



BANK OF COMMERCE – TRUST SERVICES GROUP

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

For the Quarter ended **December 31, 2023**

FUND FACTS			
Classification	Dollar Bond Fund	Net Asset Value per unit (NAVpu)	2.068154
Launch Date	March 11, 2005	Total Fund NAV	USD 1,095,138.47
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: 0.0155% p.a.	*EXTERNAL AUDITOR FEE: Php76,494.24	OTHER FEES: N/A
*based on the Net Asset value (NAV) accrued daily	Bonds BankCom - Treasury	KPMG Audit	N/A
		*based 2023 External Audit Fee	

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.

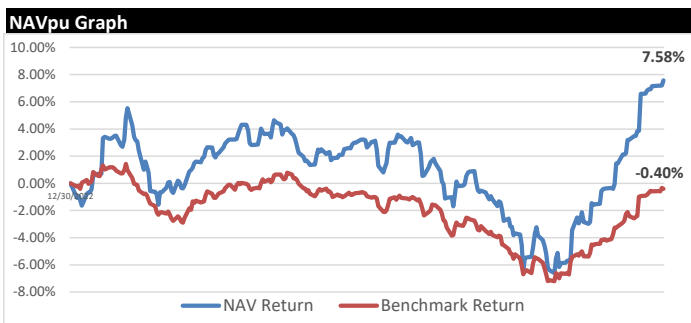
Country Risk. The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- 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

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FUND PERFORMANCE AND STATISTICS AS OF 12/31/23
(Purely for reference purposes and is not a guarantee of future results)

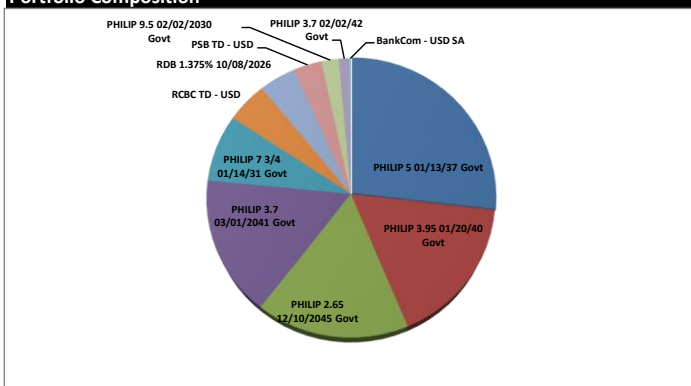


Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	6.03%	11.69%	4.82%	7.58%	-13.82%
Benchmark	1.96%	4.09%	-0.34%	-1.50%	-23.98%

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

Portfolio Composition



NAVpu over the past 12 months

Highest	2.068154
Lowest	1.795343

Statistics

Wtd. Ave. Duration	9.93
Volatility*	0.50%
Sharpe Ratio**	2.42
Information Ratio***	1.33

*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 5 01/13/37 Govt	26.83%
PHILIP 3.95 01/20/40 Govt	16.93%
PHILIP 2.65 12/10/2045 Govt	16.68%
PHILIP 3.7 03/01/2041 Govt	16.10%
PHILIP 7 3/4 01/14/31 Govt	7.77%
RCBC TD - USD	4.76%
RDB 1.375% 10/08/2026	4.24%
PSB TD - USD	3.30%
PHILIP 9.5 02/02/2030 Govt	2.00%
PHILIP 3.7 02/02/42 Govt	1.20%
BankCom - USD SA	0.19%
TOTAL	0.00%

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\$ 2,048.97 which is 0.19% 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 policy rate of FED was left unchanged also at 5.25% to 5.50% which is within our expectation for 2023. Fed Chair Jerome Powell signaled that the Fed is almost certainly done raising rates and that he acknowledged the possibility of cutting rates starting this year, at least three rate cuts, and another four cuts in 2025. The peso ended 2023 with a gain against the dollar as the dollar weakened as markets repriced for a Fed pivot while the higher for longer narrative for the Fed rate retires. The peso closed at Php55.37 per dollar, strengthening by 0.11 centavos from Php55.48. Year to date, the peso has strengthened by 0.69%. This is due to the dovish signal of the Fed and as higher for longer narrative has cooled down already. Meanwhile, The U.S. consumer price index (CPI) increased 0.3% in December and 3.4% from a year ago, compared with respective estimates of 0.2% and 3.2%. Excluding volatile food and energy prices, core CPI also rose 0.3% for the month and 3.9% from a year ago, compared with respective estimates of 0.3% and 3.8%. On an annual basis, shelter costs increased 6.2%, or about two-thirds of the rise in inflation. Stock market futures were negative following the release while Treasury yields held slightly higher.

Forecast/Outlook : Slightly hotter than expected U.S CPI data suggests Fed won't rush rate cuts. Although the core annual rate fell from 4.0% to 3.9%, the increase in the headline rate from 3.1% to 3.4% will not convince the Fed that inflationary pressures are definitively slowing. When you add to the mix the employment report, which showed the labour market continuing to show some resilience, the chances of a near-term easing in monetary policy look slim. Should shelter inflation continue to remain elevated, the Fed will keep pushing back at the idea of imminent rate cuts. Expect the Bangko Sentral ng Pilipinas (BSP) to move in lockstep with the Fed as it pivots to an easing cycle (AB Capital). In general, the view remains that the Fed would cut rates in mid-2024 but we see risks that the cut cycle may be brought forward. On the other hand, if the Fed were to perceptively ease before clear signs of weakness appears in the labour market, the economic expansion may get extended. Overall, if the Fed is more proactive in watching downside risks to the economy, hard-landing risks should diminish and this should trigger the next leg of curve steepening ahead (DBS).

Fund Strategy and Considerations

Funds under this category are experiencing unfavorable returns due to the significant impact on market valuation for dollar-denominated securities brought by the uptrend in yields backed by US FED aggressive rate adjustments, high US inflation rate, and oil price volatility. The fund will retain the current portfolio profile and investment strategy as global markets remain volatile and the market sentiment on policy rate pivots for 2024. The fund will continue to earn interest income from the ROP investments which should provide little push on NAVPU. Lastly, any fresh or additional subscriptions will help in the strategic rebalancing investment execution of the fund.