



BANK OF COMMERCE – TRUST SERVICES GROUP

BANK OF COMMERCE DIVERSITY PESO BOND FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

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

FUND FACTS			
Classification	Long Term Peso Bond Fund	Net Asset Value per unit (NAVpu)	1.768708
Launch Date	March 10, 2005	Total Fund NAV	PHP 9,626,939.83
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: Php32.65 of the NROSS Fee for the Quarter	*EXTERNAL AUDITOR FEE: Php9,755.78	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.

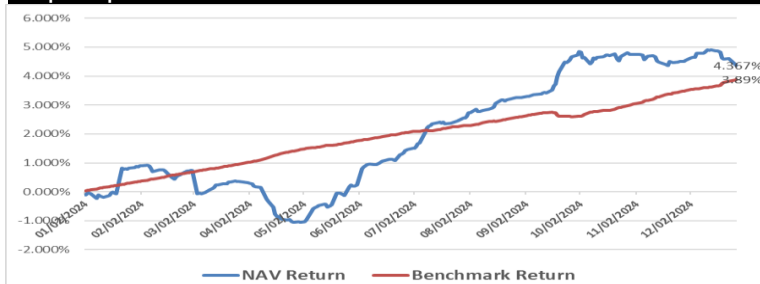
Country Risk. The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- 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 12/27/24
(Purely for reference purposes and is not a guarantee of future results)

NAV/pu Graph

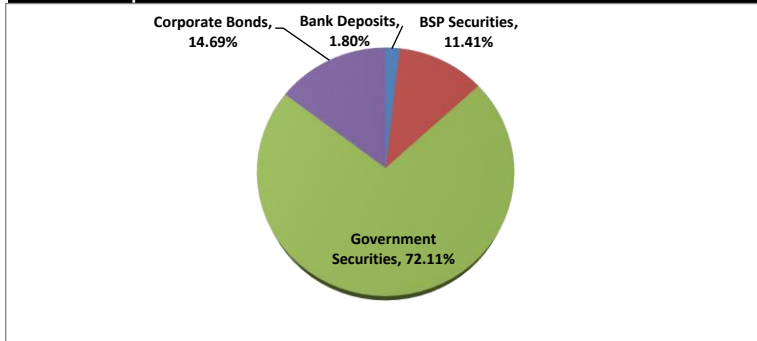


Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	-0.1789%	-0.3500%	2.8694%	4.3671%	3.2928%
Benchmark	3.7462%	3.4119%	4.0522%	3.7239%	1.5735%

Note: Benchmark used is the 3-Year yield based on PHP BVAL Reference Rates to match the current Wtd. Average Portfolio Duration.

Portfolio Composition



NAV/pu over the past 12 months

Highest	1.777968
Lowest	1.676840

Statistics

Wtd. Ave. Duration	3.53
Volatility*	0.12%
Sharpe Ratio**	0.08
Information Ratio***	0.40

*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
RTB 02/28/2029	28.73%
FXTN 05/19/2029	16.85%
FXTN 04/27/2030	10.36%
FXTN 07/19/2031	7.31%
SMC 12/14/2032	6.55%
BSPBIL 01/14/2025	6.22%
RTB 08/22/2028	5.73%
BSPBIL 01/07/2025	5.19%
ALI 11/13/2034	5.03%
Others	8.03%
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 Php173,189.84 or 1.80% 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

Local bond yields rose by 25-40 bps in December, erasing much of the gains seen earlier in the year as the Fed's hawkish pivot created uncertainty around local policy rates. While US yields climbed 80-100 bps following the Fed's rate cuts in September, local bonds experienced a milder increase of 50-60 bps, even as the BSP reduced policy rates by 75 bps in 2024. Key tenors ended the year higher, with the 10Y FXTN 10-72 at 6.15%, the 5Y RTB 5-18 at 6.1%, and the 20Y bond at 6.5%, marking a year-on-year rise of 20-40 bps. December inflation was stable at 2.6%, slightly above November's 2.5%, with full-year inflation expected to remain within the BSP's 2%-4% target range. However, the weaker peso, which reached the 59 level against the USD in December before settling at 58, may exert upward pressure on inflation, posing headwinds for bond returns. The BSP's updated risk-adjusted inflation projection for 2025 was raised to 3.4%, while 2026 remained at 3.7%.

Forecast/Outlook: Looking ahead, bond markets are expected to trade in a range, mirroring U.S. Treasury movements, with heightened volatility likely until clearer guidance emerges from both the Fed and BSP. Elevated yields, coupled with liquidity injections from the RRR cut, present selective opportunities in short to medium-term tenors. While the Fed's hawkish stance may keep yields elevated in the near term, the base case remains for rate reductions in 2025. Any yield upticks are seen as buying opportunities, with the portfolio positioned to capitalize on these movements while carefully managing inflation and currency risks.

Fund Strategy and Considerations

With slowing inflation and peaking interest rates, the fund is strategically positioning itself by investing in three- to seven-year bonds to secure high yields as part of its long-term core holdings. Anticipating a slower additional rate cuts in 2025, the fund has replaced low-coupon securities with higher-coupon ones and extended its duration to benefit from current high rates. Additional contributions will be used for rebalancing to optimize returns. The fund remains sensitive to the upward trend in yields driven by the US Federal Reserve's inflation-fighting measures.