BANK OF COMMERCE – TRUST SERVICES GROUP

BANK OF COMMERCE DIVERSITY PESO BOND FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

For the Quarter ended ***June 30, 2025***

FUND FACTS			
Classification	**Long Term Peso Bond Fund**	**Net Asset Value per unit (NAVpu)**	**1.828247**
Launch Date	March 10, 2005	**Total Fund NAV**	**PHP 9,951,008.71**
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: PHP19.74**	***EXTERNAL AUDITOR FEE: PHP33,000.00**	**OTHER FEES: N/A**
***based on the Net Asset Value (NAV) accrued daily**	***Portion/Percentage of Php15,000 for the quarter**	**Punongbayan and Araullo**	**N/A**
	Bureau of Treasury	***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.

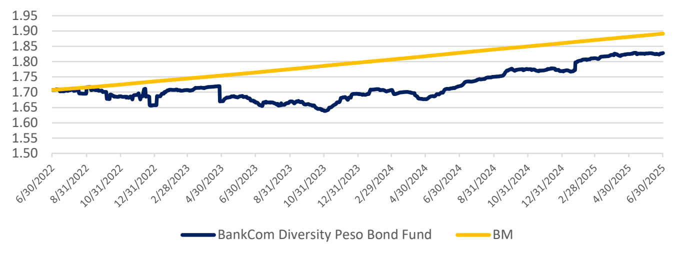
- **THE UIT FUND IS NOT A DEPOSIT AND NOT INSURED BY PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC).**
- **RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENT/FLUCTUATIONS ONLY.**
- **WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND 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
Tel No. 7 214-8800; Fax: 477-5552

FUND PERFORMANCE AND STATISTICS AS OF ***06/30/25***

(Purely for reference purposes and is not a guarantee of future results)

NAVpu Graph



NAVpu over the past 12 months

Highest	1.828614
Lowest	1.720167

Statistics

Wtd. Ave. Duration	5.10
Volatility*	1.83%
Sharpe Ratio**	1.15
Information Ratio***	1.59

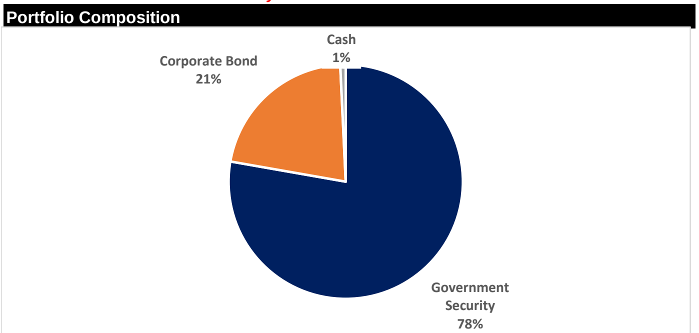
**Volatility measures the degree to which the Fund fluctuates vis-a-vis its average return over a period of time.*
***Sharpe ratio is used to characterize how well the return of the Fund compensates the investor for the level of risk taken.*
****Information ratio measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.*

Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.1028%	0.3290%	3.3663%	6.3322%	7.0906%
Benchmark	0.2669%	0.8285%	1.6670%	3.4187%	10.7708%

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

Portfolio Composition



Top Ten Holdings (%)

Holdings	Weight
RPGB 6.875 05/23/44 2027	15.56
RPGB 6.5 05/19/29 7-67	15.42
RPGB 6.25 02/28/29 R518	14.82
RPGB 6 04/27/30 7-69	10.13
RPGB 6.375 04/28/35 1073	8.83
SMCPM 8.489 12/14/32	6.47
RPGB 6.125 08/22/28 R517	5.60
ALIPM 6.1334 11/13/34	4.75
RPGB 6.25 02/14/26 7-62	3.04
CLIPM 6.4222 04/07/26	3.02

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

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

N/A

OUTLOOK AND STRATEGY

Local bonds were hampered by volatility for the month of June. Uncertainties brought by the ongoing global tariff war and the ongoing conflict in the Middle East. At the start of the month, yields were just trading sideways as investors opted to remain on the sidelines ahead of the release of key data. Selling pressure further weighed on local bonds after Trump's remarks on the difficulty of reaching a trade deal with China. Market participants were then starting to be frustrated because of markets' failure to rally despite the benign inflation print and the BSP's decision to cut the key rate by 25 bps. Local bonds only saw reprieve in the latter part of the month when news broke out on the ceasefire between US and China. Overall, yields were up 3 bps. Bonds in the with maturities of 5-10yr were the laggards in June as yields rose by an average of 4 bps for this tenor bucket.

The slower increase in local prices was not enough to spur any strong rallies in the market. Latest data from the Philippine Statistics Authority (PSA) showed that PH headline inflation slowed down further to 1.3% in May 2025 from 1.4% in the previous month. This is the lowest inflation rate since November 2019 at 1.2%. The downtrend in the overall inflation was mainly due to the slower annual increment in the index of housing, utilities, and gas at 2.3% in May 2025 from 2.9% in the previous month. Also contributing to the downtrend was the restaurant and accommodation services at 2.0% during the month from 2.3% in April 2025. Core inflation, which excludes selected food and energy items, remained at 2.2% in May 2025. In May 2024, core inflation rate was faster at 3.1%.

On the monetary policy front, the BSP has decided to move ahead of the Fed and reduced the key rate by 25 bps to 5.25%. In their press release, the Monetary Board (MB) took this action as outlook for inflation has moderated. The MB has also revised their inflation outlook for 2025 from 2.4% to 1.6%. Meanwhile, forecasts for 2026 rose marginally from 3.3% to 3.4% and for 2027 from 3.2% to 3.3%. The MB also noticed indications of deceleration of the growth in the global economy driven by uncertainty over US trade policy and the conflict in the Middle East. MB believes that this may lead to a slower growth in the Philippines.

Meanwhile, the BTr has already announced their planned borrowing schedule for 3Q2025. The national government's planned borrowings for the third quarter were reduced by PHP45 Bn to PHP690 Bn from PHP735 Bn in the previous quarter, with a major downscaling in the sales of long-term debt securities. From July to September, the government intends to borrow PHP325 Bn in Treasury bills (T-bills), matching the value it planned to borrow throughout the second quarter. T-bills will comprise 47.1% of the total third-quarter debt offerings. Meanwhile, Treasury bonds (T-bonds), or long-term government debt, will account for the larger share, at 52.9%, with planned borrowings of PHP365 Bn. This is PHP45 Bn or 12% lower than the second quarter's PHP410 Bn, reversing the same-value increase seen in the previous quarter.

The Fund has underperformed its benchmark by 0.164% on a month-on-month basis and 0.50% on a quater-to-date basis. This stems from the negative performance of some our corporate bond holdings and some exposures in the long ends.

For our outlook, we believe that the key themes for 3Q2025 will still be lower inflation and dovish BSP, all of which will be positive catalyst for local bonds. Possible source of risk will be the rising geopolitical tensions as further escalation may cause inflationary pressures. For our strategy, we have already increased the duration of the fixed income portfolios and will look to take profit if liquidity is present in the market. We remain cognizant of the risks in the markets and continue to be agile and proactive in managing our portfolios.