



BANK OF COMMERCE – TRUST SERVICES GROUP

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

For the Quarter ended **March 31, 2023**

FUND FACTS			
Classification	Money Market Fund	Net Asset Value per unit (NAVpu)	1.180310
Launch Date	August 16, 2013	Total Fund NAV	PHP 216,808,064.70
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: 2.88% 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.

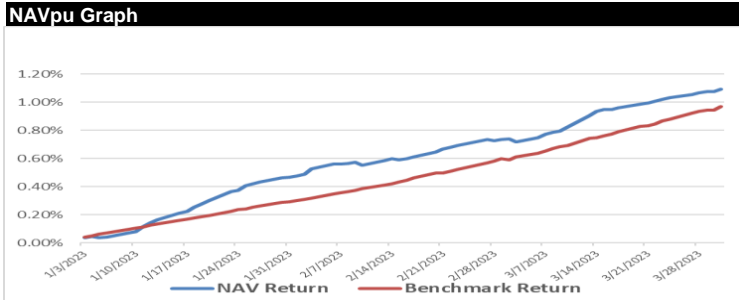
Reinvestment Risks. The possibility that an investor may experience losses due to probable lower returns or earnings when maturing funds or the interest earnings of the Fund are reinvested.

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 03/31/23
(Purely for reference purposes and is not a guarantee of future results)

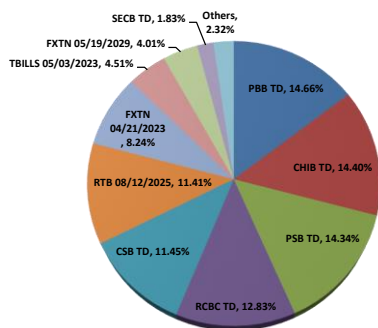


Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.3646%	1.0921%	1.6376%	2.1609%	4.3628%
Benchmark	3.4322%	3.1315%	2.2724%	0.8233%	2.3820%

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

Portfolio Composition



NAVpu over the past 12 months

Highest	1.180310
Lowest	1.155344

Statistics

Wtd. Ave. Duration	0.71
Volatility*	0.02%
Sharpe Ratio**	1.97
Information Ratio***	1.90

*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
PBB TD	14.66%
CHIB TD	14.40%
PSB TD	14.34%
RCBC TD	12.83%
CSB TD	11.45%
RTB 08/12/2025	11.41%
FXTN 04/21/2023	8.24%
TBILLS 05/03/2023	4.51%
FXTN 05/19/2029	4.01%
SECB TD	1.83%
Others	2.32%
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 956,699.53 which is 0.44% 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

At the March 23 Monetary Board policy meeting, the Bangko Sentral ng Pilipinas (BSP) hiked by 25bp as expected, taking the key policy rate from 6.00% to 6.25%. With inflation still quite elevated (8.6% year-on-year), the central bank needed to hike rates given its commitment to fighting inflation. BSP Governor Felipe Medalla however opted for a smaller rate increase of 25bp after he reiterated the need for supply-oriented measures to be deployed to address supply shortages of basic food items. Food inflation remains one of the main drivers of domestic inflation and recent measures to address supply bottlenecks have yet to help bring down food inflation which was last reported at 10.8% YoY.

Meanwhile, inflation rate in March 2023 further eased to 7.6 percent from 8.6 percent in February 2023. This is within the inflation forecast of the BSP for March at 7.4 to 8.2 percent and is lower than the median estimate of analysts. The deceleration is attributed to the lower contribution of Food and non-alcoholic beverages, Transport, and Housing, water, electricity, gas, and other fuels to overall inflation. The main contributors to food inflation are vegetables and fish (both at 0.56 ppt), dairy items (0.39 ppt), sugar (0.37 ppt), and flour (0.35 ppt). According to Finance Secretary Diokno, with inflation pressures already moderated in March 2023, this is a welcome development and the government is determined to sustain the downtrend.

Forecast/Outlook: At March 23 Monetary Board meeting, BSP adjusted the FY23F inflation forecast to 6% from 6.1%. The baseline forecast for 2024 average inflation is now lower at 2.9%. This is in consideration of the moderation of headline inflation in February and weak global demand. Governor Medalla indicated that his next policy decision would be data-dependent while also sharing that outside developments, such as Federal Reserve moves, would be relevant but not necessarily key factors in decision-making. BSP believes that it has done its fair share to snuff out excessive demand-side pressures with a cumulative 425bp rate increase and Medalla would want to see the full impact of these moves feed through to the economy and prices. We expect BSP to increase the terminal policy rate to 6.50% for 1H and settle at that level for the rest of the year.

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. The fund will continue to invest in the most competitive money market rates available among the accredited counterparties. The fund will soon start trading BSP-issued securities to optimize returns. Lastly, fresh or additional cash inflow will help in the strategic investment execution of the fund.