

**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, 2021**

<b>FUND FACTS</b>			
<b>Classification</b>	<b>Money Market Fund</b>	<b>Net Asset Value per unit (NAVpu)</b>	<b>1.148143</b>
<b>Launch Date</b>	August 16, 2013	<b>Total Fund NAV</b>	<b>PHP 460,989,853.93</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

<b>FEES*</b>				
<b>TRUSTEE FEE: 0.25% p.a. based on the Net Asset value (NAV) accrued daily</b>	<b>CUSTODIAN FEE: 0.58% of the NROSS Fee for the Quarter</b>	<b>*EXTERNAL AUDITOR FEE: 0.7782% of Total External Audit Fee of TSG</b>	<b>OTHER FEES:</b>	<b>N/A</b>
	<b>*Portion/Percentage of Php15,000 for the quarter</b>	<b>KPMG Audit</b>		<b>N/A</b>
	<b>Bureau of Treasury</b>	<b>*based 2020 External Audit Fee</b>		

**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.

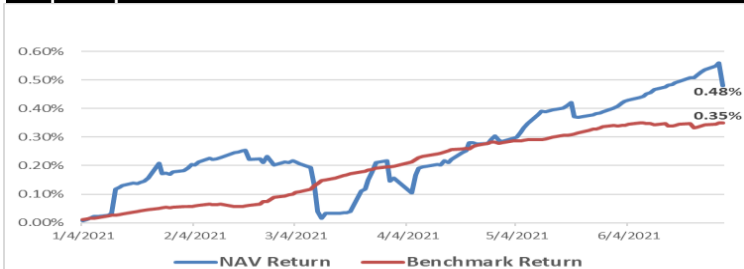
**Country Risk.** The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

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| <ul style="list-style-type: none"><li>• THE UIT FUND IS NOT A DEPOSIT AND NOT INSURED BY PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC).</li><li>• RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENT/FLUCTUATIONS ONLY.</li><li>• WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES WILL BE SOLELY FOR THE ACCOUNT OF THE CLIENT.</li><li>• THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE.</li></ul> |
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**FUND PERFORMANCE AND STATISTICS AS OF 06/30/21**  
(Purely for reference purposes and is not a guarantee of future results)

**NAVpu Graph**

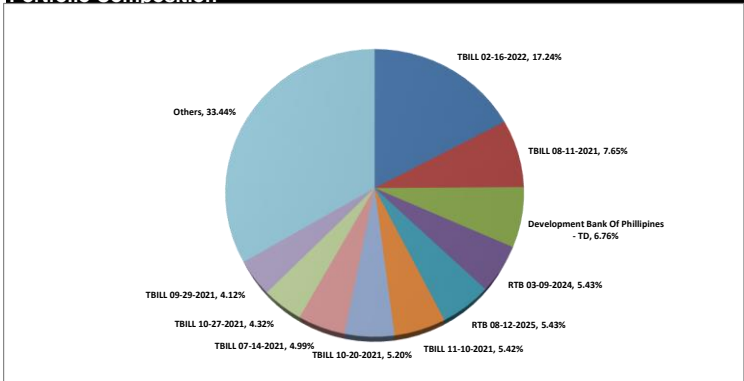


**Cumulative Performance (%)**

Period	1mo	3mos	6mos	1yr	*3yrs
Fund	0.0769%	0.3222%	0.4791%	1.1238%	7.7141%
Benchmark	0.8026%	0.7771%	0.6436%	1.2724%	2.8757%

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

**Portfolio Composition**



**NAVpu over the past 12 months**

Highest	1.150325
Lowest	1.135383

**Statistics**

Wtd. Ave. Duration	0.68
Volatility*	0.02%
Sharpe Ratio**	0.72
Information Ratio***	1.49

\*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
TBILL 02-16-2022	17.24%
TBILL 08-11-2021	7.65%
Development Bank Of Philippines - TD	6.76%
RTB 03-09-2024	5.43%
RTB 08-12-2025	5.43%
TBILL 11-10-2021	5.42%
TBILL 10-20-2021	5.20%
TBILL 07-14-2021	4.99%
TBILL 10-27-2021	4.32%
TBILL 09-29-2021	4.12%
Others	33.44%
<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 Php 8,865,608.69 which is 1.92% 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**

The Philippine Gross Domestic Product (GDP) posted a decline of -4.2 percent in the first quarter of 2021. Net Primary Income (NPI) from the Rest of the World continued to decline by -75.8 percent, bringing the Gross National Income (GNI) to drop by -10.9 percent during the period. Moreover, the country's balance of payments (BOP) position recorded a deficit of US\$2.8 billion in Q1 2021, higher than the US\$68 million deficit posted in the same quarter in 2020. The increase in the BOP deficit stemmed from the uptick in net outflows in the financial account, coupled with the reversal of the current account from a surplus to a deficit during the period. The increase in net outflows in the financial account emanated mainly from the portfolio investment account, primarily due to the rise in the Central Bank's net investments in non-reserve assets as well as the Government's and Other Sectors' higher net repayments of maturing bond issuances. On the other hand, the country's headline inflation slowed down to 4.1 percent in June 2021, after recording an inflation of 4.5 percent for three consecutive months. This brings the Philippines' average inflation for the first semester of 2021 at 4.4 percent. In June 2020, inflation was registered at 2.5 percent. Excluding selected food and energy items, core inflation, likewise, decelerated to 3.0 percent in June 2021, from 3.3 percent in May 2021. In June 2020, core inflation was posted at 3.0 percent

Deputy Gov. Dakila shared that the BSP revised the outlook for 2021 Inflation to 4% from the 3.9% forecast in the previous meeting held in May. The factors that lead to the revision include higher global oil crude prices, as well as a more favorable global growth outlook. For 2022 from 2.9% in May, it has been revised to 3%. For 2023, BSP see inflation lie within the target band, at 3%.

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. The fund is experiencing impact coming from the uptrend on yields both for local and global bond space.
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 and Bonds Auction and buy in secondary market with consideration of the future rate cuts or hikes / outlook and RRR cuts move of the Bangko Sentral ng Pilipinas.