



BANK OF COMMERCE – TRUST SERVICES GROUP

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

For the Quarter ended **December 31, 2020**

FUND FACTS

Classification	Long Term Peso Bond Fund	Net Asset Value per unit (NAVpu)	1.718840
Launch Date	March 10, 2005	Total Fund NAV	PHP 5,342,260.14
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	30 days	Early Redemption Fee	5% on redeemed amount

FEES*

*TRUSTEE FEE: 1.00% per annum	CUSTODIAN FEE: 0.53% of the NROSS Fee for the Quarter	*EXTERNAL AUDITOR FEE: 0.0143% of Total External Audit Fee of TSG	OTHER FEES: 0.00%
*based on the Net Asset Value (NAV) accrued daily	*Portion/Percentage of Php15,000 for the quarter Bureau of Treasury	KPMG Audit	N/A
		*based 2019 External Audit Fee	

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 5-year yield based on the PHP BVAL Rate.

CLIENT SUITABILITY

The Bank of Commerce Diversity Peso Bond Fund is suitable only for investors who:

- Have a MODERATE risk profile
- With an investment horizon of more than five (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.

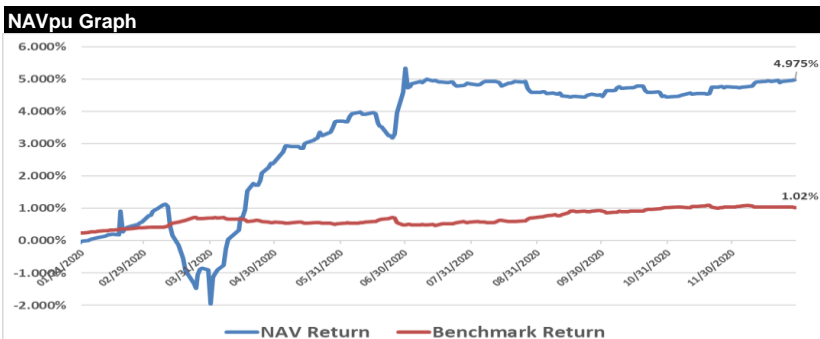
Reinvestment Risks. The possibility that an investor may experience losses due to probable lower returns or earnings when maturing funds or the interest earnings of the Fund are reinvested.

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
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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)



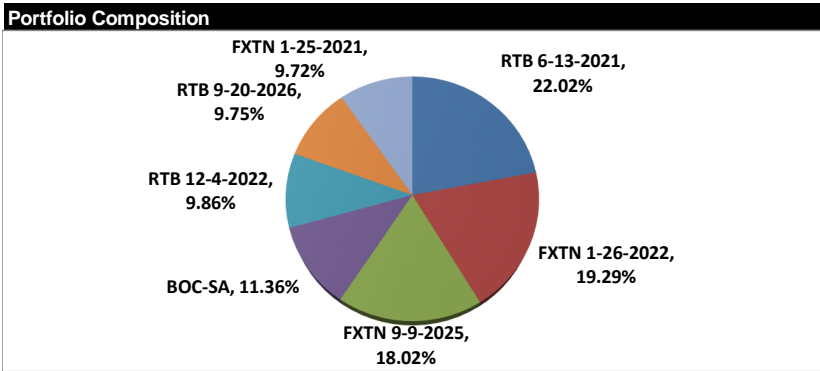
Highest	1.718840
Lowest	1.598512

Wtd. Ave. Duration	1.95
Volatility*	0.18%
Sharpe Ratio**	1.23
Information Ratio***	2.03

*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.

Period	1mo	3mos	6mos	1yr	*3yrs
Fund	0.2037%	0.4844%	-0.3474%	4.9747%	11.2047%
Benchmark	1.1112%	1.1864%	0.9514%	2.2488%	2.7950%

*Benchmark is the 5-year yield based on PHP BVAL Rate and *PDST R-2 (for 3yr Cumulative Performance only)



Holdings	Weight
RTB 6-13-2021	22.02%
FXTN 1-26-2022	19.29%
FXTN 9-9-2025	18.02%
BOC-SA	11.36%
RTB 12-4-2022	9.86%
RTB 9-20-2026	9.75%
FXTN 1-25-2021	9.72%
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 Php 600,810.14 or 11.36% 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

Last December 17,2020 BSP Monetary Board meeting, the Monetary Board decided to maintain the overnight RRP (borrowing) rate at 2.00 percent and maintain accordingly the current levels of overnight deposit and overnight lending rates at 1.50 percent and 2.50 percent, respectively. Meanwhile, the country's gross international reserves (GIR) level, based on preliminary data, rose by US\$4.98 billion to US\$109.8 billion as of end-December 2020 from the end-November 2020 level of US\$104.82 billion. The latest GIR level represents an adequate external liquidity buffer, which can help cushion the domestic economy against external shocks. This buffer is equivalent to 11.7 months' worth of imports of goods and payments of services and primary income. Moreover, it is also about 9.6 times the country's short-term external debt based on original maturity and 5.5 times based on residual maturity.

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: Inflation to be higher for 2021 at 3%-4% levels on low-base/denominator amid COVID. Yield curve could shift higher by 0.25-0.50 in 2021, though tempered by excess liquidity. Further monetary policy easing measures cannot be completed ruled out as needed most by the economy amid lack of fiscal stimulus; local policy rates could stay low until about 2022.

- The following are the fund's strategy and considerations:
1. The fund's strategy considered positioning in IPO offering/ Secondary Market competitive rates for its maturing investments/liquidity.
 2. For those with favorable return, the fund considers selling security holdings to realize gains and to renew with better yield to maturity and coupon rate instruments.