



BANK OF COMMERCE – TRUST SERVICES GROUP

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

For the Quarter ended **December 31, 2022**

FUND FACTS			
Classification	Money Market Fund	Net Asset Value per unit (NAVpu)	1.167644
Launch Date	August 16, 2013	Total Fund NAV	PHP 260,079,975.59
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: 0.43% of the GROSS 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 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.

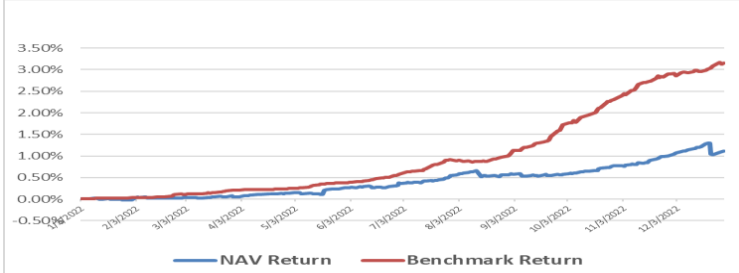
Country Risk. The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- 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.

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)

NAVpu Graph

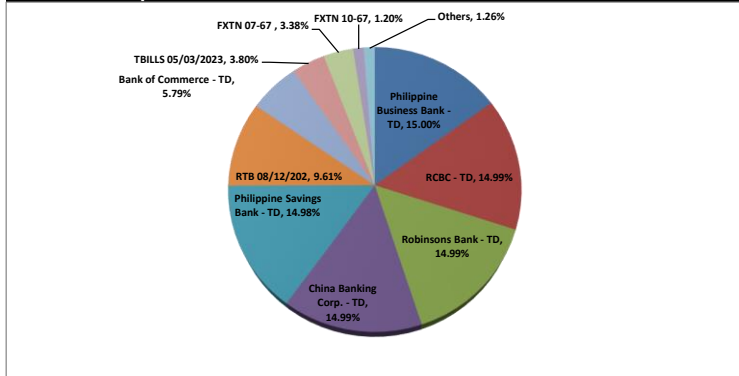


Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.0988%	0.5396%	0.7320%	1.1046%	4.0035%
Benchmark	3.1426%	2.2724%	1.1410%	0.6469%	2.3132%

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

Portfolio Composition



NAVpu over the past 12 months

Highest	1.169668
Lowest	1.154455

Statistics

Wtd. Ave. Duration	0.58
Volatility*	0.02%
Sharpe Ratio**	(0.87)
Information Ratio***	(3.10)

*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
Philippine Business Bank - TD	15.00%
RCBC - TD	14.99%
Robinsons Bank - TD	14.99%
China Banking Corp. - TD	14.99%
Philippine Savings Bank - TD	14.98%
RTB 08/12/202	9.61%
Bank of Commerce - TD	5.79%
TBILLS 05/03/2023	3.80%
FXTN 07-67	3.38%
FXTN 10-67	1.20%
Others	1.26%
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 285,947.59 which is 0.11% 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

During its December 15, 2022 Monetary Board meeting, BSP raised policy rates by 50bps to 5.5% citing higher inflation in November amid pent-up demand. The BSP's latest baseline forecasts show that average inflation is still projected to breach the upper end of the 2-4 percent target range for 2023 at 4.5 percent. However, the forecast for 2024 fell to 2.8 percent owing mainly to the further easing in oil prices, peso appreciation, and the slightly lower domestic growth outlook resulting in part from the BSP's cumulative policy rate adjustments. Minutes of the Monetary Board's meeting last December showed more rate hikes are being recommended amid inflation's broad-based pressures, upside risks, and elevated inflation expectations. We maintain our Year-End 2023 outlook of 6.00% for the policy rate.

Year-on-year headline inflation averaged at 5.8 percent in 2022, exceeding the Government's announced inflation target range of 2.0-4.0 percent for the year. This came after headline inflation rose slightly to 8.1 percent year-on-year in December, the highest since November 2008, from 8.0 percent in the previous month. Likewise, core inflation—which excludes selected volatile food and energy items to measure underlying price pressures—also increased to 6.9 percent in December from 6.5 percent in November. Inflation went up in December as most food and non-alcoholic beverages items recorded price increases. Inflation is also seen to decelerate in the succeeding months due to easing global oil and non-oil prices, negative base effects, as well as the impact of the BSP's cumulative policy interest rate increases working their way through the economy. In the near term, the BSP remains prepared to take all monetary policy action necessary to bring inflation back to a target-consistent path over the policy horizon. The BSP also continues to support the timely implementation of non-monetary measures by the National Government to help prevent any further broadening of price pressures, in accordance with its price stability mandate.

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 coming from the uptrend on yields both for local and global bond space due to the significant rate hikes from BSP and US FED and expectation of additional rate normalization activities until 1H of 2023. The fund is now positioned to be more exposed to time deposits as rates are more attractive than Government Securities. 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.