



BANK OF COMMERCE – TRUST SERVICES GROUP

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

For the Quarter ended **September 30, 2023**

FUND FACTS			
Classification	Dollar Bond Fund	Net Asset Value per unit (NAVpu)	1.851883
Launch Date	March 11, 2005	Total Fund NAV	USD 980,617.83
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

FEES*			
*TRUSTEE FEE: 1.00% p.a.	CUSTODIAN FEE: 0.0155% p.a.	*EXTERNAL AUDITOR FEE: 0.0978% 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 2022 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.

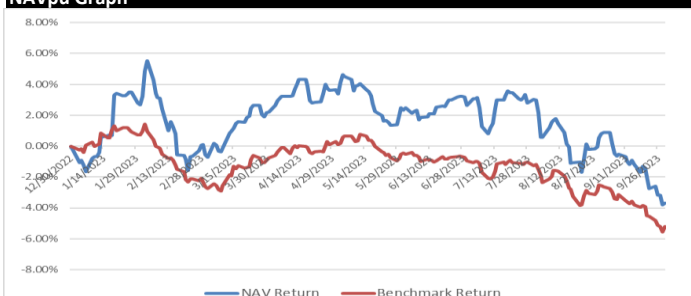
- THE UIT FUND IS NOT A DEPOSIT AND NOT INSURED BY PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC).
- RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENT/FLUCTUATIONS ONLY.
- WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES 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

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FUND PERFORMANCE AND STATISTICS AS OF 09/30/23
(Purely for reference purposes and is not a guarantee of future results)

NAVpu Graph

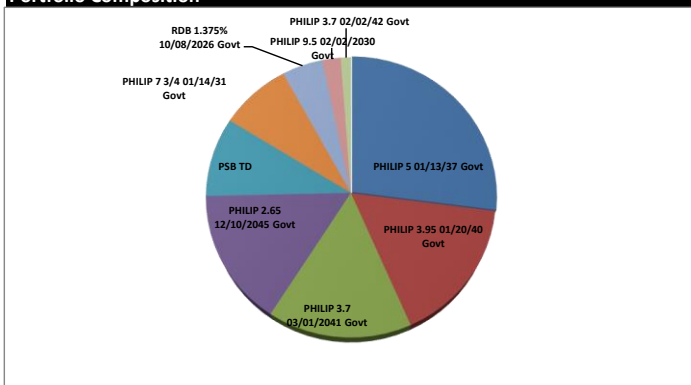


Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	-4.44%	-6.15%	-5.78%	3.57%	-21.87%
Benchmark	-3.73%	-5.21%	-5.50%	-2.97%	-26.64%

*Benchmark is bid price of 10-Year ROP Bonds

Portfolio Composition



NAVpu over the past 12 months

Highest	2.029141
Lowest	1.690549

Statistics

Wtd. Ave. Duration	9.93
Volatility*	0.50%
Sharpe Ratio**	2.42
Information Ratio***	1.33

*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 5 01/13/37 Govt	27.04%
PHILIP 3.95 01/20/40 Govt	16.40%
PHILIP 3.7 03/01/2041 Govt	15.63%
PHILIP 2.65 12/10/2045 Govt	15.58%
PSB TD	9.16%
PHILIP 7 3/4 01/14/31 Govt	8.20%
RDB 1.375% 10/08/2026 Govt	4.70%
PHILIP 9.5 02/02/2030 Govt	2.12%
PHILIP 3.7 02/02/42 Govt	1.16%
BankCom - USD SA	0.01%
TOTAL	100.00%

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\$ 124.60 which is 0.01% of the fund. The said funds is for disposition to Dollar Time Deposit or will serve as liquidity. 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

Federal Reserve officials at their September meeting differed on whether any additional interest rate increases would be needed, though the balance indicated that one more hike would be likely, minutes released showed. While there were conflicting opinions on the need for more policy tightening, there was unanimity on one point – that rates would need to stay elevated until policymakers are convinced inflation is heading back to 2%. The document noted that all members of the rate-setting Federal Open Market Committee agreed they could “proceed carefully” on future decisions, which would be based on incoming data rather than any preset path. Another point of complete agreement was the belief “that policy should remain restrictive for some time until the Committee is confident that inflation is moving down sustainably toward its objective.” The meeting culminated with the FOMC deciding against a rate hike. However, in the dot plot of individual members’ expectations, some two-thirds of the committee indicated that one more increase would be needed before the end of the year. The FOMC since March 2022 has raised its key interest rate 11 times, taking it to a targeted range of 5.25%-5.5%, the highest level in 22 years. Since the September meeting, the 10-year Treasury note yield has risen about a quarter percentage point, in effect pricing in the rate increase policymakers indicated then. On October 18, the peso ended the day sideways against the dollar at 56.700 from 56.746 the session before. Intraday trading ranged from a low of 56.680 to a high of 56.775 while volume ended the day at USD877.55M. The currency pair traded sideways after markets assessed what a stronger-than-expected US retail sales data could mean for US interest rates. The peso was also buoyed by a stronger-than-expected reading on Chinese GDP.

Forecast/Outlook : Local policy rate is now expected at 6.25-6.50% by EOY, FED Policy Rate at 5.50%-5.75% by EOY. and GIR remains at very good levels which can sustain the BSP target of 55-57 to the dollar.

Fund Strategy and Considerations

With inflation staying elevated and hawkish policy from the Federal Reserve, we expect markets to remain volatile. Funds under this category are experiencing unfavorable returns due to the significant impact on market valuation for dollar-denominated securities brought by the uptrend in yields backed by US FED aggressive rate adjustment plans, high US inflation rate, and oil price volatility. The fund will retain the current portfolio profile and investment strategy as global markets remain volatile and the market sentiment on additional rate hikes for 2H of 2023. The fund will continue to earn interest income from the ROP investments which should provide little push on NAVPU. Lastly, any fresh or additional subscriptions will help in the strategic rebalancing investment execution of the fund.