



BANK OF COMMERCE – TRUST SERVICES GROUP

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

For the Quarter ended **March 27, 2024**

FUND FACTS

Classification	Money Market Fund	Net Asset Value per unit (NAVpu)	1.220662
Launch Date	August 16, 2013	Total Fund NAV	PHP 157,427,899.01
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: Php964.39 of the NROSS Fee for the Quarter *Portion/Percentage of Php15,000 for the quarter Bureau of Treasury	*EXTERNAL AUDITOR FEE: Php241,408.06 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 03/27/24
(Purely for reference purposes and is not a guarantee of future results)

NAVpu Graph

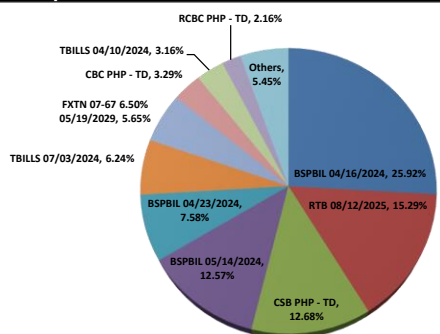


Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.3618%	0.9037%	2.2240%	3.4188%	6.2743%
Benchmark	4.3037%	3.9450%	4.3139%	3.7901%	0.7771%

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

Portfolio Composition



NAVpu over the past 12 months

Highest	1.220662
Lowest	1.176237

Statistics

Wtd. Ave. Duration	0.77
Volatility*	0.03%
Sharpe Ratio**	(2.09)
Information Ratio***	(2.43)

*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 04/16/2024	25.92%
RTB 08/12/2025	15.29%
CSB PHP - TD	12.68%
BSPBIL 05/14/2024	12.57%
BSPBIL 04/23/2024	7.58%
TBILLS 07/03/2024	6.24%
FXTN 07-67 6.50% 05/19/2029	5.65%
CBC PHP - TD	3.29%
TBILLS 04/10/2024	3.16%
RCBC PHP - TD	2.16%
Others	5.45%
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 444,925.48 which is 0.28% 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

Philippine GDP data was revised a little lower for 4Q 2023 from 5.6% to 5.5% with the full year 2023 resulting to 5.5% also. Recently, the National Economic and Development Authority (NEDA) also revised and lowered the GDP growth target range for 2024 to 6% to 7% range from 6.5% to 7.5% range previously, due to economic headwinds including rising prices, geopolitical tensions, and trade restrictions. Our outlook is at 5% to 6%, below and on the lower range of the target of government same with Moody's at 5.8%, Bank of America Global Research at 5.4%, and ADB at 6%. Meanwhile, according to Fitch Ratings, the Philippines will expand by 6.4% this year, around the midpoint of the target of the gov't. For next year 2025, the growth target of the gov't was narrowed to 6.5% to 7.5% range from the original 6.5% to 8.0% range which will remain the target until 2028. Despite the revisions, NEDA Secretary Balisacan said the Philippines would still be among the fastest-growing economies in the region, as the government tries to sustain infrastructure spending at 5-6% of economic output until the end of Mr. Marcos' six-year term in 2028.

On the other hand, the DBCC kept our inflation targets at 2% to 4% until 2028 also. Our latest headline inflation is at 3.7% for March which accelerated for a second straight month and higher than February at 3.4%. The 3.7% inflation is a little below the market consensus of 3.8% but still within the government's target. Core inflation, which excludes volatile prices of food and fuel, eased to 3.4% in March from 3.6% in February and 8% a year ago. March inflation was mainly driven by the heavily weighted index for food and nonalcoholic beverages, which quickened to 5.6% from 4.6% in the previous month. However, it was much slower than the 9.3% print in 2023. For the food inflation, cereals and cereal products and meat, as well as rice was among the top contributors. There is also an increase in the prices of oil products, gasoline and diesel. According to BSP, inflation could temporarily accelerate above the target range in the next two quarters of the year due to the possible adverse impact of El Nino weather.

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 cut the policy rate. The latest risk-adjusted inflation forecast for 2024 is now at 4.0 percent and for 2025 is at 3.5 percent from 3.4 percent.

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.