



BANK OF COMMERCE – TRUST SERVICES GROUP

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

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

FUND FACTS			
Classification	Long Term Peso Bond Fund	Net Asset Value per unit (NAVpu)	1.714279
Launch Date	March 10, 2005	Total Fund NAV	PHP 4,801,165.45
Minimum Investment/Maintaining Participation	PhP 10,000.00	Dealing Day	11:30 AM
Minimum Additional	PhP 5,000.00	Redemption Settlement	T + 1
Minimum Holding period	30 days	Early Redemption Fee	5% on redeemed amount

FEES*			
*TRUSTEE FEE: 1.00% per annum	CUSTODIAN FEE: 0.20% of the NROSS Fee for the Quarter	*EXTERNAL AUDITOR FEE: 0.0066% of Total External Audit Fee of TSG	OTHER FEES: 0.00%
*based on the Net Asset Value (NAV) accrued daily	*Portion/Percentage of Php15,000 for the quarter Bureau of Treasury	KPMG Audit	N/A
		*based 2022 External Audit Fee	

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 5-year yield based on the PHP BVAL Rate.

CLIENT SUITABILITY

The Bank of Commerce Diversity Peso Bond Fund is suitable only for investors who:

- Have a MODERATE risk profile
- With an investment horizon of more than five (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.

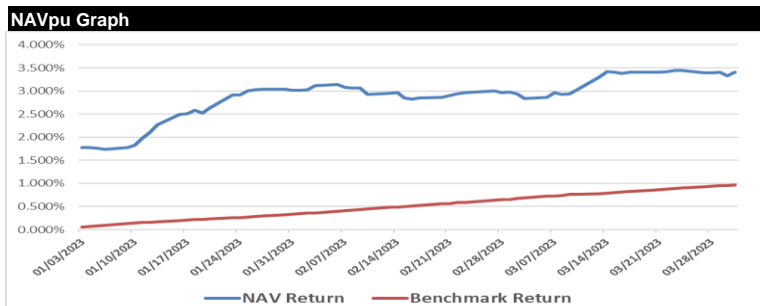
Reinvestment Risks. The possibility that an investor may experience losses due to probable lower returns or earnings when maturing funds or the interest earnings of the Fund are reinvested.

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

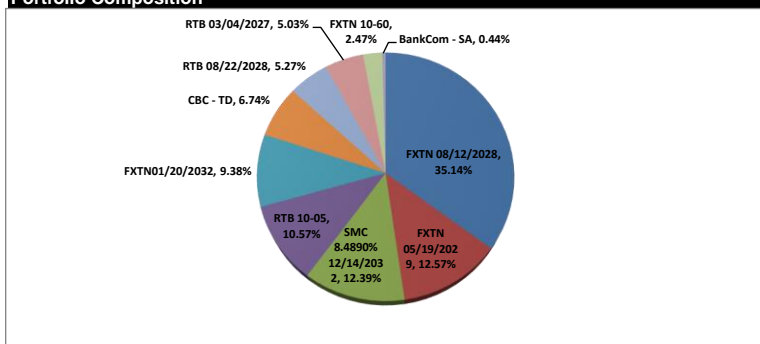


Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.4328%	3.4077%	0.7909%	0.3583%	7.2422%
Benchmark	3.8105%	4.1760%	4.0323%	3.1210%	2.6768%

*Benchmark is the 5-year yield based on PHP BVAL Rate.

Portfolio Composition



NAVpu over the past 12 months

Highest	1.717626
Lowest	1.656402

Statistics

Wtd. Ave. Duration	4.59
Volatility*	0.23%
Sharpe Ratio**	7.90
Information Ratio***	8.15

*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
FXTN 08/12/2028	35.14%
FXTN 05/19/2029	12.57%
SMC 8.4890% 12/14/2032	12.39%
RTB 10-05	10.57%
FXTN01/20/2032	9.38%
CBC - TD	6.74%
RTB 08/22/2028	5.27%
RTB 03/04/2027	5.03%
FXTN 10-60	2.47%
BankCom - SA	0.44%
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 Php20,745.85 or 0.44% of the fund, 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

BSP Governor Medalla has been flagging a pause in interest rate increases may be considered if inflation continues to slow in April (release May 5) and fall below 0.3% like Feb and March. According to Finance Secretary Diokno, with inflation pressures already moderated in March 2023, this is a welcome development and the govt. is determined to sustain the downtrend. On April 19, local GS market demonstrated limited activity as market participants assumed a defensive position and refrained from taking any significant positions, in light of the lack of definitive market leads. The market's attention is now focused on the forthcoming May 4 announcement by the US Federal Reserve, which is anticipated to serve as a key driver of market sentiment.

Based on Asian Development Bank Outlook Report released last April 4, Philippine economic growth is expected to moderate this year from 2022's forecast-beating outturn but will remain on a healthy expansion mode, underpinned by rising domestic demand and a recovery in services, particularly tourism. ADB's flagship economic publication Asian Development Outlook (ADO) April 2023 forecasts the Philippine economy to grow by 6.0% this year, climbing further by 6.2% in 2024. A recovery in employment and retail trade, sustained expansion in the manufacturing sector, and rising public infrastructure spending will support growth. However, risks from a sharper-than-expected slowdown in major advanced economies, heightened geopolitical tensions, and inflation stickiness could dampen the outlook for gross domestic product (GDP) growth. In addition, International Monetary Fund sees that the country will likely sustain the growth supported by robust consumer demand and China's opening. China's reopening should lead to higher net exports and more tourism activities in the Philippines. In its latest World Economic Outlook report, the IMF raised its 2023 gross domestic product (GDP) growth projection for the Philippines to 6%, from the 5% forecast given in January. This matched the lower end of the government's 6-7% target for this year.

Fund Strategy and Considerations

With the outlook of continuously increasing interest rates, the Fund considers positioning in short-tenor securities to have room for rebalancing once the policy rate reached its stable level and yields start to normalize. The strategy considered positioning in IPO offering competitive rates for its maturing investments and available liquidity. With the expectation of easing longer-dated yields, the fund may consider adding duration and to take advantage of locking high-interest rates. Any additional contributions to the fund will provide liquidity for deployments meant to rebalance the returns. The Fund is experiencing an impact coming from the upward movement of yields both for local and global bond markets which are in line with the US FED tapering plans. Even then, the Fund performed defensively among its market peers. Lastly, fresh or additional cash inflow will help in the strategic investment execution of the fund.