



BANK OF COMMERCE – TRUST SERVICES GROUP

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

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

FUND FACTS			
Classification	Dollar Bond Fund	Net Asset Value per unit (NAVpu)	1.993074
Launch Date	March 11, 2005	Total Fund NAV	USD 685,795.75
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: USD15.50 for the quarter BankCom - Treasury	*EXTERNAL AUDITOR FEE: Php137,995.61 KPMG Audit *based 2023 External Audit Fee	OTHER FEES: N/A
*based on the Net Asset value (NAV) accrued daily			N/A

**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.

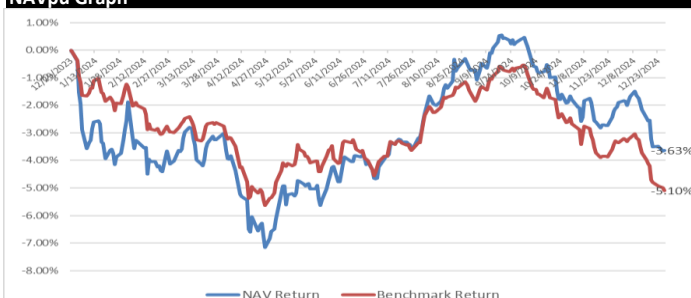
- THE UIT FUND IS NOT A DEPOSIT AND NOT INSURED BY PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC).
- RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENT/FLUCTUATIONS ONLY.
- WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES 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](mailto:trustmarketing@bankcom.com.ph)

Tel No. 7 214-8800; Fax: 477-5552

**FUND PERFORMANCE AND STATISTICS AS OF 12/27/24**  
(Purely for reference purposes and is not a guarantee of future results)

**NAVpu Graph**

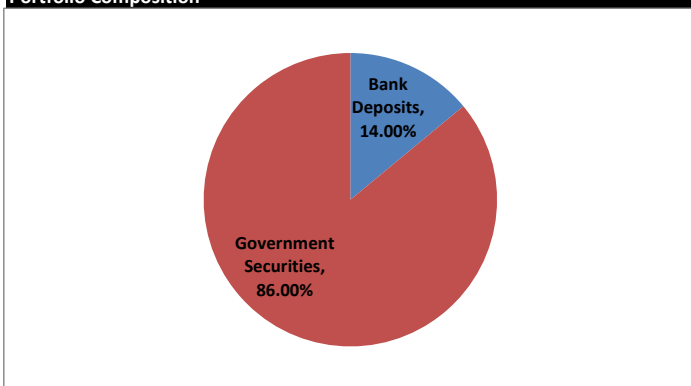


**Cumulative Performance (%)**

Period	1mo	3mos	6mos	1yr	3yrs
Fund	-1.78%	-4.01%	0.44%	-3.63%	-16.03%
Benchmark	-2.82%	-5.52%	-2.16%	-6.10%	-23.59%

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

**Portfolio Composition**



**NAVpu over the past 12 months**

Highest	2.079522
Lowest	1.920077

**Statistics**

Wtd. Ave. Duration	6.66
Volatility*	0.33%
Sharpe Ratio**	(0.12)
Information Ratio***	1.44

\*Volatility measures the degree to which the Fund fluctuates vis-à-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	40.13%
PHILIP 5.25 05/14/34 Govt	29.36%
PHILIP 7.75 01/14/31 Govt	11.74%
RCBC - USD TD	11.01%
PHILIP 9.5 02/02/2030 Govt	3.02%
SECB - USD TD	2.23%
PHILIP 3.7 02/02/42 Govt	1.75%
BankCom - USD SA	0.77%

<b>TOTAL</b>	<b>100.00%</b>
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**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\$ 5,161.74 which is 0.77% 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**

Dollar-denominated sovereign bonds declined by 5-9 points in December as the Federal Reserve's hawkish policy shift slowed the pace of rate cuts after reducing rates by a total of 100 bps in 2024. US 10-year Treasury yields climbed from a September low of 3.59% to 4.63% by year-end, marking a 200-bps swing from the April 2024 high of 4.71%—a move not seen since 1981. ROP bonds followed suit, with the 25-year ROP ending the year at 93 and the 34-year ROP at 85. The December Fed meeting effectively mirrored a rate hike, pushing rates back to April highs and souring market sentiment. As a result, markets now anticipate only one rate cut in 2025, down from the four cuts forecasted in September.

Looking ahead, the first U.S. payroll and inflation data for 2025 are expected to set the tone for bond markets. With uncertainty prevailing and U.S. 10-year yields above 4.60%, further upward pressure on rates cannot be ruled out. This backdrop suggests a cautious approach to sovereign bonds, with a strategy of selling on rallies until greater clarity emerges. However, the hawkish stance also increases the probability of a dovish pivot later in the year, which could provide opportunities for selective accumulation. For now, dollar bond portfolios will remain defensive, with a focus on closely monitoring inflation, Fed actions, and potential geopolitical risks to navigate market volatility.

**Forecast/Outlook :** The initial forecast for USD/PHP for 2025 is at 57.00-60.00, a median of 58.50.

**Fund Strategy and Considerations**

The fund has optimized its portfolio by swapping low-coupon securities for high-coupon ones. It is currently focused on long-duration dollar bonds and high-yield time deposits. By maintaining its portfolio strategy, the fund aims to navigate ongoing market volatility and shifts in sentiment regarding potential Fed rate adjustments. Interest income from ROP investments is expected to have a marginal impact on NAVPU, while fresh subscriptions will support strategic rebalancing.