

**BANK OF COMMERCE – TRUST SERVICES GROUP****BANK OF COMMERCE DIVERSITY MONEY MARKET FUND  
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT**For the Quarter ended **September 30, 2021**

<b>FUND FACTS</b>			
<b>Classification</b>	<b>Money Market Fund</b>	<b>Net Asset Value per unit (NAVpu)</b>	<b>1.150307</b>
<b>Launch Date</b>	August 16, 2013	<b>Total Fund NAV</b>	<b>PHP 432,762,763.30</b>
<b>Minimum Investment/ Maintaining Participation</b>	Php 10,000.00 / Php5,000.00	<b>Dealing Day</b>	11:30 AM
<b>Minimum Additional</b>	Php 5,000.00	<b>Redemption Settlement</b>	T + 1
<b>Minimum Holding period</b>	7 days	<b>Early Redemption Fee</b>	5% on redeemed amount

<b>FEES*</b>				
<b>TRUSTEE FEE: 0.25% p.a. based on the Net Asset value (NAV) accrued daily</b>	<b>CUSTODIAN FEE: 0.55% of the GROSS Fee for the Quarter</b> <b>*Portion/Percentage of Php15,000 for the quarter</b> <b>Bureau of Treasury</b>	<b>*EXTERNAL AUDITOR FEE: 0.7782% of Total External Audit Fee of TSG</b> <b>KPMG Audit</b> <b>*based 2020 External Audit Fee</b>	<b>OTHER FEES:</b>	<b>N/A</b>
				<b>N/A</b>

**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.

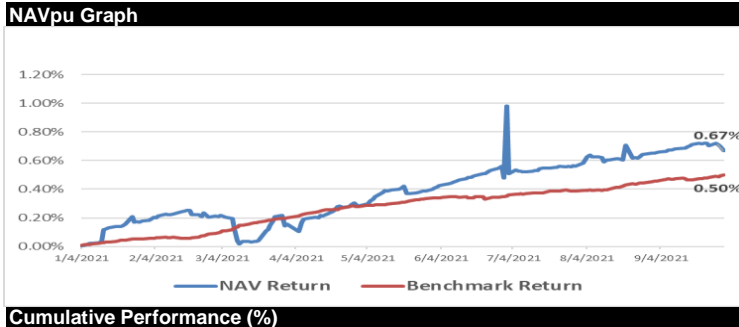
**Reinvestment Risks.** The possibility that an investor may experience losses due to probable lower returns or earnings when maturing funds or the interest earnings of the Fund are reinvested.

**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.

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| <ul style="list-style-type: none"><li>• THE UIT FUND IS NOT A DEPOSIT AND NOT INSURED BY PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC).</li><li>• RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENT/FLUCTUATIONS ONLY.</li><li>• WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES WILL BE SOLELY FOR THE ACCOUNT OF THE CLIENT.</li><li>• THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE.</li></ul> |
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For queries, contact us via email at [trustmarketing@bankcom.com.ph](mailto:trustmarketing@bankcom.com.ph)  
Tel No. 7 214-8800; Fax: 477-5552

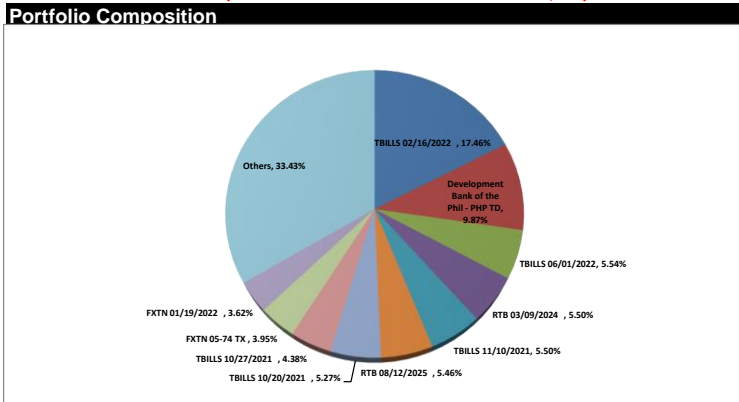
**FUND PERFORMANCE AND STATISTICS AS OF 09/30/21**  
(Purely for reference purposes and is not a guarantee of future results)



**Cumulative Performance (%)**

Period	1mo	3mos	6mos	1yr	*3yrs
Fund	0.0167%	0.1885%	0.5113%	1.0127%	7.2878%
Benchmark	0.6631%	0.6874%	0.7771%	0.6820%	3.1975%

Note: Benchmark is the 3-month yield based on PHP BVAL Rate and \*PDST R-2 (for 3yr Cumulative Performance only)



**NAVpu over the past 12 months**

Highest	1.153891
Lowest	1.138774

**Statistics**

Wtd. Ave. Duration	0.61
Volatility*	0.05%
Sharpe Ratio**	1.07
Information Ratio***	1.65

\*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
TBILLS 02/16/2022	17.46%
Development Bank of the Phil - PHP TD	9.87%
TBILLS 06/01/2022	5.54%
RTB 03/09/2024	5.50%
TBILLS 11/10/2021	5.50%
RTB 08/12/2025	5.46%
TBILLS 10/20/2021	5.27%
TBILLS 10/27/2021	4.38%
FXTN 05-74 TX	3.95%
FXTN 01/19/2022	3.62%
Others	33.43%
<b>TOTAL</b>	<b>100.00%</b>

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

**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

The fund has deposit with Bank proper amounting to Php 55,343.17 which is 0.01% 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**

Following five consecutive quarters of contraction, real gross domestic product (GDP) grew by 11.8 percent year-on-year in Q2 2021. On the demand side, key growth drivers include investments and household consumption, which offset the decline in government spending. On the supply side, the GDP expansion in Q2 2021 was attributed to improvements in the industry and service sectors. However, the International Monetary Fund (IMF) downgraded its forecast for the Philippines' economic growth this year after a recent surge in coronavirus infections that could have slowed the pace of recovery. Philippine economy is now expected to grow by 3.2% this year, lower than the IMF's 5.4% growth projection given in June. This is also below the government's 4-5% full-year target. The IMF also lowered its Philippine GDP growth forecast for 2022 to 6.3% from 7%. This is also below the 7-9% target set by the government. Meanwhile, the country's gross international reserves (GIR) level, based on preliminary data, settled at US\$107.16 billion as of end of September 2021 from the end-August 2021 GIR level of US\$107.96 billion. The latest GIR level represents a more than adequate external liquidity buffer equivalent to 10.8 months' worth of imports of goods and payments of services and primary income. According to BSP Deputy Gov. Francisco Dakila, BSP revised up its inflation forecast to 4.4% (from 4.1%) this year, 3.3% in 2022 and 3.2% in 2023 (both from 3.1%).

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.