



BANK OF COMMERCE – TRUST SERVICES GROUP

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

For the Quarter ended **June 28, 2024**

FUND FACTS			
Classification	Dollar Bond Fund	Net Asset Value per unit (NAVpu)	1.984387
Launch Date	March 11, 2005	Total Fund NAV	USD 743,496.90
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

FEES*			
*TRUSTEE FEE: 1.00% p.a.	CUSTODIAN FEE: Php0.10 for the quarter BankCom - Treasury	*EXTERNAL AUDITOR FEE: Php137,995.61 KPMG Audit *based 2023 External Audit Fee	OTHER FEES: N/A
*based on the Net Asset value (NAV) accrued daily			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.

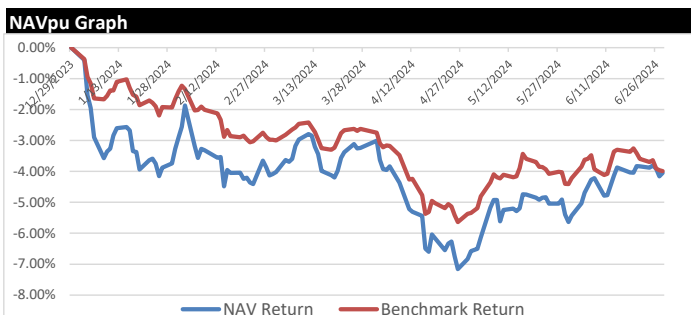
Country Risk. The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- 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

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

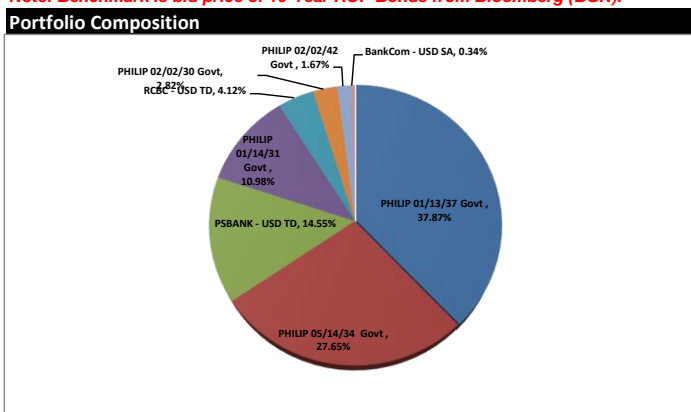
FUND PERFORMANCE AND STATISTICS AS OF 06/28/24
(Purely for reference purposes and is not a guarantee of future results)



Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	1.46%	-0.84%	-4.05%	0.57%	-14.66%
Benchmark	-0.77%	-2.41%	-4.99%	-4.36%	-23.62%

Note: Benchmark is bid price of 10-Year ROP Bonds from Bloomberg (BGN).



NAVpu over the past 12 months

Highest	2.068145
Lowest	1.795343

Statistics

Wtd. Ave. Duration	9.78
Volatility*	0.40%
Sharpe Ratio**	(2.24)
Information Ratio***	(0.12)

*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 01/13/37 Govt	37.87%
PHILIP 05/14/34 Govt	27.65%
PSBANK - USD TD	14.55%
PHILIP 01/14/31 Govt	10.98%
RCBC - USD TD	4.12%
PHILIP 02/02/30 Govt	2.82%
PHILIP 02/02/42 Govt	1.67%
BankCom - USD SA	0.34%

TOTAL 100.00%

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\$ 2,498.84 which is 0.34% 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

The strong economic momentum from early 2024 continued into Q2, driving equity markets higher. Initially, concerns about an overheating U.S. economy led investors to lower expectations for rate cuts. However, as the quarter progressed, optimism for a soft landing returned, though inflation remained stubbornly high, leading to fewer anticipated rate cuts from Western central banks. In June, the Federal Reserve reduced its 2024 rate cut projections to just one, maintaining a hawkish stance. Despite softer U.S. consumer data, markets expect two cuts by year-end. This optimism pushed U.S. Treasuries to modest gains, with the 2-year ending at 4.75% (+12bps QoQ) and the 10-year at 4.41% (+20bps QoQ). The U.S. PCE index, the Fed's preferred inflation measure, showed disinflationary signs, with a flat reading for the second consecutive month. Economic indicators like ISM Manufacturing and jobless claims pointed to a slowing U.S. economy. The Fed remains patient and data-dependent, leading to increased market volatility. The U.S. dollar yield curve flattened in June amid weak macroeconomic data, with yields falling by 16bps on average. Philippine ROP rates mirrored U.S. movements, with the 10-year ROP dropping by 19bps to 5.122%. U.S. inflation cooled slightly, with the CPI falling to 3.3% in May. Despite progress, the Fed held rates steady in June, forecasting only one cut in 2024. Consumer confidence and housing data indicated economic softness, and the labor market showed signs of cooling. Q1 U.S. GDP was revised up slightly to 1.4%, though growth remains subdued. Consumer spending increased modestly, and Q2 growth is forecasted at around 2%. The market will closely watch key macroeconomic data, including Q2 GDP, inflation, and jobs reports, to gauge future Fed policy moves.

Forecast/Outlook : Currently, markets are pricing in 1 rate cut before the end of 2024. The initial forecast for USD/PHP for 2024 is at 54.20-58.00.

Fund Strategy and Considerations

Despite a slight decrease, U.S. inflation remains high compared to historical levels, and the Federal Reserve's hawkish stance is expected to sustain market volatility. This environment has pressured funds in this category, leading to unfavorable returns due to rising yields, driven by the Fed's 'higher for longer' approach, persistent inflation, geopolitical uncertainties, and global oil price fluctuations. In response, the fund has optimized its portfolio by swapping low-coupon securities for high-coupon ones. It is currently focused on long-duration dollar bonds and high-yield time deposits. By maintaining its portfolio strategy, the fund aims to navigate ongoing market volatility and shifts in sentiment regarding potential Fed rate adjustments. Interest income from ROP investments is expected to have a marginal impact on NAVPU, while fresh subscriptions will support strategic rebalancing.