



BANK OF COMMERCE – TRUST SERVICES GROUP

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

For the Quarter ended *December 31, 2022*

FUND FACTS			
Classification	Dollar Bond Fund	Net Asset Value per unit (NAVpu)	1.922603
Launch Date	March 11, 2005	Total Fund NAV	USD 1,232,067.86
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: 0.144% 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.

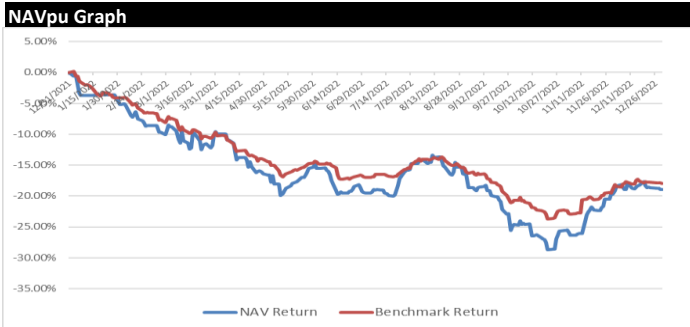
Country Risk. The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- 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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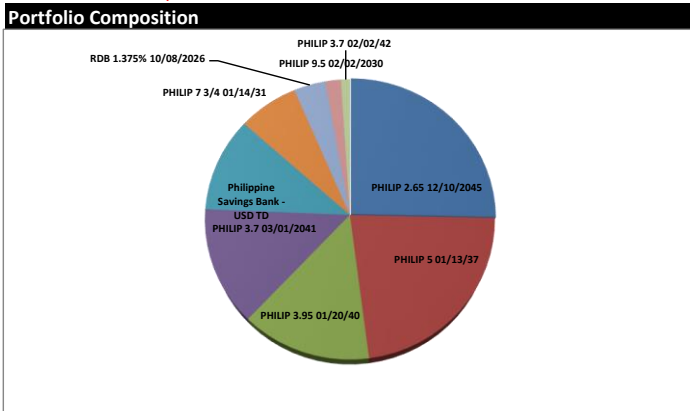
FUND PERFORMANCE AND STATISTICS AS OF 12/31/22
(Purely for reference purposes and is not a guarantee of future results)



Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.96%	7.53%	0.67%	-19.01%	-15.60%
Benchmark	0.99%	2.54%	-2.05%	-19.01%	-20.29%

*Benchmark is bid price of 10-Year ROP Bonds



NAVpu over the past 12 months

Highest	2.371062
Lowest	1.690549

Statistics

Wtd. Ave. Duration	10.85
Volatility*	0.83%
Sharpe Ratio**	(1.40)
Information Ratio***	(0.77)

*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 2.65 12/10/2045	25.33%
PHILIP 5 01/13/37	22.63%
PHILIP 3.95 01/20/40	14.09%
PHILIP 3.7 03/01/2041	13.60%
Philippine Savings Bank - USD TD	10.94%
PHILIP 7 3/4 01/14/31	6.94%
RDB 1.375% 10/08/2026	3.65%
PHILIP 9.5 02/02/2030	1.80%
PHILIP 3.7 02/02/42	1.02%
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\$ 101.89 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

On the last trading day of 2022, the Philippine Peso recouped losses in thin trade as the US Dollar pared some gains, while a surge in COVID-19 cases in China drove risk off sentiment on worries over a recovery in the world's second largest economy. Beijing had announced that it will relax its inbound quarantine restrictions from Jan. 8, which had initially cheered markets, but a spike in COVID cases has dampened the mood. USD/PhP FX rate corrected lower (after rising for 3 straight trading days), by -0.445 or -0.8% to close at 55.755 (after reaching an intraday high of 56.18 and an intraday low of 55.67); near 1-week lows (since December 23, 2022); but still among 2-week highs or since (Dec. 13, 2022); among 4.5-month lows (or since Aug. 12, 2022, when it closed at 55.61); still higher from the immediate new 5.5-month intraday low of 55.045 posted on Dec. 22, 2022 (possible near-term bottom for now); nevertheless, still eased/improved from the record high closing rate of 59.00 posted on Oct. 3, 10, 13, and 17, 2022.

Forecast/Outlook : With US inflation easing to 6.5% which in line with the general consensus. The market is expecting slower rate normalization actions by FED within 1H2023. The 10Y Treasury yield will likely trade within the 3.40% to 3.80% range. We continue to see upside risks to yields at current levels, where the market is already pricing in 50 bps of rate cuts in the latter part of the year. Nonetheless, with inflation trending lower, sell-offs in US Treasuries offer good entry opportunities.

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 is invested in long-duration dollar bonds and high-yielding time deposits. 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 1H of 2023. The fund will continue to earn interest income from the ROP investments which should provide little push on NAVPU. Lastly, fresh or additional subscription will help in the strategic investment execution of the fund.