



BANK OF COMMERCE – TRUST SERVICES GROUP

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

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

<b>FUND FACTS</b>			
Classification	Dollar Bond Fund	Net Asset Value per unit (NAVpu)	2.369889
Launch Date	March 11, 2005	Total Fund NAV	USD 892,743.99
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

<b>FEES*</b>			
*TRUSTEE FEE: 1.00% p.a.	CUSTODIAN FEE: 0.02% p.a.	*EXTERNAL AUDITOR FEE: 0.0444% of Total External Audit Fee of TSG	OTHER FEES: N/A
*based on the Net Asset value (NAV) accrued daily	of the Face Value of Bonds Deutsche Bank	KPMG Audit *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.

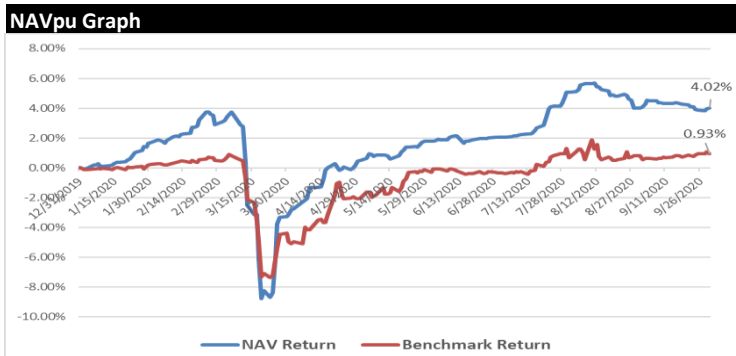
**Reinvestment Risks.** The possibility that an investor may experience losses due to probable lower returns or earnings when maturing funds or the interest earnings of the Fund are reinvested.

**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 09/30/20**  
(Purely for reference purposes and is not a guarantee of future results)

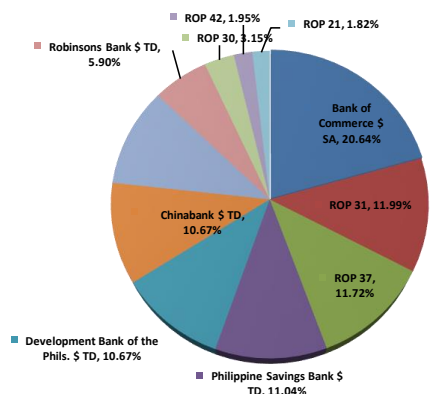


**Cumulative Performance (%)**

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.0097%	1.9181%	7.3583%	3.4207%	15.3906%
Benchmark	-0.8778%	0.2488%	5.1935%	-1.0771%	-6.9916%

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

**Portfolio Composition**



**NAVpu over the past 12 months**

Highest	2.408036
Lowest	2.078760

**Statistics**

Wtd. Ave. Duration	3.33
Volatility*	0.52%
Sharpe Ratio**	1.82
Information Ratio***	2.45

\*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
Bank of Commerce \$ SA	20.64%
ROP 31	11.99%
ROP 37	11.72%
Philippine Savings Bank \$ TD	11.04%
Development Bank of the Phils. \$ TD	10.67%
Chinabank \$ TD	10.67%
Philippine Business Bank \$ TD	10.45%
Robinsons Bank \$ TD	5.90%
ROP 30	3.15%
ROP 42	1.95%
ROP 21	1.82%
<b>TOTAL</b>	<b>100.00%</b>

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

**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

The fund has savings deposit with Bank proper amounting to US\$183,742.42 which is 20.64% of the fund. The said funds is for disposition to ROP Bonds. 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**

Last September 22, the Philippine Peso weakened amid worsening sentiment as coronavirus disease 2019 (COVID-19) cases continue to rise. The local unit closed at P48.46 versus the dollar, down by 9.5 centavos from its P48.365 finish on September 21. The peso opened the session at P48.46 versus the dollar. It reached a high of P48.415 while its weakest showing was at P48.49 against the greenback. Dollars traded dropped to \$548.8 million on Sept. 22- Tuesday from \$662.83 million on Sept. 21 - Monday. An economist – Mr. Ricafort said that the peso declined as US stocks dropped. The peso was weaker amid the continued profit taking in the US stock markets index to one-month-and-a-half lows that led to some demand for the dollar as a safe haven. For a week-term, the peso is seen moving from P48.35 to P48.55 versus the dollar.

Market Analysts projected Exchange Rate (Year End) at 50-51 level.

The following are the fund's strategy and considerations:

1. The fund is invested in long duration dollar bonds and high yielding time deposits (for liquidity).
2. The fund will slowly shift the USD Time Deposits to ROPs as soon as third party custodian is available to increase the portfolio duration and return.
2. It will retain the current portfolio profile and investment strategy as global markets remain volatile and the market sentiment on the rate cuts made / near zero rate target by the FED.