



BANK OF COMMERCE – TRUST SERVICES GROUP

BANK OF COMMERCE DIVERSITY PESO BOND FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

For the Quarter ended June 28, 2024

FUND FACTS			
Classification	Long Term Peso Bond Fund	Net Asset Value per unit (NAVpu)	1.719373
Launch Date	March 10, 2005	Total Fund NAV	PHP 4,025,561.82
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: Php19.79 of the NROSS Fee for the Quarter	*EXTERNAL AUDITOR FEE: Php9,755.78	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 2023 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.

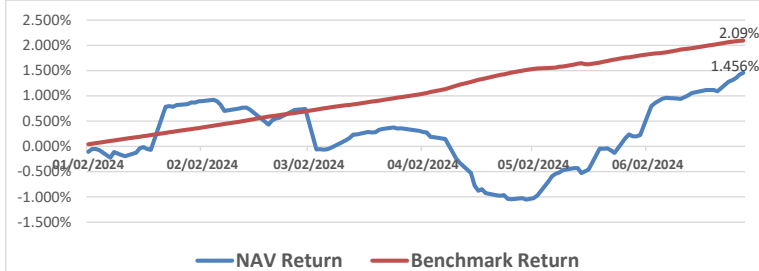
Country Risk. The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- 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
Tel No. 7214-8800; 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

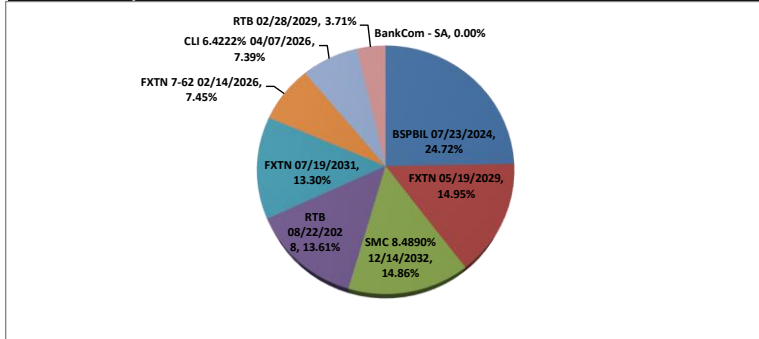


Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	1.2267%	1.0941%	1.4560%	3.2220%	0.2511%
Benchmark	4.2107%	3.9464%	3.7509%	3.9419%	1.4134%

Note: Benchmark is the 5-Year yield based on PHP BVAL Reference Rates.

Portfolio Composition



OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The fund has deposit with Bank proper amounting to Php14.94 or 0.0004% 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

In June, the peso yield curve bull flattened as the central bank adopted a dovish stance amid lower-than-expected inflation. Yields across the curve decreased by an average of 4 basis points (bps), with the belly outperforming, dropping by 6 bps on average. The 5- and 7-year rates fell by 7 bps each, ending at 6.4449% and 6.5584%, respectively. The long end saw a 3 bps average decline, with the 10-year rate dropping by 8 bps to 6.6731% by month-end. Trading volume was relatively stable, rising slightly by 0.6% from Php595.689 billion in May to Php599.007 billion in June. BSP bills accounted for 37% of trading activity, valued at Php222.006 billion, down 11% from May, while FXTNs made up 28%, totaling Php167.614 billion. The Bureau of the Treasury (BTr) held four FXTN auctions in June. The 7-year FXTN 20-17 and 20-year FXTN 20-27 re-issuances were fully awarded at average yields of 6.624% and 6.860%, respectively. However, the 10-year FXTN 10-72 and 15-year FXTN 20-23 re-issuances were only partially awarded, with yields at 6.754% and 6.781%, respectively. For the third quarter of 2024, the BTr increased weekly Treasury bill offers to Php20 billion and expanded offerings of 3-, 5-, 7-, and 10-year bonds to Php30 billion each, while reducing 14- and 20-year bonds to Php25 billion.

The CPI decelerated in June for the first time after four consecutive months of increases, falling to 3.7% from 3.9% in May, driven by lower costs in utilities, transportation, and rice. Continued declines in rice prices could further ease overall price levels in the coming months. The latest CPI data suggests inflation remains within the BSP's target range of 2% to 4%, supporting the central bank's dovish outlook. The BSP maintained its policy rate at 6.5% during its June meeting. Despite a weakening peso, Governor Eli Remolona hinted at possible 25 bps rate cuts in the third and fourth quarters of 2024, ahead of the anticipated Federal Reserve easing in September. The BSP also revised its inflation forecasts for 2024 and 2025 to 3.1%, down from previous estimates of 3.8% and 3.7%.

Forecast/Outlook: According to BSP Governor Remolona, if inflation continues to ease and if economic growth is "not too strong", they may shift to a dovish plot and start to cut rates by the third quarter and that would be no more than 25 basis points this year but if the opposite happens, they would start cutting rates by the first quarter of 2025.

Fund Strategy and Considerations

With slowing inflation and peaking interest rates, the fund is strategically positioning itself by investing in three- to seven-year bonds to secure high yields as part of its long-term core holdings. Anticipating a rate cut in Q4 2024, the fund has replaced low-coupon securities with higher-coupon ones and extended its duration to benefit from current high rates. Additional contributions will be used for rebalancing to optimize returns. The fund remains sensitive to the upward trend in yields driven by the US Federal Reserve's inflation-fighting measures.

NAVpu over the past 12 months

Highest	1.719373
Lowest	1.638676

Statistics

Wtd. Ave. Duration	3.06
Volatility*	0.15%
Sharpe Ratio**	(0.94)
Information Ratio***	(0.67)

*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 07/23/2024	24.72%
FXTN 05/19/2029	14.95%
SMC 8.4890% 12/14/2032	14.86%
RTB 08/22/2028	13.61%
FXTN 07/19/2031	13.30%
FXTN 7-62 02/14/2026	7.45%
CLI 6.4222% 04/07/2026	7.39%
RTB 02/28/2029	3.71%
BankCom - SA	0.00%
TOTAL	100.00%

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