



BANK OF COMMERCE – TRUST SERVICES GROUP

**BANK OF COMMERCE DIVERSITY MONEY MARKET FUND
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT**

For the Quarter ended *June 30, 2020*

FUND FACTS

Classification	Money Market Fund	Net Asset Value per unit (NAVpu)	1.135383
Launch Date	August 16, 2013	Total Fund NAV	PHP 363,383,464.47
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	7 days	Early Redemption Fee	5% on redeemed amount

FEES*

TRUSTEE FEE: 0.25% p.a. based on the Net Asset value (NAV) accrued daily	CUSTODIAN FEE: 0.60% of the NROSS Fee for the Quarter	*EXTERNAL AUDITOR FEE: 0.1632% of Total External Audit Fee of TSG	OTHER FEES:	N/A
	*Portion/Percentage of Php15,000 for the quarter Bureau of Treasury	KPMG Audit		N/A
		<i>*based 2019 External Audit Fee</i>		

INVESTMENT OBJECTIVE & STRATEGY

The Fund intends to maximize income potential with steady return while preserving capital and maintaining adequate liquidity. The Fund shall be invested in a diversified portfolio of peso deposits with minimal price volatility and has a duration of less than one (1) year. These include short-term peso deposits with local banks, including the Bangko Sentral ng Pilipinas, and/or branches of foreign banks operating in the Philippines and Government Securities. The Fund is suitable for individual and institutional investors with a "Conservative" risk profile who prefers low level of risk, favors fixed return and have an investment horizon of less than one (1) year. The Fund aims to achieve a rate of return higher than the Three-month yield based on the PHP BVAL at the start of the quarter.

CLIENT SUITABILITY

The Bank of Commerce Diversity Money Market Fund is suitable only for investors who:

- Have a CONSERVATIVE risk profile
- With an investment horizon of less than one (1) year

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 06/30/20
(Purely for reference purposes and is not a guarantee of future results)

NAVpu Graph



NAVpu over the past 12 months

Highest	1.160907
Lowest	1.071834

Statistics

Wtd. Ave. Duration	0.17
Volatility*	0.05%
Sharpe Ratio**	0.81
Information Ratio***	2.59

*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.

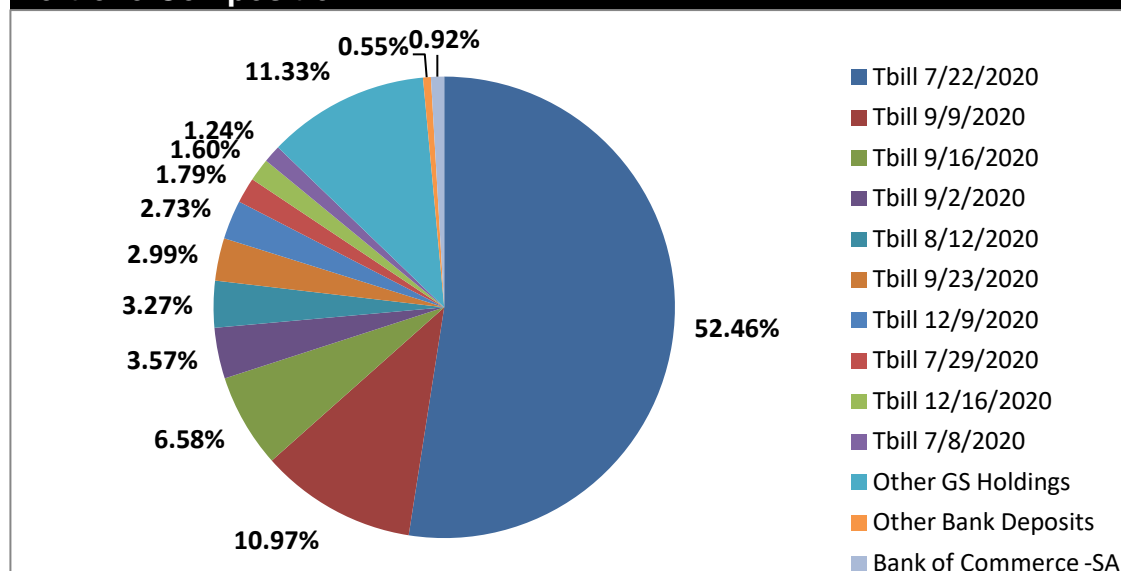
***Information ratio measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	*3yrs
Fund	0.0856%	0.7564%	1.2373%	2.6884%	8.0811%
Benchmark	1.4988%	2.3820%	2.3132%	3.3180%	2.0011%

Note: Benchmark is the 3-month yield based on PHP BVAL Rate and *PDST R-2 (for 3yr Cumulative Performance only)

Portfolio Composition



Top Ten Holdings (%)

Holdings	Weight
Tbill 7/22/2020	52.46%
Tbill 9/9/2020	10.97%
Tbill 9/16/2020	6.58%
Tbill 9/2/2020	3.57%
Tbill 8/12/2020	3.27%
Tbill 9/23/2020	2.99%
Tbill 12/9/2020	2.73%
Tbill 7/29/2020	1.79%
Tbill 12/16/2020	1.60%
Tbill 7/8/2020	1.24%
Other GS Holdings	11.33%
Other Bank Deposits	0.55%
Bank of Commerce -SA	0.92%
TOTAL	100.00%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The fund has deposit with Bank proper amounting to Php3,351,184.57 which is 0.92% of the funds. 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

To recap, Gross Domestic Product (GDP) declined to negative 0.2 percent in the first quarter of 2020, the first contraction since the fourth quarter of 1998. The main contributors to the decline were manufacturing; transportation and storage, accommodation and food service activities. On the other hand, the headline inflation continued to move at a slower rate of 2.1 percent in May 2020, from 2.2 percent in April 2020. This brings the year-to-date inflation for 2020 at 2.5 percent. In May 2019, inflation was higher at 3.2 percent. Slowdown in the headline inflation in May 2020 was mainly driven by the 5.6 percent annual drop in the transport index. Core inflation in May 2020 retained its previous month's annual rate of 2.9 percent. In May 2019, it was posted at 3.5 percent. T-bill auction results last June 22, the Bureau of the Treasury accepted all tenders resulting to average yield of 2.068% for 91 days, 2.159% for 182 days and 2.408% for 364 days. In addition, BTR also fully awarded auction of 5-year FXTN last June 23 resulting to average yield of 3.182%.

From Monetary Board Meeting last June 25, BSP surprises market with 50 basis points cut to spur the economy. This brings total rate cut this year to 175 basis points. The unexpected cut implies that the BSP is aggressively easing monetary policy in order to mitigate the negative economic impact of lockdown. It also implies that the central bank is comfortable with the inflation outlook. Potential market reactions are an upswing in the equities market, a rop in secondary interest rates and peso depreciation. In addition, BSP Deputy Governor Francisco Dakila mentioned the Inflation Forecast for 2020 is 2.3% and for 2021 is 2.6%

Overnight reverse repurchase facility by 50 bp to 2.25%

Overnight deposit and lending facilities were reduced to 1.75% and 2.75% respectively.

The following are the fund's strategy and considerations:

1. The fund's strategy is to deploy funds in various term and money market instruments without compromising its liquidity feature. The fund shall invest more in GS when Bank Deposit Rate is significantly lower.
2. The fund is positioned to be more exposed with Government Securities that are liquid and tradeable assets and has better interest rates than Bank Deposits. Also, it is poised to expose in more than 30-365 days tenor securities to lock-in good rates given the decreasing outlook in interest rates.
3. The fund will continue to invest in most competitive money market rates available among the accredited counterparties for the Bank Deposits and participate in BTR's T-bills Auction and buy in secondary market with consideration of the recent and future rate cuts and RRR cuts move of the Bangko Sentral ng Pilipinas.