



**BANK OF COMMERCE – TRUST SERVICES GROUP**

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

For the Quarter ended **March 31, 2021**

<b>FUND FACTS</b>			
<b>Classification</b>	<b>Money Market Fund</b>	<b>Net Asset Value per unit (NAVpu)</b>	<b>1.144455</b>
<b>Launch Date</b>	August 16, 2013	<b>Total Fund NAV</b>	<b>PHP 564,871,135.10</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: 0.52% 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.

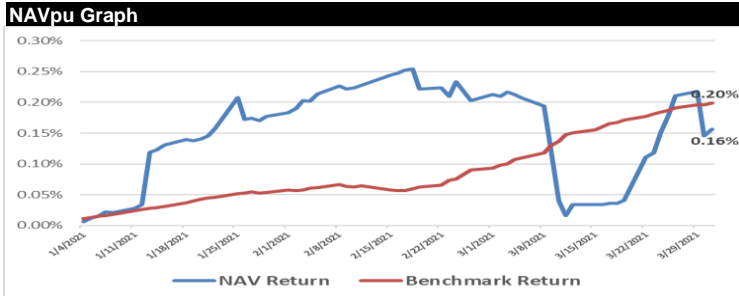
**Reinvestment Risks.** The possibility that an investor may experience losses due to probable lower returns or earnings when maturing funds or the interest earnings of the Fund are reinvested.

**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.

- 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)  
Tel No. 7 214-8800; Fax: 477-5552

**FUND PERFORMANCE AND STATISTICS AS OF 03/31/21**  
(Purely for reference purposes and is not a guarantee of future results)

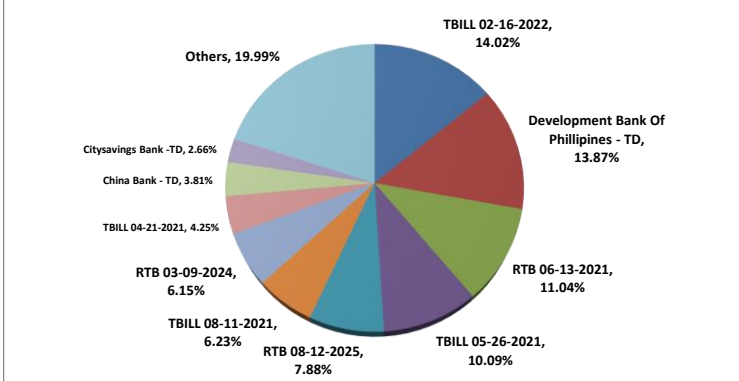


**Cumulative Performance (%)**

Period	1mo	3mos	6mos	1yr	*3yrs
Fund	-0.0463%	0.1564%	0.4989%	1.5615%	8.0295%
Benchmark	0.5470%	0.6436%	0.6820%	2.3820%	2.2078%

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	1.160907
Lowest	1.126859

**Statistics**

Wtd. Ave. Duration	0.80
Volatility*	0.03%
Sharpe Ratio**	0.61
Information Ratio***	(0.42)

\*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	14.02%
Development Bank Of Philippines - TD	13.87%
RTB 06-13-2021	11.04%
TBILL 05-26-2021	10.09%
RTB 08-12-2025	7.88%
TBILL 08-11-2021	6.23%
RTB 03-09-2024	6.15%
TBILL 04-21-2021	4.25%
China Bank - TD	3.81%
Citysavings Bank -TD	2.66%
Others	19.99%
<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 130,106.70 which is 0.02% 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 growth rate of -8.3 percent in the fourth quarter of 2020, resulting in the -9.5 percent full-year growth rate for 2020. The country's gross international reserves (GIR) level, based on preliminary data, rose by US\$0.41 billion to US\$109.08 billion as of end-February 2021 from the end-January 2021 level of US\$108.67 billion. The latest GIR level represents an adequate external liquidity buffer, which can help cushion the domestic economy against external shocks. Meanwhile, foreign direct investments (FDI) registered US\$509 million net inflows in December 2020, 62.6 percent lower than the US\$1.4 billion net inflows recorded in December 2019. On an annual basis, total FDI net inflows in 2020 amounted to US\$6.5 billion, or a contraction of 24.6 percent, from US\$8.7 billion net inflows in 2019. The disruptive impact of the pandemic on global supply chains and the weak business outlook adversely affected investor decisions in 2020. On the other hand, headline inflation in the Philippines eased to 4.5 percent in March 2021, after five consecutive months of acceleration. This brings the average inflation of the country for the first quarter of 2021 at 4.5 percent. In February 2021, inflation was recorded at 4.7 percent and in March 2020, 2.5 percent. The slowdown in inflation at the national level was primarily due to the lower annual increment registered in the heavily-weighted food and non-alcoholic beverages at 5.8 percent in March 2021, from 6.7 percent inflation in February 2021. Moreover, core inflation, which excludes selected food and energy items, stood at its previous month's annual rate of 3.5 percent in March 2021. In March 2020, core inflation was observed at 3.0 percent.

According to Bangko Sentral ng Pilipinas (BSP) Governor Benjamin E. Diokno, gross domestic product growth will likely remain weak in the first quarter, even negative, but there will be a strong rebound in the second quarter with the economy coming off a low base. In addition, headline inflation will likely ease to within the target range by the second half, adding that monetary policy response would not be needed as risks arise from the supply side. The central bank expects inflation to average 4% this year, much quicker than 2.6% in 2019. By 2022, they expect average inflation to ease at 2.7%.

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.