



BANK OF COMMERCE – TRUST SERVICES GROUP

BANK OF COMMERCE DIVERSITY PESO BOND FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

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

FUND FACTS			
Classification	Long Term Peso Bond Fund	Net Asset Value per unit (NAVpu)	1.694777
Launch Date	March 10, 2005	Total Fund NAV	PHP 4,031,344.18
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: 0.16% of the NROSS Fee for the Quarter	*EXTERNAL AUDITOR FEE: Php5,407.86	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	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 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.

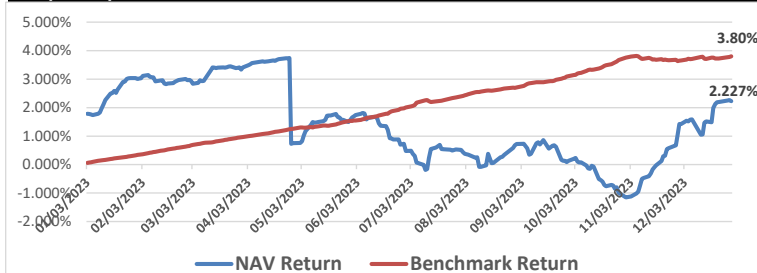
Country Risk. The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- 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
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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

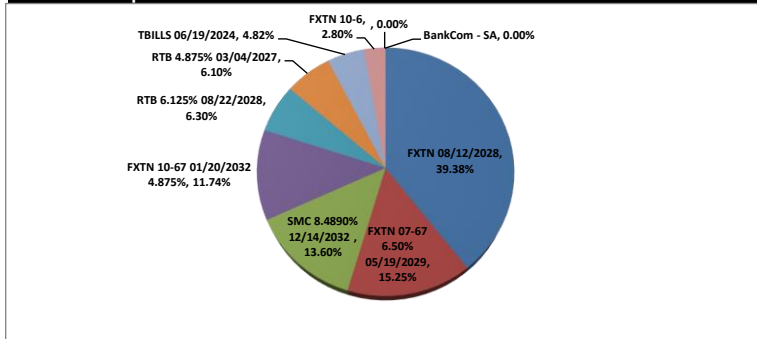


Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.7915%	2.0920%	1.7406%	2.2266%	-0.9746%
Benchmark	3.9114%	4.0756%	3.9419%	4.1760%	1.0024%

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

Portfolio Composition



NAVpu over the past 12 months

Highest	1.719766
Lowest	1.638676

Statistics

Wtd. Ave. Duration	4.35
Volatility*	0.26%
Sharpe Ratio**	(0.25)
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
FXTN 08/12/2028	39.38%
FXTN 07-67 6.50% 05/19/2029	15.25%
SMC 8.4890% 12/14/2032	13.60%
FXTN 10-67 01/20/2032 4.875%	11.74%
RTB 6.125% 08/22/2028	6.30%
RTB 4.875% 03/04/2027	6.10%
TBILLS 06/19/2024	4.82%
FXTN 10-6	2.80%
BankCom - SA	0.00%
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 Php2.55 or 0.0001% 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

To recap, 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. Moreover, the country's gross international reserves (GIR) level, based on preliminary data, rose to US\$101.3 billion as of end-November 2023 from the end-October 2023 level of US\$101.0 billion. The latest GIR level represents a more than adequate external liquidity buffer equivalent to 7.5 months' worth of imports of goods and payments of services and primary income. Moreover, it is also about 5.8 times the country's short-term external debt based on original maturity and 3.6 times based on residual maturity. While Foreign direct investment (FDI) registered US\$422 million net inflows in September 2023, albeit lower by 42.2 percent than the US\$731 million recorded in the same month in 2022. This resulted as all major FDI components posted lower net inflows during the month.

December inflation clocked in at 3.9%, decelerating from the 4.1% pace in November. The turnout was lower compared to consensus estimates of 4.0% and at the lower end of the BSP's estimated range of 3.6-4.4%. The drop was due largely to an easing in food inflation (38% of the basket), which slowed to 5.4% YoY from 5.7% in November. This is the third straight month of slowing inflation, from the 6.1% recorded in September, when food inflation spiked to 9.7% driven by surging rice prices.

Forecast/Outlook: The BSP remains wary of inflationary pressure, particularly from droughts brought about by El Niño. Headline CPI is likely to fall back with the 2-4% target range in 1Q24, due largely to high base effects (Jan/Feb 2023 was 8.7%/8.6%). But those effects faded into 2Q, and the El Niño is forecast to last into April/May. We believe policy rate cuts are unlikely in 1Q24, with the first Monetary Board meeting set for 15 Feb.

Fund Strategy and Considerations

With the outlook of continuously elevated interest rates, the fund considers positioning in short-tenor securities to have room for rebalancing once the policy rate pivots and yields start to normalize both for the global and local scene. The strategy considered positioning in IPO offering competitive rates for its maturing investments and available liquidity. With the expectation of easing longer-dated yields, the fund may consider adding duration and taking advantage of locking high-interest rates. Any additional contributions to the fund will provide liquidity for deployments meant to rebalance the returns. The Fund is experiencing an impact coming from the upward movement of yields both for local and global bond markets which are in line with the US FED tapering plans and fighting inflation.