



BANK OF COMMERCE – TRUST SERVICES GROUP

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

For the Quarter ended *March 31, 2023*

<b>FUND FACTS</b>			
Classification	Dollar Bond Fund	Net Asset Value per unit (NAVpu)	1.965214
Launch Date	March 11, 2005	Total Fund NAV	USD 1,254,087.67
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

<b>FEES*</b>			
*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.

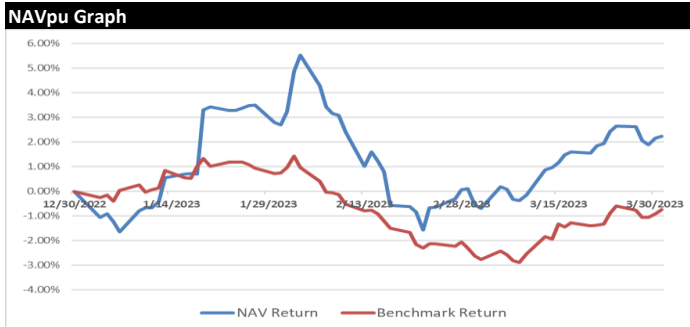
**Country Risk.** The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- 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](mailto:trustmarketing@bankcom.com.ph)

Tel No. 7 214-8800; Fax: 477-5552

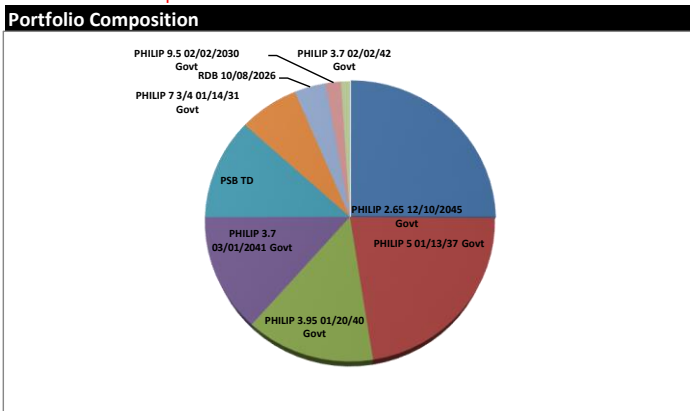
**FUND PERFORMANCE AND STATISTICS AS OF 03/31/23**  
(Purely for reference purposes and is not a guarantee of future results)



**Cumulative Performance (%)**

Period	1mo	3mos	6mos	1yr	3yrs
Fund	2.17%	2.23%	9.92%	-8.36%	-10.97%
Benchmark	0.35%	-1.86%	1.66%	-10.85%	-17.58%

\*Benchmark is bid price of 10-Year ROP Bonds



**NAVpu over the past 12 months**

Highest	2.144502
Lowest	1.690549

**Statistics**

Wtd. Ave. Duration	10.72
Volatility*	0.64%
Sharpe Ratio**	1.36
Information Ratio***	2.10

\*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
PHILIP 2.65 12/10/2045 Govt	25.03%
PHILIP 5 01/13/37 Govt	22.36%
PHILIP 3.95 01/20/40 Govt	13.92%
PHILIP 3.7 03/01/2041 Govt	13.44%
PSB TD	11.70%
PHILIP 7 3/4 01/14/31 Govt	6.86%
RDB 10/08/2026	3.61%
PHILIP 9.5 02/02/2030 Govt	1.78%
PHILIP 3.7 02/02/42 Govt	1.01%
BankCom - USD SA	0.31%
<b>TOTAL</b>	<b>100.00%</b>

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\$ 3,734.05 which is 0.31% 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 March 22-23 Fed policy meeting, on an expected move, the U.S. Fed lifted rates by 25bps overnight due to intermediate data on inflation and the strength on the labor market. More importantly, Fed Chair Powell qualified the inflation fight is not over hinting the tightening process is still expected to go on. Powell acknowledged the recent events in the banking system and explained why the central bank's tone had softened. US inflation fell to 5.0% last March from 6.0% in February and 6.4% in January. Yet the US Fed continue to sound hawkish, undermining local equities and the Philippine peso now back to the Php56 handle versus the US dollar from Php54 weeks ago. The Fed is not the only factor though for the Philippine currency's weakness. External receipts are showing weakness: foreign direct investments (FDI), -46% last January; OFW remittances, +3% YTD Feb; and trade deficit, +13% to \$9.6B YTD-Feb. On the other hand, the fiscal deficit improved to Php60.6bn in YTD-Feb from Php129.2bn last year. On April 19 trading, the U.S. dollar steadied as investors await for economic indicators, Federal Reserve commentary, and corporate earnings for clues about the direction of the interest rates. USD/PHP remains weak at 56.210 due to concerns over a narrowing differential amid a potential pause in Bangko Sentral ng Pilipinas tightening cycle while the U.S. Federal Reserve appears still poised to raise rates. Moody's Investor Service also reports just a few banking systems across Asia-Pacific will benefit from China's reopening: the Philippines not being one of them.

Forecast/Outlook : Given current levels and risks, the 2Q23 forecast sees the exchange rate stay at around PHP55-56.50:USD levels, and pick up beginning 2H23 towards a year-end target of PHP57:USD.

**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.