



## BANK OF COMMERCE – TRUST SERVICES GROUP

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

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

#### FUND FACTS

<b>Classification</b>	<b>Money Market Fund</b>	<b>Net Asset Value per unit (NAVpu)</b>	<b>1.232984</b>
<b>Launch Date</b>	August 16, 2013	<b>Total Fund NAV</b>	<b>PHP 204,128,405.97</b>
<b>Minimum Initial Investment</b>	Php 10,000.00	<b>Dealing Day</b>	11:30 AM
<b>Minimum Additional</b>	Php 1,000.00	<b>Redemption Settlement</b>	T + 1
<b>Minimum Holding period</b>	7 days	<b>Early Redemption Fee</b>	5% on redeemed amount

#### FEES\*

<b>TRUSTEE FEE: 0.25% p.a. based on the Net Asset value (NAV) accrued daily</b>	<b>CUSTODIAN FEE: Php1,028.26 of the NROSS Fee for the Quarter</b>	<b>*EXTERNAL AUDITOR FEE: Php441,862.96</b>	<b>OTHER FEES: N/A</b>
	<b>*Portion/Percentage of Php15,000 for the quarter</b>	<b>KPMG Audit</b>	<b>N/A</b>
	<b>Bureau of Treasury</b>	<b>*based 2023 External Audit Fee</b>	

#### INVESTMENT OBJECTIVE & STRATEGY

The Fund's primary goal is to prevent the loss of principal and generate income by investing in fixed-income securities and deposits with maximum terms to maturity of up to three (3) years and has a weighted average portfolio life of one (1) year or less. The Fund is suitable for individual and institutional investors with a "Conservative" risk profile who prefers a low level of risk, favor 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.

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 Money Market Fund is suitable only for investors who:

- Have a **CONSERVATIVE** risk profile
- With an investment horizon of less than one (1) year
- 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.

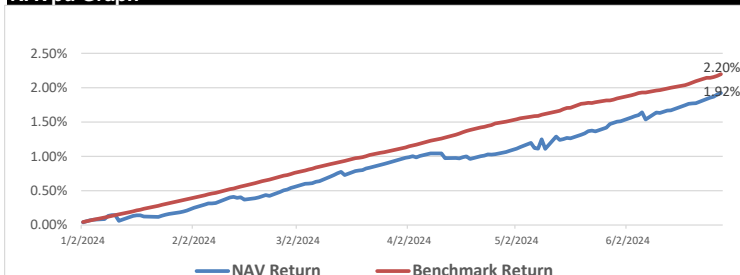
**Country Risk.** The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- **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](mailto: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)

**NAVpu Graph**

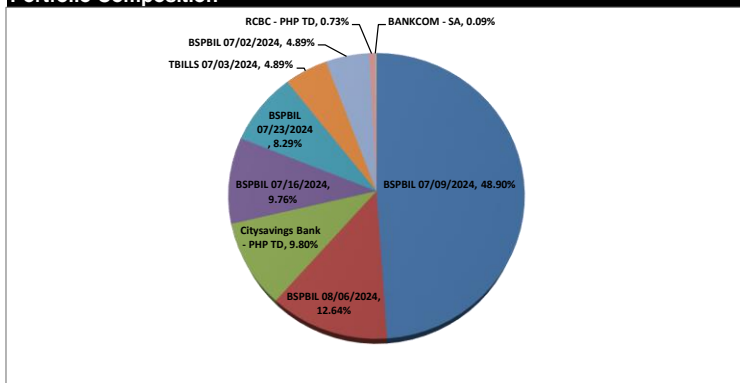


**Cumulative Performance (%)**

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.4058%	1.0095%	1.9222%	4.3893%	6.9554%
Benchmark	4.3385%	4.3303%	3.9450%	4.6390%	0.6874%

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

**Portfolio Composition**



**NAVpu over the past 12 months**

Highest	1.232984
Lowest	1.180129

**Statistics**

Wtd. Ave. Duration	0.11
Volatility*	0.04%
Sharpe Ratio**	(1.92)
Information Ratio***	(1.29)

\*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
BSPBIL 07/09/2024	48.90%
BSPBIL 08/06/2024	12.64%
Citysavings Bank - PHP TD	9.80%
BSPBIL 07/16/2024	9.76%
BSPBIL 07/23/2024	8.29%
TBILLS 07/03/2024	4.89%
BSPBIL 07/02/2024	4.89%
RCBC - PHP TD	0.73%
BANKCOM - SA	0.09%

**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 183,684.46 which is 0.09% 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**

In June, the Bureau of the Treasury (BTr) conducted four Treasury Bill (T-Bill) auctions. The final auction of the month saw full awards across all tenors: the 91-day at an average yield of 5.666%, the 182-day at 5.930%, and the 364-day at 6.031%. The average weekly offering of BSP Bills in June decreased, with the 28-day paper averaging Php97.5 billion and the 56-day paper averaging Php60 billion. Throughout the month, a total of Php596 billion worth of 28- and 56-day BSP Bills were issued, with weighted average yields of 6.675% and 6.665%, respectively. Looking ahead to the third quarter of 2024, the BTr has announced an increase in weekly T-Bill offerings to Php20 billion. For longer tenors, the BTr plans to issue Php30 billion each for 3-, 5-, 7-, and 10-year Treasury bonds, while the 14- and 20-year bond offers were slightly reduced to Php25 billion.

Headline inflation in May accelerated for the fourth consecutive month, rising to 3.9% year-on-year from 3.8% in April. The key drivers of inflation included housing, water, electricity, and gas, though rice prices showed a deceleration, dropping from 23.9% to 23%. To address elevated rice prices, the National Economic Development Authority (NEDA) Board approved a new Comprehensive Tariff Program, which reduces tariffs on rice imports and other essential commodities, effective until 2028. In June, the Consumer Price Index (CPI) decelerated for the first time after four months of consecutive increases, coming in at 3.7%, lower than both the previous month's 3.9% and market expectations. The decline was primarily driven by lower costs in utilities, transportation, and rice. Should rice prices continue to decline, we may see a more pronounced impact on overall price levels in the coming months. The latest CPI data suggests that inflation remains well-anchored within the BSP's target range of 2% to 4%, supporting the central bank's dovish stance.

The Bangko Sentral ng Pilipinas (BSP) maintained its policy rate at 6.5% during its June Monetary Board meeting. Despite a weakening peso, BSP Governor Eli Remolona signaled the possibility of a 25 basis point rate cut in the third quarter and another in the fourth quarter of 2024, ahead of the anticipated Federal Reserve easing in September. The BSP revised its inflation forecasts for 2024 and 2025 to 3.1% from previous estimates of 3.8% and 3.7%, respectively.

**Forecast/Outlook:** The market consensus for 2024 GDP is at 5.3% to 7.5%. A higher GDP will be supported by household consumption which is expected to recover in line with the expectation that the BSP will cut the policy rate. The latest risk-adjusted inflation forecast for 2024 is now at 3.80 percent and for 2025 is at 3.7 percent.

**Fund's Strategy and Considerations:**

The fund primarily invests in money market instruments, prioritizing high liquidity. It focuses on BSP Securities for their attractive yields and low volatility while also targeting BSP Bills, Treasury Bills, and Bank Deposits based on current interest rates. The fund has increased its exposure to BSP Securities due to better rates than Time Deposits and plans to stay active in BSP Bill auctions for reinvestment and liquidity. It also seeks favorable rates in Time Deposits and Treasury Bills for positions of 90 to 360 days, anticipating inflation moderation and potential rate cuts by Q4. The fund maintains a portfolio duration of less than 1 year, with new cash inflows supporting its strategy.