



BANK OF COMMERCE – TRUST SERVICES GROUP

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

For the Quarter ended **June 30, 2022**

| FUND FACTS | | | |
|--|-----------------------------|---|---------------------------|
| Classification | Money Market Fund | Net Asset Value per unit (NAVpu) | 1.159075 |
| Launch Date | August 16, 2013 | Total Fund NAV | PHP 484,555,593.64 |
| 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: 0.38% of the GROSS Fee for the Quarter | *EXTERNAL AUDITOR FEE: 1.3686% of Total External Audit Fee of TSG | OTHER FEES: | N/A |
| | *Portion/Percentage of Php15,000 for the quarter | KPMG Audit | | N/A |
| | Bureau of Treasury | *based 2021 External Audit Fee | | |

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.

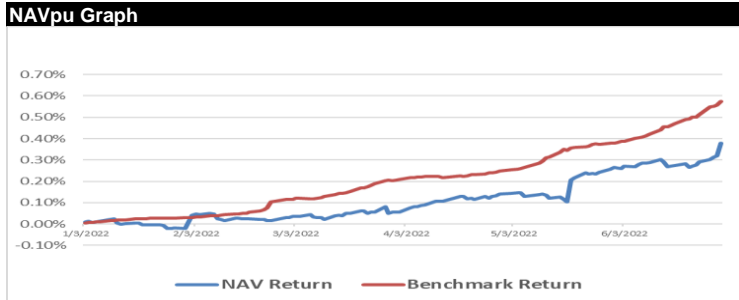
Reinvestment Risks. The possibility that an investor may experience losses due to probable lower returns or earnings when maturing funds or the interest earnings of the Fund are reinvested.

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.

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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)



| NAVpu over the past 12 months | |
|-------------------------------|----------|
| Highest | 1.159075 |
| Lowest | 1.148143 |

| Statistics | |
|----------------------|--------|
| Wtd. Ave. Duration | 0.65 |
| Volatility* | 0.01% |
| Sharpe Ratio** | (1.52) |
| Information Ratio*** | (2.93) |

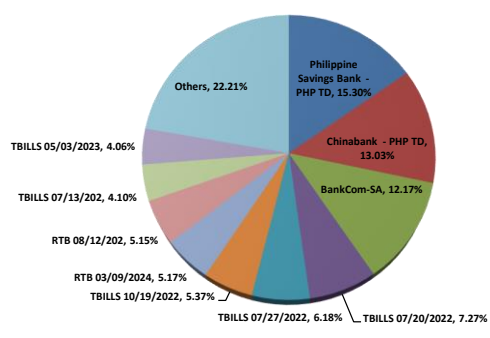
*Volatility measures the degree to which the Fund fluctuates vis-a-vis its average return over a period of time.
**Sharpe ratio is used to characterize how well the return of the Fund compensates the investor for the level of risk taken.
***Information ratio measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

Cumulative Performance (%)

| Period | 1mo | 3mos | 6mos | 1yr | 3yrs |
|-----------|---------|---------|---------|---------|---------|
| Fund | 0.1110% | 0.3229% | 0.3780% | 0.9522% | 4.7149% |
| Benchmark | 0.9000% | 0.8233% | 0.6256% | 0.6874% | 3.3180% |

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

Portfolio Composition



Top Ten Holdings (%)

| Holdings | Weight |
|----------------------------------|----------------|
| Philippine Savings Bank - PHP TD | 15.30% |
| ChinaBank - PHP TD | 13.03% |
| BankCom-SA | 12.17% |
| TBILLS 07/20/2022 | 7.27% |
| TBILLS 07/27/2022 | 6.18% |
| TBILLS 10/19/2022 | 5.37% |
| RTB 03/09/2024 | 5.17% |
| RTB 08/12/2022 | 5.15% |
| TBILLS 07/13/2022 | 4.10% |
| TBILLS 05/03/2023 | 4.06% |
| Others | 22.21% |
| 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 58,833,523.96 which is 12.17% 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

Despite lingering risks from incessant COVID-19 infections, the prolonged Russian invasion of Ukraine, spillover global price shocks as well as pandemic-induced supply-chain disruptions, consensus estimates have placed the Philippines' potential economic growth this year among Southeast Asia's best. Based on the median forecast of more than 20 private and multilateral institutions, the country's gross domestic product (GDP) is expected to grow by 6.8 percent this year and 6 percent next year. On the part of the government, Mr. Marcos' economic team downscaled the GDP growth target for 2022 to 6.5 to 7.5 percent from 7 to 8 percent. At the start of this year, then President Duterte's team was more optimistic with a wider growth goal range of 7 to 9 percent.

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's Strategy and Considerations:

The fund's strategy is to deploy funds in various terms of money market instruments without compromising its liquidity feature. The fund shall invest more in Government Securities when the Bank Deposit rate is significantly lower and vice versa. The fund is experiencing impact coming from the uptrend on yields both for local and global bond space due to the recent 75bps off-cycle rate hike from BSP and a total 150bps rate hike from US FED and more aggressive rate normalization activities until the end of 2022 and 1H of 2023. It is poised to overweight in 30 to 180-day tenor securities to strategically position given the outlook of elevated inflation due to the Russia-Ukraine war, oil price volatility, and policy rate adjustments locally and globally.