



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, 2022*

FUND FACTS			
Classification	Long Term Peso Bond Fund	Net Asset Value per unit (NAVpu)	1.707196
Launch Date	March 10, 2005	Total Fund NAV	PHP 5,779,359.00
Minimum Investment/Maintaining Participation	PhP 10,000.00	Dealing Day	11:30 AM
Minimum Additional	PhP 5,000.00	Redemption Settlement	T + 1
Minimum Holding period	30 days	Early Redemption Fee	5% on redeemed amount

FEES*			
*TRUSTEE FEE: 1.00% per annum	CUSTODIAN FEE: 0.38% of the NROSS Fee for the Quarter	*EXTERNAL AUDITOR FEE: 0.0092% of Total External Audit Fee of TSG	OTHER FEES: 0.00%
*based on the Net Asset Value (NAV) accrued daily	*Portion/Percentage of Php15,000 for the quarter Bureau of Treasury	KPMG Audit *based 2021 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 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.

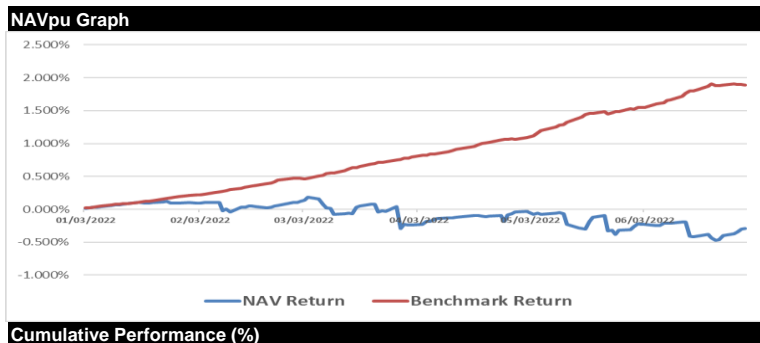
Reinvestment Risks. The possibility that an investor may experience losses due to probable lower returns or earnings when maturing funds or the interest earnings of the Fund are reinvested.

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
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FUND PERFORMANCE AND STATISTICS AS OF 06/30/22
(Purely for reference purposes and is not a guarantee of future results)

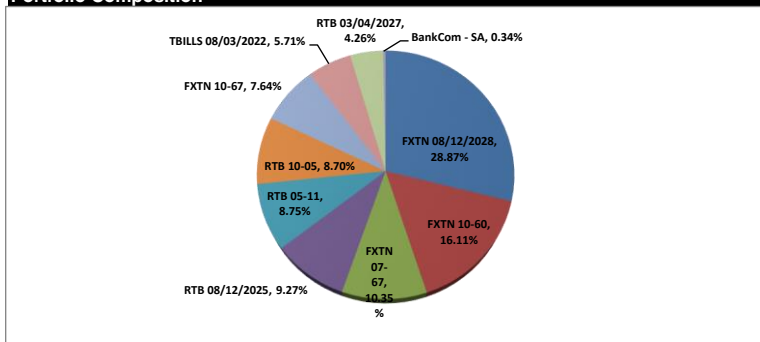


Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	-0.0259%	-0.0563%	-0.2914%	-0.4588%	7.3604%
Benchmark	3.6221%	3.1210%	2.3573%	1.4134%	2.9976%

*Benchmark is the 5-year yield based on PHP BVAL Rate.

Portfolio Composition



OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The fund has deposit with Bank proper amounting to Php 19,422.44 or 0.34% 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

BSP unexpectedly held an unscheduled policy meeting on 14 July 2022 - ahead of the next scheduled meeting on 18 Aug 2022 - and raised policy interest rate by +75bps to 3.25%, the third hike with a total +125bps so far this year. This is the biggest hike by BSP since the +50bps hike each in Aug and Sep 2018. We now expect BSP to frontload and brought forward policy interest rate to this year by another +75bps to 4.00% as BSP expected inflation rate of +5.0% in 2022 and +4.2% in 2023. In this regard, there was a quiet session on July 15 with yields steady after the BSP's surprise 75bp hike as market had depressed volumes and cautious bids. BSP Gov. Medalla commented that they had to act to prevent the exchange rate from overshooting and said that the "need to do 50bps hike in August meeting is much less now." For the week, short-end of the curve clearly underperformed with 6mos-2yr T-bonds rising 10-25bps, reacting to the BSP's surprise hike. Belly was modestly higher with 1yr FXTN 7-62 up 1bp to 5.90%, 14bps off-the-lows for the week. Intermediate 7yr FXTN 1064 was 8bps higher WoW at 6.575% after trading as low as 6.40%. Long-end 10yr FXTN 1068 is 15bps richer for the week at 6.80%, retracing 15bps from recent low. Yields declined sharply after the very strong result of the 7yr reissuance, only to pivot higher again after the rate hike and the curve twisted flatter significantly with 2/10s 30bps tighter. Market however seems to have taken the magnitude of the hike in stride, with decent paying interest near the week's highs as investors see the tightening to defend the peso and arrest inflation as a much needed development.

On the other hand, the Philippines' annual headline inflation continued to move at a faster pace of 6.1 percent in June 2022. This is the highest recorded inflation since October 2018. Inflation in the previous month stood at 5.4 percent and in June 2021, 3.7 percent. The average inflation for the first half of the year was posted at 4.4 percent. The uptrend of inflation for June 2022 was primarily brought about by the higher annual growth rate in the index for food and non-alcoholic beverages followed by the transport index.

Fund Strategy and Considerations

With the outlook of increasing interest rates, the Fund considers positioning in short-tenor securities to have room for rebalancing once the rate hikes materialize and yields start to normalize. The strategy considered positioning in IPO offering competitive rates for its maturing investments and available liquidity. Additional contribution will provide for deployments meant to rebalance the returns. The Fund is experiencing impact coming from the upward movement of yields both for local and global bond markets which are in line with the US FED tapering plans. Even then, the Fund performed as the most defensive among its market peers.

NAVpu over the past 12 months

Highest	1.720619
Lowest	1.704073

Statistics

Wtd. Ave. Duration	4.01
Volatility*	0.06%
Sharpe Ratio**	(1.28)
Information Ratio***	(2.93)

*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 08/12/2028	28.87%
FXTN 10-60	16.11%
FXTN 07-67	10.35%
RTB 08/12/2025	9.27%
RTB 05-11	8.75%
RTB 10-05	8.70%
FXTN 10-67	7.64%
TBILLS 08/03/2022	5.71%
RTB 03/04/2027	4.26%
BankCom - SA	0.34%
TOTAL	100.00%

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