC-SA	5.21%
TOTAL	100.00%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The fund has deposit with Bank proper amounting to Php183,832.99 or 5.21% 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

At its meeting on monetary policy last March 19,2020, the Monetary Board decided to cut the interest rate on the BSP's overnight reverse repurchase (RRP) facility by 50 basis points (bps) to 3.25 percent, effective March 20. The interest rates on the overnight lending and deposit facilities were reduced to 3.75 percent and 2.75 percent, respectively. By reducing the policy rate, more funds will be made available for lending at a cheaper cost. This will boost consumption and investments for business, households, and individuals, helping them cushion the impact of COVID-19.

Moreover, in a special Monetary Board (MB) meeting last March 24, the Monetary Board authorized Bangko Sentral ng Pilipinas (BSP) Governor Benjamin E. Diokno to reduce the reserve requirement (RR) ratios of BSP-supervised financial institutions of up to a maximum of 400 bps for 2020. To properly calibrate reduction in the RR, the MB likewise authorized the BSP Governor to determine the timing, extent, and coverage of the reduction in the RR, taking into consideration the impact of COVID-19 on domestic liquidity. The authority given to the Governor to adjust the RR allows the BSP flexibility to promptly address any possible liquidity strain in the industry.

Pursuant to this authority, BSP Governor Diokno announced a 200 bps reduction in the RR ratio of reservable liabilities of universal and commercial banks (U/KBs) effective 30 March 2020. Potential cuts on the reserve requirements for other banks and non-bank financial institutions will also be explored. The RR cut is intended to calm the markets and to encourage banks to continue lending to both retail and corporate sectors. This will ensure sufficient domestic liquidity in support of economic activity amidst this global pandemic due to the Coronavirus Disease (COVID-19).

- The following are the fund's strategy and considerations:
1. The fund's strategy considered positioning in IPO offering competitive rates for its maturing investments/liquidity.
 2. For those with favorable return, the fund considers selling security holdings to realize gains and to renew with better yield to maturity and coupon rate instruments.