



BANK OF COMMERCE – TRUST SERVICES GROUP

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

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

FUND FACTS

Classification	Money Market Fund	Net Asset Value per unit (NAVpu)	1.210142
Launch Date	August 16, 2013	Total Fund NAV	PHP 166,858,474.90
Minimum Initial Investment	Php 10,000.00	Dealing Day	11:30 AM
Minimum Additional	Php 1,000.00	Redemption Settlement	T + 1
Minimum Holding period	7 days	Early Redemption Fee	5% on redeemed amount

FEES*

TRUSTEE FEE: 0.25% p.a. based on the Net Asset value (NAV) accrued daily	CUSTODIAN FEE: 6.88% of the NROSS Fee for the Quarter *Portion/Percentage of Php15,000 for the quarter Bureau of Treasury	*EXTERNAL AUDITOR FEE: Php244,935.12 KPMG Audit *based 2023 External Audit Fee	OTHER FEES: N/A N/A
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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
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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)

NAVpu Graph

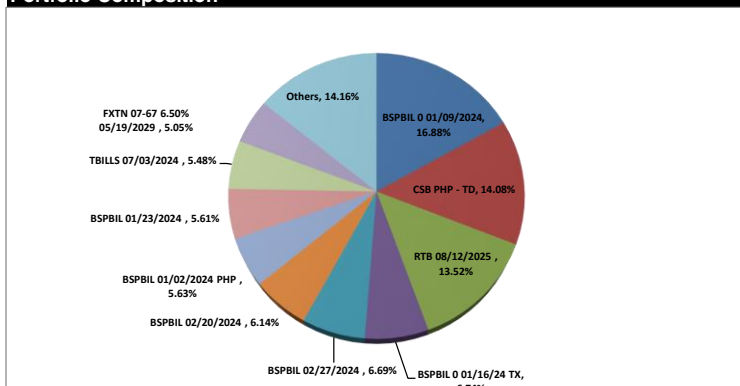


Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.2188%	1.3085%	2.4205%	3.6119%	5.6378%
Benchmark	4.0840%	4.3139%	4.6390%	3.1315%	0.6436%

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

Portfolio Composition



OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposit with Bank proper amounting to Php 234,567.43 which is 0.13% 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 Philippine 3Q23 GDP grew by 5.9% in 3Q23, accelerating from 4.3% in 2Q23 and beating market expectations of 4.7%. On the demand side, government spending posted a 6.7% growth, recovering the 7.1% contraction in 2Q23. Household consumption growth slightly eased to 5% from 5.5% in the previous quarter. On the other hand, capital formation contracted by 1.6% (from 0.3% in 2Q23). Exports rose by 2.6% while imports declined by 1.3%. On the supply side, the services sector grew by 6.8% in 3Q23 from 6.1% in 2Q23 while industry grew by 5.5% from 2.1% in the previous quarter. Agricultural output grew 0.9% in 3Q23 from 0.2% in 2Q23, and this should help quell food price pressures. Meanwhile, S&P Global Ratings (S&P) has affirmed the Philippines' investment grade long-term credit rating of "BBB+" and short-term rating of "A-2" while keeping the outlook on the country's long-term rating at "stable." The rating action recognized the country's above-average economic growth potential, strong external position, and the agency's expectations of fiscal consolidation as the economy recovers.

Government data showed that the country's headline inflation slowed to 3.9% last month from 4.1% in November last year. This brought the full-year average inflation to 6% from 5.8% in 2022. The slowdown in last month's inflation was brought about by the slower increase (1.5% from 2.5% in November) in the costs of housing, water, electricity, gas and other fuels. This was aided by the slower inflation for food and non-alcoholic beverages (5.4% from 5.7%). Transport inflation also eased to 0.4% from 0.8% in November. Rice inflation, however, picked up pace to 19.6% from 15.8%. Core inflation (excluding selected food and energy items) also eased to 4.4% from 4.7%, bringing the annual core inflation average to 6.6% from 3.9% in 2022.

Forecast/Outlook: While rice prices (which account for about 9% of the inflation basket) continued to be an inflation driver, its impact on overall inflation has been cushioned by easing prices of other items in the CPI. However, this should still bear watching in the coming months as global rice prices have remained elevated amid growing supply concerns arising from the expected impact of the El Nino. We note though that the Philippine government has taken steps in ensuring rice supply in the coming month. At any rate, the continued easing of domestic inflation should provide the central bank a greater leeway in managing its policy rates and could even pave the way for rate cuts in 2H24. This should bode well for both business and consumer sentiment. –Ricardo Puig (Wealth Sec)

Fund's Strategy and Considerations:

The fund's strategy is to deploy funds in various terms of money market instruments without compromising its liquidity feature. The fund shall invest more in Government Securities when the Bank Deposit rate is significantly lower and vice versa. The fund is experiencing an impact from the uptrend on yields for local and global bond space due to the significant rate hikes from BSP and US FED and the expectation of possible additional rate normalization activities for the remainder of the year. The fund is now positioned to be more exposed to Government/BSP Securities as rates are more attractive than Time Deposits. It is poised to overweight in 30 to 180-day tenor securities to strategically position given the outlook of elevated inflation due to geopolitical issues, oil price volatility, and policy rate adjustments locally and globally. The fund will continue to invest in the most competitive money market rates available among the accredited counterparties. The fund will continue to monitor the RTB & FXTN holdings to re-position and time the exit of said investments with more than 3 years term to maturity. Lastly, fresh or additional cash inflow will help in the strategic investment execution of the fund.

NAVpu over the past 12 months

Highest	1.210142
Lowest	1.167644

Statistics

Wtd. Ave. Duration	0.65
Volatility*	0.05%
Sharpe Ratio**	(1.10)
Information Ratio***	(0.70)

*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 01/09/2024	16.88%
CSB PHP - TD	14.08%
RTB 08/12/2025	13.52%
BSPBIL 01/16/24 TX	6.74%
BSPBIL 02/27/2024	6.69%
BSPBIL 02/20/2024	6.14%
BSPBIL 01/02/2024 PHP	5.63%
BSPBIL 01/23/2024	5.61%
TBILLS 07/03/2024	5.48%
FXTN 07-67 6.50% 05/19/2029	5.05%
Others	14.16%
TOTAL	100.00%

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