



BANK OF COMMERCE – TRUST SERVICES GROUP

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

For the Quarter ended *December 31, 2021*

<b>FUND FACTS</b>			
Classification	Dollar Bond Fund	Net Asset Value per unit (NAVpu)	2.371062
Launch Date	March 11, 2005	Total Fund NAV	USD 1,601,300.53
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: 0.144% 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 BankCom - Treasury	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.

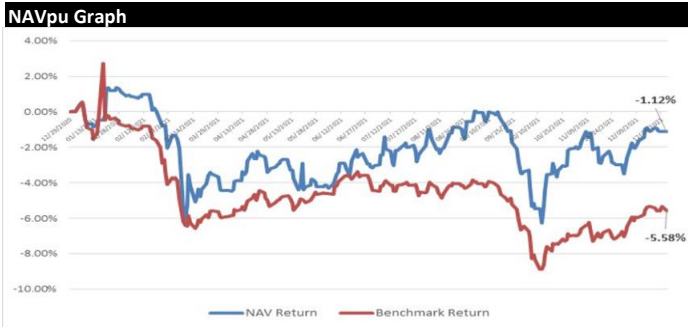
**Country Risk.** The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- 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)

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

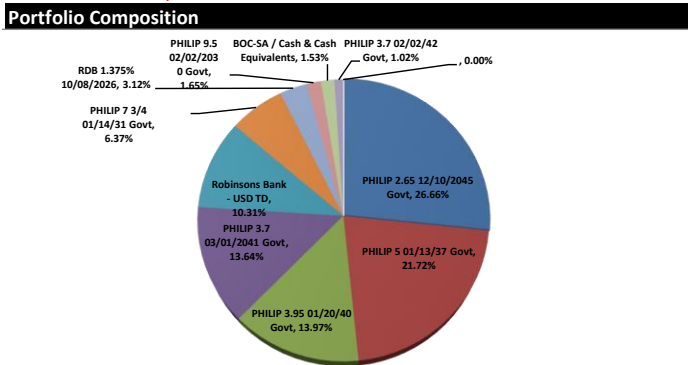
**FUND PERFORMANCE AND STATISTICS AS OF 12/31/21**  
(Purely for reference purposes and is not a guarantee of future results)



**Cumulative Performance (%)**

Period	1mo	3mos	6mos	1yr	3yrs
Fund	1.8687%	2.3949%	1.9652%	-1.1975%	16.7283%
Benchmark	0.2367%	-0.0467%	-2.3433%	-6.7216%	6.9284%

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



**NAVpu over the past 12 months**

Highest	2.432902
Lowest	2.249278

**Statistics**

Wtd. Ave. Duration	11.94
Volatility*	0.48%
Sharpe Ratio**	1.71
Information Ratio***	3.15

\*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 Govt	26.66%
PHILIP 5 01/13/37 Govt	21.72%
PHILIP 3.95 01/20/40 Govt	13.97%
PHILIP 3.7 03/01/2041 Govt	13.64%
Robinsons Bank - USD TD	10.31%
PHILIP 7 3/4 01/14/31 Govt	6.37%
RDB 1.375% 10/08/2026	3.12%
PHILIP 9.5 02/02/2030 Govt	1.65%
BOC-SA / Cash & Cash Equivalents	1.53%
PHILIP 3.7 02/02/42 Govt	1.02%
<b>TOTAL</b>	<b>100.00%</b>

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\$ 24,527.40 which is 1.53% 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**

USDPHP ending 2021 at 50.999 up 2.976 or 6.2% from the 2020 finish of 48.023. We expect further USDPHP strength heading into 2022 as the market continues to sip through hawkish US and the greenback. 51.00 is the hurdle we have yet to cross, next technical resistance points to 51.35 and 51.85 (March 2020 lockdown high) while support will be at 50.80 assuming 51.00 holds. US Treasury yields went up on the 29th only to end lower by yesterday's close with 10Yr @ 1.52%. FX majors look to end the year on a high note amidst better risk sentiment with greenback barely holding on with the help of yields. Dollar Index Spot @ 96.00s.

US Treasury yield curve bear steepened on the back of strong GDP print and positive Omicron-related news flow. Both the 10Y and 30Y yields are now trading close to the 1.50% and 1.90% resistance levels, respectively. With rates back to pre-pandemic levels, we see treasuries continuing to trade rangebound with an upward bias.

Forecast/Outlook: The market expects the USDPHP in 2022 to depreciate to fund the recovery and that it will strengthen in 2023 as dollar inflows from tourism recover. The average forecast for 2022 is 51.46 and the year-end forecast for 2022 is seen at 51.90 to 52.00

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 by US FED this 2022. 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.