



BANK OF COMMERCE – TRUST SERVICES GROUP

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

For the Quarter ended *September 30, 2020*

FUND FACTS

Classification	Money Market Fund	Net Asset Value per unit (NAVpu)	1.138774
Launch Date	August 16, 2013	Total Fund NAV	PHP 341,788,501.49
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: 0.51% of the NROSS Fee for the Quarter *Portion/Percentage of PhP15,000 for the quarter Bureau of Treasury	*EXTERNAL AUDITOR FEE: 0.1632% of Total External Audit Fee of TSG KPMG Audit *based 2019 External Audit Fee	OTHER FEES: N/A N/A
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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.

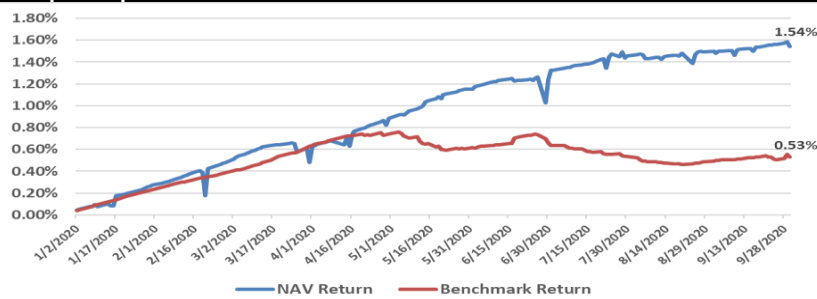
- THE UIT FUND IS NOT A DEPOSIT AND NOT INSURED BY PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC).
- RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENT/FLUCTUATIONS ONLY.
- WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES 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 09/30/20
(Purely for reference purposes and is not a guarantee of future results)

NAVpu Graph



NAVpu over the past 12 months

Highest	1.160907
Lowest	1.114989

Statistics

Wtd. Ave. Duration	0.35
Volatility*	0.04%
Sharpe Ratio**	1.10
Information Ratio***	2.53

*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.

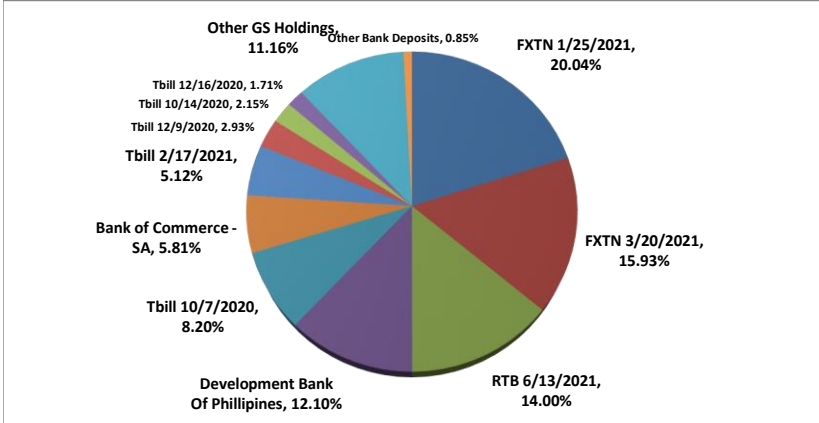
***Information ratio measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	*3yrs
Fund	0.0465%	0.2987%	1.0574%	2.1403%	8.1227%
Benchmark	0.7146%	1.2724%	2.3820%	2.2316%	1.3701%

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
FXTN 1/25/2021	20.04%
FXTN 3/20/2021	15.93%
RTB 6/13/2021	14.00%
Development Bank Of Philippines	12.10%
Tbill 10/7/2020	8.20%
Bank of Commerce -SA	5.81%
Tbill 2/17/2021	5.12%
Tbill 12/9/2020	2.93%
Tbill 10/14/2020	2.15%
Tbill 12/16/2020	1.71%
Other GS Holdings	11.16%
Other Bank Deposits	0.85%
TOTAL	100.00%

Note: Percentage (%) of holdings is based on market values.

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The fund has deposit with Bank proper amounting to Php19,835,869.54 which is 5.81% 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, the country's Gross Domestic Product (GDP) growth rate dropped by 16.5 percent in the second quarter of 2020, the lowest recorded quarterly growth starting 1981 series. Last September 18, Bangko Sentral ng Pilipinas Governor Benjamin E. Diokno, announced that the Philippines' outstanding external debt stood at US\$87.5 billion as of end-June 2020, up by US\$6.0 billion (or 7.4 percent) from the US\$81.4 billion level as of end-March 2020. The rise in the debt stock during the second quarter was due to net availments of US\$2.9 billion, largely attributed to the National Government (NG) as the NG raised US\$2.4 billion from the issuance of global bonds and US\$3.1 billion from multilateral and bilateral creditors to fund its general financing requirements and COVID-19 pandemic response programs/projects. On the other hand, the headline inflation in the Philippines eased to 2.4 percent in August 2020, from 2.7 percent in the previous month. This brings the year-to-date inflation for 2020 at 2.5 percent. Inflation in August 2019 was lower at 1.7 percent. The slowdown in inflation in August 2020 was primarily due to the deceleration in the inflation for the heavily-weighted food and non-alcoholic beverages which slid at an annual rate of 1.8 percent during the period, from 2.4 percent in the previous month. Moreover, core inflation, which excludes selected food and energy items, slowed down to 3.1 percent in August 2020, from 3.3 percent in the previous month. Core inflation in August 2019 was recorded at 2.9 percent. Meanwhile, Bureau of the Treasury accepted all tenders on September 21 treasury bills auction resulting to average yield of 1.156% for 91 days, 1.615% for 182 days and 1.85% for 364 days

BSP Governor Benjamin E. Diokno said on September 21 - Monday, the central bank may maintain the low interest rate environment in the next two years to provide support to the economy amid uncertainty caused by the coronavirus disease 2019 (COVID-19) pandemic.

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 while 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 / outlook and RRR cuts / outlook move of the Bangko Sentral ng Pilipinas.