



## BANK OF COMMERCE – TRUST SERVICES GROUP

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

For the Quarter ended **June 30, 2020**

FUND FACTS			
Classification	Dollar Bond Fund	Net Asset Value per unit (NAVpu)	2.325287
Launch Date	March 11, 2005	Total Fund NAV	USD 361,275.82
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% p.a.	CUSTODIAN FEE: 0.02% p.a.	*EXTERNAL AUDITOR FEE: 0.0444% of Total External Audit Fee of TSG KPMG Audit	OTHER FEES: N/A
*based on the Net Asset value (NAV) accrued daily	of the Face Value of Bonds Deutsche Bank	*based 2019 External Audit Fee	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 06/30/20**  
(Purely for reference purposes and is not a guarantee of future results)

**NAVpu Graph**

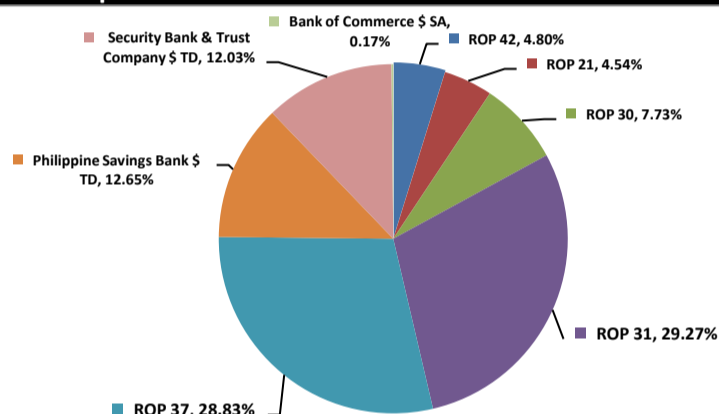


**Cumulative Performance (%)**

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.2858%	5.3378%	2.0829%	4.5328%	13.9559%
Benchmark	-1.0160%	3.8838%	-1.2465%	-2.3112%	-8.0931%

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

**Portfolio Composition**



**NAVpu over the past 12 months**

Highest	2.363711
Lowest	2.078760

**Statistics**

Wtd. Ave. Duration	6.74
Volatility*	0.62%
Sharpe Ratio**	1.55
Information Ratio***	2.24

\*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
ROP 31	29.27%
ROP 37	28.83%
Philippine Savings Bank \$ TD	12.65%
Security Bank & Trust Company \$ TD	12.03%
ROP 30	7.73%
ROP 42	4.80%
ROP 21	4.54%
Bank of Commerce \$ SA	0.17%
<b>TOTAL</b>	<b>100.00%</b>

**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

The fund has deposit with Bank proper amounting to US\$593.53 which is 0.17% 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**

As of June, the rebound is narrowing coronavirus-induced losses sustained by just about every foreign exchange in the region this year. While the Indonesian rupiah, Thai baht and Malaysian ringgit all showed improvement, the Philippine peso is by far the best-performing currency in 2020 with its 1% gain. The peso's outperformance is partially due to an improving current account, with imports in April down by the most since 2009 as the nation was under lockdown. However, it is facing growing headwinds from declining overseas remittances. Bangko Sentral ng Pilipinas has also signaled concern over the appreciation by intervening to stop further gains.

The Philippine Peso (PHP) continued to surprise, remaining the standout outperformer in the region against the US dollar (USD). Broad USD weakness remained a key theme throughout the quarter, with the USD only gaining in strength on pockets of market upheaval and a flight-to-safety reaction. However, given the broad recovery in risk assets, the USD has continued to take a beating. PHP strength peaked in June, with the USD/PHP pair strengthening to as low as 49.80; coming from as high as 50.90 over the period.

Despite the risk of further weakness in inflows via remittances and rate cuts, a narrowing current account deficit on the slowdown in imports and still-healthy Gross International Reserves (GIR) amounting to over USD 93B have underpinned the peso. Additionally, offshore portfolio flows into local bond and equity markets towards the end of the quarter generated an increase in PHP demand. The view that Fed policy will continue to be accommodative over the foreseeable future, short-term momentum could continue to favor PHP strengthening. Analysts expect some of this to unwind moving towards year-end with a year-end target range of 50.50-51.00 on the USD/PHP.

The following are the fund's strategy and considerations:

1. The fund is invested in long duration dollar bonds and high yielding time deposits.
2. It will retain the current portfolio profile and investment strategy as global markets remain volatile and the market sentiment on the rate cuts