



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, 2023**

FUND FACTS

Classification	Money Market Fund	Net Asset Value per unit (NAVpu)	1.194411
Launch Date	August 16, 2013	Total Fund NAV	PHP 201,862,877.17
Minimum Initial Investment	Php 10,000.00	Dealing Day	11:30 AM
Minimum Additional	Php 1,000.00	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: 5.37% of the NROSS Fee for the Quarter	*EXTERNAL AUDITOR FEE: 0.3699% 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 2022 External Audit Fee	

INVESTMENT OBJECTIVE & STRATEGY

The Fund's primary goal is to prevent the loss of principal and generate income by investing in fixed-income securities and deposits with maximum terms to maturity of up to three (3) years and has a weighted average portfolio life of one (1) year or less. The Fund is suitable for individual and institutional investors with a "Conservative" risk profile who prefers a low level of risk, favor 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.

The Fund may avail itself of financial derivatives instruments solely for the purpose of hedging risk exposures of the existing investments of the Fund, provided, these are accounted for in accordance with existing BSP hedging guidelines as well as the Trustee's risk management and hedging policies duly approved by the Trust and Investments Committee and disclosed to participants.

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
- Who are Philippine Residents Only

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.

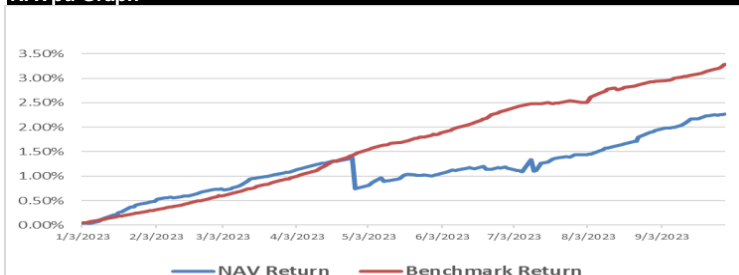
Country Risk. The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- **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

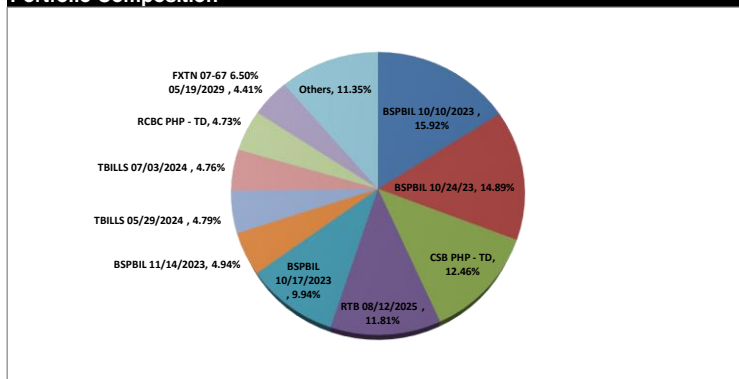


Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.3396%	1.0977%	1.1688%	2.8255%	4.5040%
Benchmark	4.3165%	4.6390%	3.7901%	2.2724%	0.6820%

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

Portfolio Composition



NAVpu over the past 12 months

Highest	1.194411
Lowest	1.161293

Statistics

Wtd. Ave. Duration	0.71
Volatility*	0.06%
Sharpe Ratio**	(0.93)
Information Ratio***	(1.78)

*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
BSPBIL 10/10/2023	15.92%
BSPBIL 10/24/23	14.89%
CSB PHP - TD	12.46%
RTB 08/12/2025	11.81%
BSPBIL 10/17/2023	9.94%
BSPBIL 11/14/2023	4.94%
TBILLS 05/29/2024	4.79%
TBILLS 07/03/2024	4.76%
RCBC PHP - TD	4.73%
FXTN 07-67 6.50% 05/19/2029	4.41%
Others	11.35%
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 161,607.93 which is 0.08% 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

The Philippine economy grew 4.3% YoY in the second quarter of 2023, much slower than the market expectation, which was for a 6% gain. The first half of 2023 GDP grew by 5.3%, anchored on historic high employment levels, acceleration of tourism, and increasing investment registration activities. The government implements catch-up plans and expedites programs and projects for the rest of the year to achieve the growth target of 6.0% to 7.0% for 2023. The Philippines will likely post the highest growth among Southeast Asian countries despite the projected economic slowdown this year. Based on outlook of World Bank, GDP (gross domestic product) growth in the Philippines is projected to moderate to 5.6 percent in 2023 from 7.6 percent in 2022 due to still-elevated inflation, tight financial conditions, and weak external environment. The latest forecast was lower than its 6 percent earlier projection but despite the downgrade, the growth of the Philippine economy is projected to outpace Cambodia (5.5 percent), Indonesia (5 percent), Vietnam (4.7 percent), Malaysia (3.9 percent), Laos (3.7 percent), Thailand (3.4 percent), and Myanmar (3.0 percent). According to the World Bank, the elevated inflation will likely dampen the growth of household incomes in real terms.

Meanwhile, the Philippines' headline inflation quickened further to 6.1% in Sept '23 from 5.3% in Aug '23, pushing 9M23 average to 6.6%. This latest figure is above Bloomberg's consensus of 5.3% and at the high end of the BSP's estimated range of 5.3-6.1%. Core inflation decelerated further to 5.9% from 6.1% in the previous month, bringing 9M23 average to 7.2%.

Forecast/Outlook: Average inflation is now seen to reach 5.8 percent in 2023 from 5.6 percent previously, while the forecast for 2024 likewise rose to 3.5 percent from 3.3 percent. For 2025, the forecast is unchanged at 3.4 percent. The upward adjustments in the 2023 and 2024 projections reflect the spillovers from weather disturbances, rising global crude oil prices, and the recent depreciation of the peso. The latest print could give BSP more reason to extend its most aggressive monetary tightening campaign after pausing in the last four straight meetings. BSP Gov. Eli Remolona has been sounding very hawkish and is even open to the possibility of an unscheduled interest rate hike before the November meeting. The Governor also ruled out the possibility for rate cuts to happen in 1H24.

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 an impact from the uptrend on yields for local and global bond space due to the significant rate hikes from BSP and US FED and the expectation of possible additional rate normalization activities for the remainder of the year. 3. The fund is now positioned to be more exposed to Government/BSP Securities as rates are more attractive than Time Deposits. It is poised to overweight in 30 to 180-day tenor securities to strategically position given the outlook of elevated inflation due to geopolitical issues, oil price volatility, and policy rate adjustments locally and globally. The fund will continue to invest in the most competitive money market rates available among the accredited counterparties. The fund will continue to monitor the RTB & FXTN holdings to re-position and time the exit of said investments with more than 3 years term to maturity. Lastly, fresh or additional cash inflow will help in the strategic investment execution of the fund.