



**BANK OF COMMERCE – TRUST SERVICES GROUP**

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

For the Quarter ended *December 31, 2020*

**FUND FACTS**

<b>Classification</b>	<b>Money Market Fund</b>	<b>Net Asset Value per unit (NAVpu)</b>	<b>1.142851</b>
<b>Launch Date</b>	August 16, 2013	<b>Total Fund NAV</b>	<b>PHP 303,874,880.91</b>
<b>Minimum Investment/ Maintaining Participation</b>	PhP 10,000.00	<b>Dealing Day</b>	11:30 AM
<b>Minimum Additional</b>	PhP 5,000.00	<b>Redemption Settlement</b>	T + 1
<b>Minimum Holding period</b>	7 days	<b>Early Redemption Fee</b>	5% on redeemed amount

**FEES\***

<b>TRUSTEE FEE: 0.25% p.a. based on the Net Asset value (NAV) accrued daily</b>	<b>CUSTODIAN FEE: 0.53% of the NROSS Fee for the Quarter</b> *Portion/Percentage of PhP15,000 for the quarter <b>Bureau of Treasury</b>	<b>*EXTERNAL AUDITOR FEE: 0.1632% of Total External Audit Fee of TSG</b> <b>KPMG Audit</b> *based 2019 External Audit Fee	<b>OTHER FEES: N/A</b> <b>N/A</b>
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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.

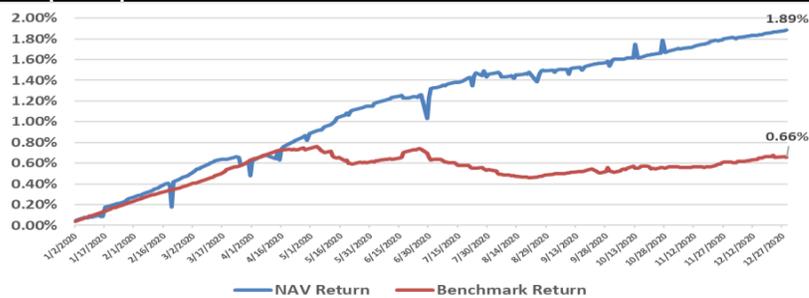
- THE UIT FUND IS NOT A DEPOSIT AND NOT INSURED BY PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC).
- RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENT/FLUCTUATIONS ONLY.
- WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES 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](mailto:trustmarketing@bankcom.com.ph)

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**FUND PERFORMANCE AND STATISTICS AS OF 12/31/20**  
(Purely for reference purposes and is not a guarantee of future results)

**NAVpu Graph**



**NAVpu over the past 12 months**

Highest	1.160907
Lowest	1.121902

**Statistics**

Wtd. Ave. Duration	0.30
Volatility*	0.04%
Sharpe Ratio**	1.32
Information Ratio***	2.65

\*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.

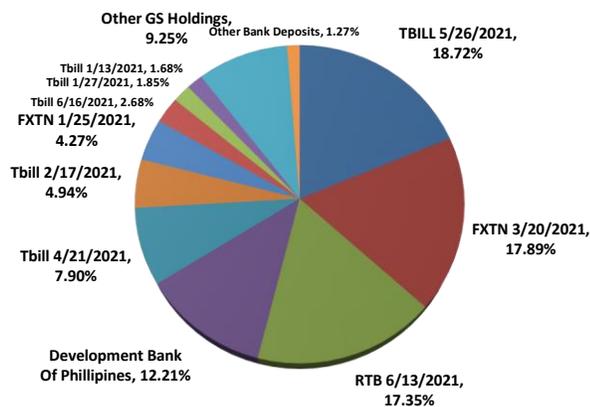
\*\*\*Information ratio measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

**Cumulative Performance (%)**

Period	1mo	3mos	6mos	1yr	*3yrs
Fund	0.0822%	0.3419%	0.6416%	1.8868%	8.1156%
Benchmark	0.6548%	0.6820%	1.2724%	2.3132%	1.6953%

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 5/26/2021	18.72%
FXTN 3/20/2021	17.89%
RTB 6/13/2021	17.35%
Development Bank Of Philippines	12.21%
Tbill 4/21/2021	7.90%
Tbill 2/17/2021	4.94%
FXTN 1/25/2021	4.27%
Tbill 6/16/2021	2.68%
Tbill 1/27/2021	1.85%
Tbill 1/13/2021	1.68%
Other GS Holdings	9.25%
Other Bank Deposits	1.27%
<b>TOTAL</b>	<b>100.00%</b>

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

**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

The fund has deposit with Bank proper amounting to Php2,835,186.44 which is 0.94% 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**

The country's Gross Domestic Product recorded a growth rate of -11.5 percent in the third quarter, compared to the previous quarter's growth rate of -16.9 percent. Recently, the Fitch affirms the Philippines' 'BBB' rating and Stable Outlook balances modest government debt levels relative to peers, robust external buffers and still-strong medium-term growth prospects, notwithstanding the deep pandemic-induced economic contraction, against relatively low per capita income levels and indicators of governance and human development compared to peers. According to Fitch Ratings, the economic impact of the Covid-19 shock for the Philippines in 2020 was more significant than previously expected due to the domestic infection rate and government policy measures to curb the spread of the virus. In particular, efforts to contain the virus severely affected private consumption and investment, resulting in real GDP contracting by 10% year-on-year in the first nine months of 2020. Fitch estimate full-year GDP to have contracted by 8.5% in 2020, after accounting for an improvement in activity indicators in 4Q. In addition, they expect economic activity to continue to recover in the coming quarters, and project GDP to expand by 6.9% and 8.0% in 2021 and 2022, respectively. On the other hand, the headline inflation at the national level accelerated further to 3.5 percent in December 2020, from 3.3 percent in November 2020. This is the highest inflation recorded since March 2019. The uptrend in the country's inflation was primarily brought about by the increase in the inflation of heavily-weighted food and non-alcoholic beverages at 4.8 percent during the month, from 4.3 percent in November 2020. Excluding selected food and energy items, core inflation inched up by 3.3 percent in December 2020, from 3.2 percent in the previous month. In December 2019, core inflation was posted at 3.1 percent.

**Forecast/Outlook:** Fitch Ratings GDP forecast for 2020 is -8.5%, 6.9% for 2021 and 8.00% for 2022. Based on December 17, 2020 MB meeting, BSP'S latest inflation forecast: 2020: 2.6%, 2021: 3.2% and 2022: 2.9%

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.