



**BANK OF COMMERCE – TRUST SERVICES GROUP**

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

For the Quarter ended *June 30, 2021*

<b>FUND FACTS</b>			
<b>Classification</b>	Long Term Peso Bond Fund	<b>Net Asset Value per unit (NAVpu)</b>	<b>1.715065</b>
<b>Launch Date</b>	March 10, 2005	<b>Total Fund NAV</b>	<b>PHP 5,889,329.33</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>	30 days	<b>Early Redemption Fee</b>	5% on redeemed amount

<b>FEES*</b>			
<b>*TRUSTEE FEE: 1.00% per annum</b>	<b>CUSTODIAN FEE: 0.58% of the NROSS Fee for the Quarter</b>	<b>*EXTERNAL AUDITOR FEE: 0.0137% of Total External Audit Fee of TSG</b>	<b>OTHER FEES: 0.00%</b>
<b>*based on the Net Asset Value (NAV) accrued daily</b>	<b>*Portion/Percentage of Php15,000 for the quarter Bureau of Treasury</b>	<b>KPMG Audit *based 2020 External Audit Fee</b>	<b>N/A</b>

**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.

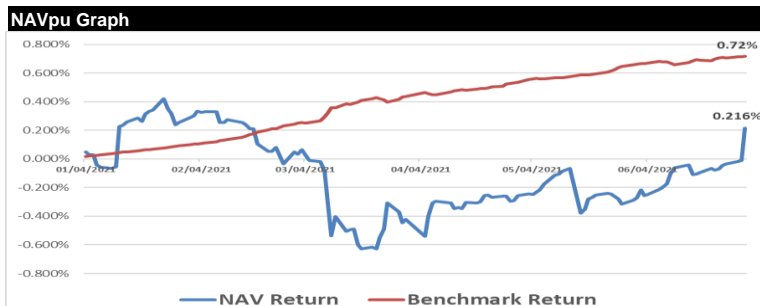
**Reinvestment Risks.** The possibility that an investor may experience losses due to probable lower returns or earnings when maturing funds or the interest earnings of the Fund are reinvested.

**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](mailto:trustmarketing@bankcom.com.ph)  
Tel No. 7214-8800; Fax: 477-5552

**FUND PERFORMANCE AND STATISTICS AS OF 06/30/21**  
(Purely for reference purposes and is not a guarantee of future results)

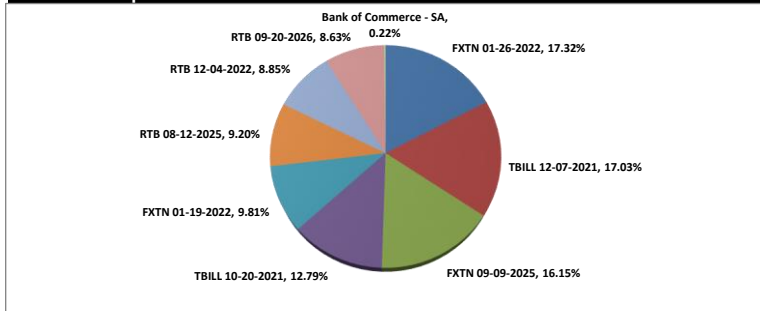


**Cumulative Performance (%)**

Period	1mo	3mos	6mos	1yr	*3yrs
Fund	0.5052%	0.6386%	0.2155%	-0.1326%	13.1122%
Benchmark	1.5540%	1.7158%	1.0024%	0.9514%	3.6096%

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

**Portfolio Composition**



**NAV/pu over the past 12 months**

Highest	1.719108
Lowest	1.700627

**Statistics**

Wtd. Ave. Duration	1.76
Volatility*	0.07%
Sharpe Ratio**	(1.13)
Information Ratio***	(1.14)

\*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
FXTN 01-26-2022	17.32%
TBILL 12-07-2021	17.03%
FXTN 09-09-2025	16.15%
TBILL 10-20-2021	12.79%
FXTN 01-19-2022	9.81%
RTB 08-12-2025	9.20%
RTB 12-04-2022	8.85%
RTB 09-20-2026	8.63%
Bank of Commerce - SA	0.22%
<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 12,988.81 or 0.22% 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**

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. Meanwhile, the World Bank has slashed its Philippine growth projection for this year due to a deeper-than-expected contraction in the first quarter and the re-imposition of stricter quarantine measures in the capital region to contain a surge in COVID-19 cases. According to World Bank, while growth in the Philippines remains on track for recovery, the bounce back this year will likely be lower than previously expected at 4.7% from its previous projection of 5.5% and compares with the Philippine government's 2021 growth target of 6.0%-7.0%. The World Bank also lowered its growth forecast for the Philippines for next year and in 2023 to 5.9% and 6.0%, respectively, from the 6.3% and 6.2% estimates it announced in March. 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%.

Last June 24, the BSP Monetary Board kept key interest rates unchanged at its meeting. BSP Gov. Diokno said that average inflation is likely to settle in the upper range of the target range of 2 to 4 percent in 2021. Price pressures on food commodities have abated amid the facilitation of meat imports to augment domestic supply. Local bond players saw this development coming after yields of actively traded bonds dropped slightly by 1.25 bps on the average.

The following are the fund's strategy and considerations:

1. The fund considered positioning in IPO offering competitive rates for its maturing investments/liquidity. The fund is experiencing impact coming from the uptrend on yields both for local and global bond market. For marketing side, push for the additional contribution to have deployments on rebalancing the return.
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.