



BANK OF COMMERCE – TRUST SERVICES GROUP

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

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

FUND FACTS

| | | | |
|--|-----------------------------|---|---------------------------|
| Classification | Money Market Fund | Net Asset Value per unit (NAVpu) | 1.154710 |
| Launch Date | August 16, 2013 | Total Fund NAV | PHP 969,349,199.10 |
| Minimum Investment/ Maintaining Participation | PhP 10,000.00 / PhP5,000.00 | Dealing Day | 11:30 AM |
| Minimum Additional | PhP 5,000.00 | Redemption Settlement | T + 1 |
| Minimum Holding period | 7 days | Early Redemption Fee | 5% on redeemed amount |

FEES*

| | | | | |
|---|---|--|--------------------|------------|
| TRUSTEE FEE: 0.25% p.a. based on the Net Asset value (NAV) accrued daily | CUSTODIAN FEE: 0.37% of the NROSS Fee for the Quarter *Portion/Percentage of Php15,000 for the quarter Bureau of Treasury | *EXTERNAL AUDITOR FEE: 0.7782% of Total External Audit Fee of TSG KPMG Audit *based 2020 External Audit Fee | OTHER FEES: | N/A |
| | | | | N/A |

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.

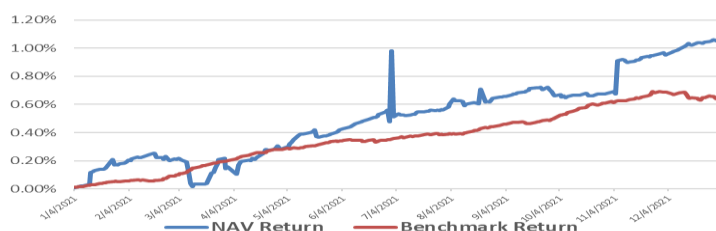
Country Risk. The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- 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
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)

NAVpu Graph

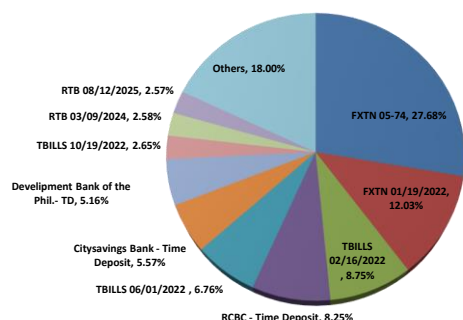


Cumulative Performance (%)

| Period | 1mo | 3mos | 6mos | 1yr | 3yrs |
|-----------|---------|---------|---------|---------|---------|
| Fund | 0.0914% | 0.3828% | 0.5720% | 1.0538% | 6.6478% |
| Benchmark | 0.7447% | 0.6513% | 0.6874% | 0.6436% | 4.3708% |

Note: Benchmark is the 3-month yield based on PHP BVAL Rate.

Portfolio Composition



NAVpu over the past 12 months

| | |
|---------|----------|
| Highest | 1.154803 |
| Lowest | 1.142740 |

Statistics

| | |
|----------------------|-------|
| Wtd. Ave. Duration | 0.31 |
| Volatility* | 0.05% |
| Sharpe Ratio** | 1.18 |
| Information Ratio*** | 3.47 |

*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 05-74 | 27.68% |
| FXTN 01/19/2022 | 12.03% |
| TBILLS 02/16/2022 | 8.75% |
| RCBC - Time Deposit | 8.25% |
| TBILLS 06/01/2022 | 6.76% |
| CitySavings Bank - Time Deposit | 5.57% |
| Development Bank of the Phil.- TD | 5.16% |
| TBILLS 10/19/2022 | 2.65% |
| RTB 03/09/2024 | 2.58% |
| RTB 08/12/2025 | 2.57% |
| Others | 18.00% |
| TOTAL | 100.00% |

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

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The fund has deposit with Bank proper amounting to Php 11,585,524.28 which is 1.20% 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

Philippine Gross Domestic Product (GDP) posted a growth of 7.1 percent in the third quarter of 2021. The main contributors to the growth were wholesale and retail trade, repair of motor vehicles and motorcycles, manufacturing and construction. The World Bank raised the Philippines' gross domestic product (GDP) growth forecast for 2021 to 5.3 percent this year from a 4.7 percent forecast in June while investment banking giant Goldman Sachs expects the Philippine economy to grow the fastest in ASEAN (Association of Southeast Asian Nations)-5 next year. During the 2022 outlook media roundtable last November 18, Goldman Sachs Economics Research projected the Philippines' gross domestic product (GDP) growth to hit 7.3 percent, within the government's 7 to 9 percent target. Goldman Sachs said sustained infrastructure expenditures under the ambitious "Build, Build, Build" program would aid economic growth in 2022. Meanwhile, unemployment rate dropped to 3-month low at 7.4% in Oct from 8.9% in Sep while number of employed grew 235k month-on-month amid easing of community quarantine restrictions as Delta-led surge declined. This news is positive for market sentiment in the near term and the economists view of the end-FY21 unemployment rate forecast stays at 6.0%.

On the other hand, the country's headline inflation decelerated to 4.2 percent year-on-year in November from 4.6 percent in the previous month. The latest inflation outturn was slightly above the BSP's monthly forecast range of 3.3-4.1 percent for the month. The resulting year-to-date average inflation rate of 4.5 percent remains above the Government's annual inflation target of 3.0 percent \pm 1.0 percentage point for the year.

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 when Bank Deposit Rate is significantly lower. The fund is experiencing impact coming from the uptrend on yields both for local and global bond space.
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 and Bonds Auction and buy in secondary market with consideration of the future rate cuts or hikes / outlook and RRR cuts move of the Bangko Sentral ng Pilipinas.