



BANK OF COMMERCE – TRUST SERVICES GROUP

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

For the Quarter ended *September 30, 2021*

<b>FUND FACTS</b>			
Classification	Dollar Bond Fund	Net Asset Value per unit (NAVpu)	2.315606
Launch Date	March 11, 2005	Total Fund NAV	USD 1,546,985.18
Minimum Investment/ Maintaining Participation	USD 1,000	Dealing Day	11:30 AM
Minimum Additional	USD 100	Redemption Settlement	T + 1
Minimum Holding period	30 days	Early Redemption Fee	5% on redeemed amount

<b>FEES*</b>			
*TRUSTEE FEE: 1.00% p.a.	CUSTODIAN FEE: 0.02% p.a.	*EXTERNAL AUDITOR FEE: 0.1610% of Total External Audit Fee of TSG	OTHER FEES: N/A
*based on the Net Asset value (NAV) accrued daily	of the Face Value of Bonds Deutsche Bank	KPMG Audit *based 2020 External Audit Fee	N/A

**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 bid price of 10-year Republic of the Philippines (ROP) Bonds from Bloomberg Generic (BGN) at the start of the quarter.

**CLIENT SUITABILITY**

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

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

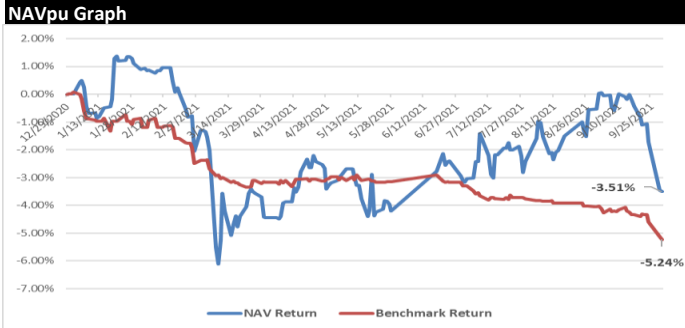
**Country Risk.** The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- 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)

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**FUND PERFORMANCE AND STATISTICS AS OF 09/30/21**  
(Purely for reference purposes and is not a guarantee of future results)

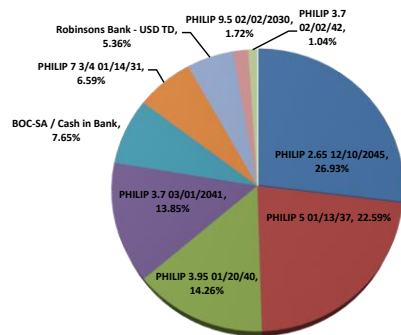


**Cumulative Performance (%)**

Period	1mo	3mos	6mos	1yr	3yrs
Fund	-2.9970%	-0.4196%	0.9944%	-2.2905%	15.3815%
Benchmark	-2.2579%	-3.0084%	-3.1367%	-6.7252%	-4.1596%

\*Benchmark is bid price of 10-Year ROP Bonds

**Portfolio Composition**



**NAVpu over the past 12 months**

Highest	2.432902
Lowest	2.252822

**Statistics**

Wtd. Ave. Duration	13.03
Volatility*	0.55%
Sharpe Ratio**	0.63
Information Ratio***	1.09

\*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
PHILIP 2.65 12/10/2045	26.93%
PHILIP 5 01/13/37	22.59%
PHILIP 3.95 01/20/40	14.26%
PHILIP 3.7 03/01/2041	13.85%
BOC-SA / Cash in Bank	7.65%
PHILIP 7 3/4 01/14/31	6.59%
Robinsons Bank - USD TD	5.36%
PHILIP 9.5 02/02/2030	1.72%
PHILIP 3.7 02/02/42	1.04%

**TOTAL 100.00%**

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

**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

The fund has savings deposit with Bank proper amounting to US\$ 117,228.51 which is 7.65% of the fund. The said funds is for disposition to ROP Bonds & Dollar Time Deposit. 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**

In 3Q 2021, US Federal Reserve held its benchmark interest rates near zero but indicated that the central bank may start pulling back on some of the stimulus like asset purchases "as soon as the next meeting" in November. Fed Chair Powell said that the taper process may wrap up "sometime in the middle of next year" and stressed that tapering was not meant to start a countdown to hiking its benchmark rates. Investor bias remains for a stronger USD/PHP but have lighten up conviction as it hit resistance. Investors prefer the dips to accumulate again but a clean break above 50.35 will prompt to re-engage the market for a higher target.

On the start of 4Q 2021, Fed Governor Randal Quarles said the time has come for the Fed to taper its asset purchases, although he believes raising interest rates due to high inflation would be "premature." In terms of raising interest rates, Mr. Quarles said the Fed can remain patient with policy to allow the labor market more time to recover. In addition, Fed Chair Powell said that the taper process may wrap up "sometime in the middle of next year" and stressed that tapering was not meant to start a countdown to hiking its benchmark rates.

Forecast/Outlook: Revised forecast for USD/PHP (Average) is 49.50 while USD/PHP (Year-End) is 50.70.

The following are the fund's strategy and considerations:

1. The fund is invested in long duration dollar bonds and high yielding time deposits.
2. It will retain the current portfolio profile and investment strategy as global markets remain volatile and the market sentiment on the possible rate hikes until 2023. The fund is experiencing impact coming from the uptrend on yields both for local and global bond markets.
3. The fund will continue to invest on USD Denominated Bonds - ROPs to increase the portfolio duration and sustain return through interest income.