

**BANK OF COMMERCE – TRUST SERVICES GROUP****BANK OF COMMERCE DIVERSITY MONEY MARKET FUND  
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT***For the Quarter ended September 30, 2024***FUND FACTS**

<b>Classification</b>	<b>Money Market Fund</b>	<b>Net Asset Value per unit (NAVpu)</b>	<b>1.247289</b>
<b>Launch Date</b>	August 16, 2013	<b>Total Fund NAV</b>	<b>PHP 177,188,450.66</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: Php942.17 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.

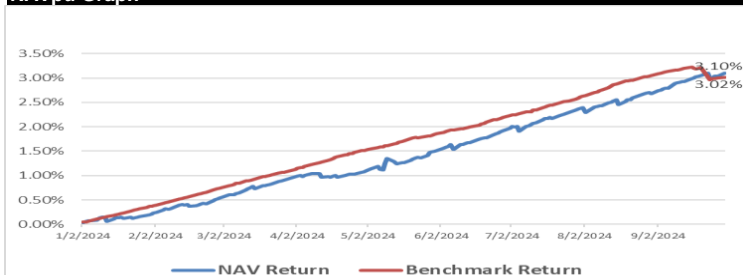
**Country Risk.** The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- **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)  
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**FUND PERFORMANCE AND STATISTICS AS OF 09/30/24**  
(Purely for reference purposes and is not a guarantee of future results)

**NAVpu Graph**

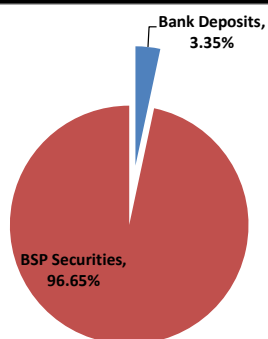


**Cumulative Performance (%)**

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.4155%	1.1602%	2.1814%	4.4539%	7.9823%
Benchmark	4.4823%	4.3446%	4.3303%	4.3139%	0.6513%

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

**Portfolio Composition**



**NAVpu over the past 12 months**

Highest	1.247289
Lowest	1.194411

**Statistics**

Wtd. Ave. Duration	0.06
Volatility*	0.04%
Sharpe Ratio**	(2.02)
Information Ratio***	0.71

\*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 10/01/2024	37.20%
BSPBIL 11/05/2024	17.92%
BSPBIL 10/29/2024	15.70%
BSPBIL 10/15/2024	13.77%
BSPBIL 11/12/2024	6.43%
BSPBIL 10/08/2024	5.63%
Citysavings Bank - PHP TD	2.82%
BankCom- PHP SA	0.53%

**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 938,099.01 which is 0.53% 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**

The BSP held its policy rate steady at 6.5% for the sixth consecutive time, with signals of possible 25 bps rate cuts in the third and fourth quarters of 2024. The BSP expects inflation to remain contained, potentially easing further due to lower rice tariffs, and revised its inflation forecast for 2024 to 3.1%, down from 3.8%, while adjusting the 2025 forecast to 3.7%. To prevent sharp peso depreciation, the BSP has intervened in the currency market.

June CPI decelerated to 3.7% from 3.9%, driven by lower costs in utilities, transportation, and rice. If rice prices continue to decline, we may see a more significant impact on overall price levels, keeping inflation within the BSP's target range of 2% to 4%. This reinforces the BSP's dovish stance.

From March to May 2024, GS yields across tenors rose by 11 to 55 bps, but after the BSP's dovish rate setting in June and the July CPI release, yields fell by 3-14 bps. Recent market momentum was further driven by a 50 bps Fed rate cut in September, surpassing expectations of a 25 bps cut, along with the BSP's RRR reduction effective October 25. Despite a brief pullback in gains due to UST yield surges, we expect consolidation ahead of further US jobs data, with potential opportunities to add positions.

Short-term rates saw a sharp recovery in September following the BSP's 250 bps RRR reduction, pushing front-end yields down by 50-80 bps. Treasury Bill yields now trade below 5.50%, and further cuts could strengthen demand, particularly on the short end of the curve, as inflation slows to 1.9%. As market participants price in 2025 rate cuts, the front end remains well-positioned for gains.

**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 further cut the policy rate.

**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 continuous inflation moderation and more rate cuts by Q4 until 2025. The fund maintains a portfolio duration of less than 1 year, with new cash inflows supporting its strategy.