



BANK OF COMMERCE – TRUST SERVICES GROUP

BANK OF COMMERCE DIVERSITY PESO BOND FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

For the Quarter ended **June 30, 2023**

FUND FACTS			
Classification	Long Term Peso Bond Fund	Net Asset Value per unit (NAVpu)	1.665704
Launch Date	March 10, 2005	Total Fund NAV	PHP 4,027,525.81
Minimum Investment/Maintaining Participation	PhP 10,000.00	Dealing Day	11:30 AM
Minimum Additional	PhP 1,000.00	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: 0.22% 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 *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 5-year yield based on the PHP BVAL Rate.

The Fund may avail itself of financial derivatives instruments solely for the purpose of hedging risk exposures of the existing investments of the Fund, provided, these are accounted for in accordance with existing BSP hedging guidelines as well as the Trustee's risk management and hedging policies duly approved by the Trust and Investments Committee and disclosed to participants.

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
- Who are Philippine Residents Only

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.

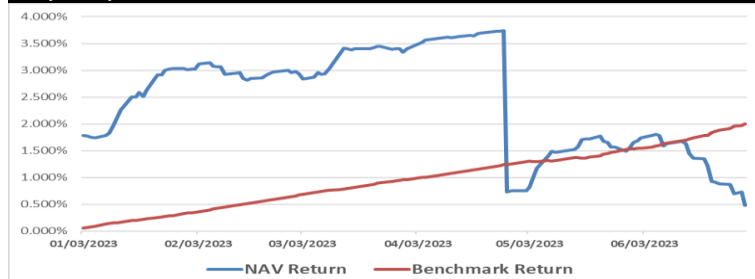
Country Risk. The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- 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 06/30/23
(Purely for reference purposes and is not a guarantee of future results)

NAV/pu Graph

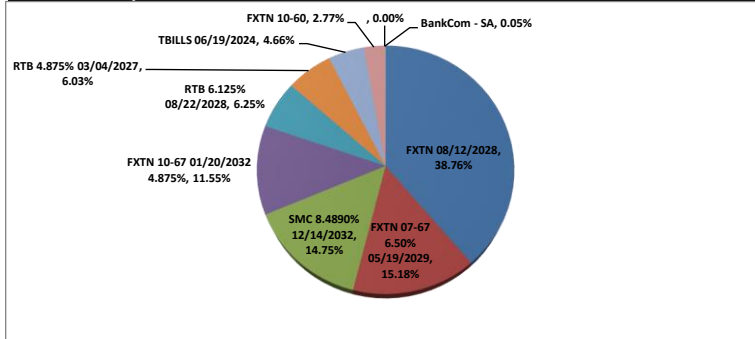


Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	-1.1592%	-2.7649%	0.4776%	-2.4304%	-3.0069%
Benchmark	3.6112%	3.7932%	4.1760%	3.7520%	0.9514%

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

Portfolio Composition



OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The fund has deposit with Bank proper amounting to Php1,825.74 or 0.05% 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

The country's GDP report for the 1st quarter 2023 is at 6.4% and still within the government's target of 6% to 7% for 2023. Meanwhile, the World Bank has upgraded its 2023 growth forecast for the Philippines to 6%, faster than the 5.6% estimates last April. This is with the expectation of resilient domestic demand, despite the high inflation. We observed PH growth moderation in June and 2Q23. This hinges on S&P Global's PH Manufacturing with PMI settling slightly above the neutral 50 mark at 50.9 last month, down from May's 52.2. S&P Global ascribed the mom PMI decline to softer expansion in sectoral output and new orders that took a toll on its workforce. Nevertheless, PH manufacturers remained optimistic over the next 12 months. Downside risks to 2H23F economic outlook have increased, in our view, partly on expected additional monetary tightening. Meanwhile, the headline inflation rate for June 2023 came in at 5.4% year-on-year (YoY), and 0.2% month-on-month (MoM) showing a sustained moderation from the previous month's figure of 6.1%. At the same time, core inflation declined marginally to 7.4% from 7.7%. The main contributor to the decline in headline CPI was the decrease in transport prices, while of particular concern is the risk posed by rice price gains. Wage and fare hikes, plus El Niño, pose further upside risks. Given these developments, the Bangko Sentral ng Pilipinas (BSP) might consider a policy action in August.

The Bangko Sentral ng Pilipinas (BSP) has raised interest rates by a total of 425 basis points to 6.25% in an effort to bring inflation under control. We continue to believe that upside risks still remain with inflation. Aside from El Niño and wage hikes, US Fed hawkishness also remains as a risk to the exchange rate, with the rate differential potentially narrowing and thus affecting PHP stability. Despite this, we think that once the US continues to experience a decelerating inflation environment and employment metrics stabilize, our base case of a rate cut by Dec '23 or Q1 '24 would still stand. Policy rate is now expected at 6.50% by EOY, and GIR remains at very good levels (\$100 bn as of April) which can sustain BSP target of Php54-57 to the dollar

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.

NAV/pu over the past 12 months

Highest	1.719766
Lowest	1.656402

Statistics

Wtd. Ave. Duration	4.73
Volatility*	0.32%
Sharpe Ratio**	1.12
Information Ratio***	(1.17)

*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	38.76%
FXTN 07-67 6.50% 05/19/2029	15.18%
SMC 8.4890% 12/14/2032	14.75%
FXTN 10-67 01/20/2032 4.875%	11.55%
RTB 6.125% 08/22/2028	6.25%
RTB 4.875% 03/04/2027	6.03%
TBILLS 06/19/2024	4.66%
FXTN 10-60	2.77%
BankCom - SA	0.05%

TOTAL 100.00%

Note: Percentage (%) of holdings is based on market values.