

**BANK OF COMMERCE – TRUST SERVICES GROUP****BANK OF COMMERCE DIVERSITY PESO BOND FUND  
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT**For the Quarter ended **December 29, 2025****FUND FACTS**

Classification	Long Term Peso Bond Fund	Net Asset Value per unit (NAVpu)	1.859409
Launch Date	March 10, 2005	Total Fund NAV	PHP 14,405,356.54
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\***

<b>*TRUSTEE FEE:</b> 1.00% per annum *based on the Net Asset Value (NAV) accrued daily	<b>CUSTODIAN FEE:</b> PHP27.59  Bureau of Treasury	<b>*EXTERNAL AUDITOR FEE:</b> PHP43,518.25 Punongbayan and Araullo  *based on 2025 External Audit Fee	<b>OTHER FEES:</b> N/A N/A
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**INVESTMENT OBJECTIVE & STRATEGY**

The Fund intends to achieve for its participant's total returns consisting of current income and capital growth. The Fund intends to achieve this by investing in a diversified portfolio of peso-denominated high-quality marketable fixed income securities such as government securities, tradable corporate bonds and notes of varying tenors as well as bank deposits, money market placements and BSP securities. The modified duration limit is 7. The Modified Duration is a measure of bond's sensitivity to changes in interest rates, how 1% (100 basis points) change in interest rates affect the value of the bond holding all other factors unchanged.

**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.

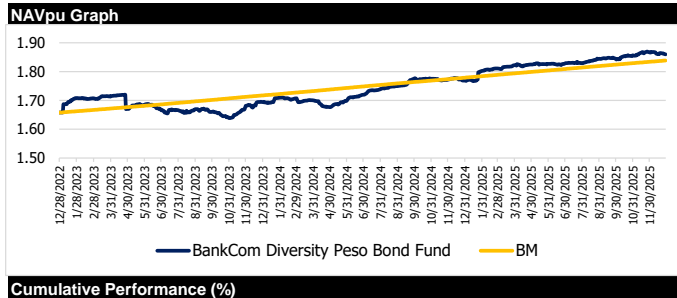
**Reinvestment Risks.** The possibility that an investor may experience losses due to probable lower returns or earnings when maturing funds or the interest earnings of the Fund are reinvested.

**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.

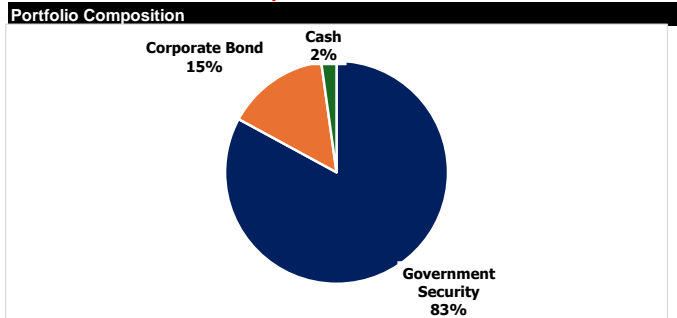
For queries, contact us via email at [trustmarketing@bankcom.com.ph](mailto:trustmarketing@bankcom.com.ph)  
Tel No. 7 214-8800; Fax: 477-5552

**FUND PERFORMANCE AND STATISTICS AS OF 12/29/25**  
(Purely for reference purposes and is not a guarantee of future results)



Period	1mo	3mos	6mos	1yr	3yrs
Fund	-0.4627%	0.8185%	1.7045%	5.1281%	12.1622%
Benchmark	0.2522%	0.7780%	1.6312%	3.3770%	10.8986%

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



**NAVpu over the past 12 months**

Highest	1.869328
Lowest	1.767090

**Statistics**

Wtd. Ave. Duration	6.15
Volatility*	2.68%
Sharpe Ratio**	0.51
Information Ratio***	0.65

\*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
RPG6 6.375 04/28/35 1073	26.35
RPG6 6.875 05/23/44 2027	24.84
RPG6 6 08/20/30 R519	13.05
RPG6 6 04/27/30 7-69	7.05
SMCPM 8.489 12/14/32 N	4.48
RPG6 6.125 08/22/28 R517	4.10
ALIPM 6.1334 11/13/34	3.31
RPG6 3.625 04/22/28 7-64	2.41
RPG6 6.25 02/14/26 7-62	2.10
CLIPM 6.4222 04/07/26 A	2.09

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

**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

N/A

**OUTLOOK AND STRATEGY**

The local bond market failed to end on a positive note. The month started with yields trading sideways as what is the usual when the holiday season nears. However, when the Bureau of Treasury (BTr) announced the planned borrowing schedule for 1Q2026, players were quick to sell bonds in the belly and long-ends. The lack of liquidity in the market coupled with the announcement of the borrowing schedule triggered a deep selloff. The relatively benign inflation result for November and the rate cut implemented by the BSP was not to offset the selling momentum. For December, yields rose by an average of 11 bps across the curve.

The latest macro data provided no surprises to the market. Headline CPI for the month of November came at 1.5% YoY, lower than the October's 1.7% print. This brings the YTD average to 1.6%. The downtrend in the overall inflation was mainly driven by the slower annual increase in the heavily-weighted food and non-alcoholic beverages index at 0.1% during the month from 0.5% in October 2025. Core inflation, which excludes volatile food and energy prices, also slowed to 2.4% from 2.5% in October.

On the monetary policy front, the BSP once again lowered the key rate by 25 bps to 4.50%. This marks the lowest level of the policy rate in the last three years. The central bank has so far lowered key borrowing costs by 200 bps since it began its easing cycle in August last year. It delivered a 25-bp cut at each of its meetings in April, June, August and October. The latest press release by the Monetary Board noted that the outlook for domestic economic growth has weakened further. Overall business sentiment has continued to decline mainly driven by concerns about governance issues and lingering uncertainty over global trade policy. When asked about how many cuts the BSP has room for next year, BSP Governor said that there may be only one left but the decision will remain data-driven.

On the planned borrowing of the national government for 1Q2026, the BTr announced that they plan to borrow up to PHP824 Bn from the domestic market. BTr seeks to raise PHP324 Bn from the issuance of Treasury bills and up to PHP500 Bn from the issuance of Treasury bonds in the January-to-March period.

The Fund has underperformed its benchmark by 0.71% on a month-on-month basis and outperformed by 1.75% on a year-to-date basis. This month-on-month performance stems from the negative returns of some of our corporate bond holdings and some exposures in the long ends.

For our outlook, we believe that the key drivers for the bond market in 1Q2026 will be the higher supply of bonds in the belly to long ends, slight uptick in inflation due to base effects, easing growth expectations, and a less hawkish BSP. On the global side, the Fed's call indication of lesser rate cuts may pose some short-term challenges for local bond markets.