



BANK OF COMMERCE – TRUST SERVICES GROUP

BANKCOM PESO LONG TERM BOND FUND KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

For the Quarter ended **September 30, 2026**

FUND FACTS

Classification	Fixed Income Fund	Net Asset Value per unit (NAVpu)	1.818448
Launch Date	March 10, 2005	Total Fund NAV	PHP 13,469,144.96
Minimum Investment/Maintaining Participation	Php 5,000.00	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: 1.00% per annum *based on the Net Asset Value (NAV) accrued daily	CUSTODIAN FEE: PHP22.22 Bureau of Treasury	*EXTERNAL AUDITOR FEE: PHP3,492.72 Punongbayan and Araullo *based on 2026 External Audit Fee	OTHER FEES: N/A N/A
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INVESTMENT OBJECTIVE & STRATEGY

The Fund intends to achieve for its participants total returns consisting of current income and capital growth. This is accomplished by investing in high quality Philippine Peso-denominated fixed-income securities and other deposit products. 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. The Fund aims to achieve a rate of return higher than the **Markit iBoxx ALBI Philippines Total Return Index**.

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.

Interest Rate Risk is defined as the potential for an investor to experience losses due to changes in market interest rates. The purchase and sale of a debt instrument may result in profit or loss because the value of the debt instrument changes inversely with prevailing interest rates. The UITF portfolio, being marked-to-market, is affected by changes in interest rates thereby affecting the value of fixed income investments such as bonds. Interest rate changes may affect the prices of fixed income securities inversely, i.e. as interest rates rise, bond prices fall and when interest rates decline, bond prices rise. As the prices of bonds in a Fund adjust to a rise in interest rates, the UITF's NAVpu may decline.

Market Price Risk is defined as the potential for an investor to experience losses due to changes in market prices of securities (e.g., bonds and equities). It is the exposure to the uncertain market value of a portfolio due to price fluctuations. Market/Price Risk is closely related to Interest Rate Risk. For investments in the UITF, it is the risk that the value of the UITF may decline in view of the decline in securities prices, which may sometimes happen rapidly or unpredictably. The value of investments fluctuates over a given time period because of general market conditions, economic changes or other events that impact large portions of the market such as political events, natural calamities, etc. As a result, the NAVpu may either increase or decrease.

Liquidity Risk is defined as the inability to sell or convert assets into cash quickly or in instances where conversion to cash is possible but made at a loss. It is caused by different reasons such as trading in securities with small or few outstanding issues, absence of buyers, limited buy/sell activity or underdeveloped capital market. In UITF, liquidity risk occurs when certain securities in the UITF portfolio may be difficult or impossible to sell at a particular time which may prevent the redemption of the investment in UITF until its assets can be converted to cash. Even government securities which are the most liquid of fixed income securities may be subjected to liquidity risk particularly if a sizeable volume is involved.

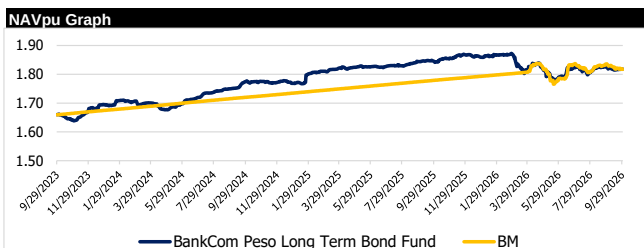
Credit/Default Risk is defined as the risk of loss due to a borrower's failure to repay principal and/ or interest in a timely manner on instruments such as bonds, loans, or other forms of security which the borrower issued. This inability of the borrower to make good on its financial obligations may have resulted from adverse changes in its financial condition thus, lowering credit quality of the security resulting in the lowering of the market price (market/price risk), and consequently, resulting in the difficulty in selling such security. It also includes risk on a counterparty (a party the Fund Manager trades with), defaulting on a contract to deliver its obligation either in cash or securities. For UITF, this is the risk of a possible decrease in the value of the UITF portfolio in the event that the borrower defaults on his obligation, or in the case of a counterparty default, when it fails to deliver on the agreed trade. The decline in the value of the UITF happens because the default/ failure would decrease the price of the security and may make the security difficult to sell. In such case, the UITF's NAVpu will be affected by a decline in value.

Reinvestment Risk is defined as the risk of having lower returns or earnings when maturing funds or the interest earnings of funds are reinvested. Investors in the UITF who redeem and realize their gains run the risk of reinvesting their funds in an alternative investment outlet with lower yields. Similarly, BankCom-TSG, the UITF manager, is faced with the risk of not being able to find good or better alternative investment outlets as some of the securities in the fund matures.

- 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 INVESTOR MUST READ THE COMPLETE DETAILS OF THE FUND IN THE UITF'S PLAN, MAKE HIS/HER OWN RISK ASSESSMENT, AND, WHEN NECESSARY, SEEK AN INDEPENDENT/PROFESSIONAL OPINION BEFORE MAKING AN INVESTMENT.
- THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE.

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FUND PERFORMANCE AND STATISTICS AS OF 09/30/26
(Purely for reference purposes and is not a guarantee of future results)

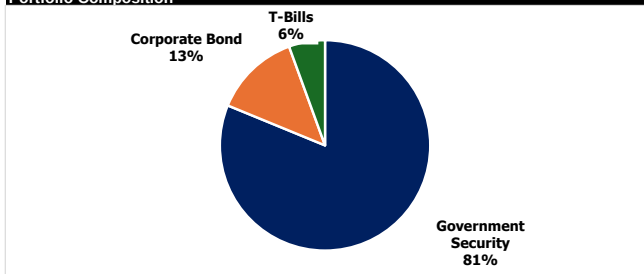


Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	-0.45%	-0.74%	0.15%	-1.40%	9.55%
Benchmark	-0.99%	-1.09%	0.54%	2.16%	9.52%

Note: Benchmark used is the Markit iBoxx ALBI Philippines Total Return Index.

Portfolio Composition



OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has an outstanding debt investment in SMC. SMC acts as the ultimate parent of Bank of Commerce, which serves as the Fund Manager and Trustee of the UITF. All purchase, sale, or holdings of securities issued by SMC were made in the ordinary course of business and executed at arm's length capacity

OUTLOOK AND STRATEGY

The PHP BVAL curve bear-flattened in September, with yields up 17-40 bps across every tenor. The 1Y to 10Y segment cheapened the most, by roughly 30-40 bps, with the 2Y (+39.7 bps) and 1Y (+38.9 bps) leading and the 8Y close behind (+37.9 bps). The long end lagged, with the 15Y up 23.9 bps and the 20Y to 30Y up about 17 bps. The curve now peaks at the 10Y (7.62%) and slopes down to 7.50% at 30Y, so the long end is inverted against the 10Y. Forces that drove the selloff came from local and foreign pressures. The Fed hiked for the first time since 2023 on September 16, to 3.75%-4.00%. Long US yields reached multi-decade highs, with the 30Y Treasury at 5.63% on September 30, its highest since 2002. Also, the peso set repeated record lows, at around PHP62.6 to PHP62.75 per dollar. It remains Asia's worst performer this year. Escalation in the US-Iran conflict pushed diesel toward PHP100 per liter and triggered a nationwide transport strike. The long end was cushioned late in the month. The cooler US PCE print on September 30 cut October Fed hike odds, and the curve's biggest weekly move was a rally of roughly 35 bps in the 20Y to 30Y tenors in the final week.

On Philippine data, headline inflation eased to 6.1% in August, the fourth straight monthly decline from April's 7.2% peak. Core inflation rose to 4.1%. Average January-September inflation is 5.4%, above the 2%-4% target. National Statistician Claire Dennis Mapa warned that price growth could exceed 7% in the coming months, with approved fare hikes fully feeding through from October. The latest GDP growth figure for 2Q2026 came at 2.3% year-on-year, the weakest non-pandemic reading since 2009, with fixed investment contracting sharply. The fiscal and external data also leaned negative.

On the monetary policy side, the next BSP meetings are October 22 and December 17. Governor Remolona kept the stance hawkish, saying the BSP will "tighten as much as we need" to bring inflation back to 3%. He had earlier called the August move preemptive against El Niño and wage risks, and hoped no further hike would be needed. The BSP's Monetary Policy Report hinted at a possible fourth consecutive hike, and its projections show inflation breaching target for three years (6.1% in 2026, 5.4% in 2027). On September 30 the BSP said it "will remain vigilant and guided by incoming data."

The Fund has outperformed its benchmark by 0.55% on a month-on-month basis, and underperformed by 3.57% on a year-to-date basis. The positive relative month-on-month return for September was mainly due to the underweight duration strategy.

For our outlook, we believe that the factors that will shape the movement of the local bond market will be the inflation results in the coming months, the signing of the peace deal, and further guidance by the BSP on monetary policy. Global oil prices are up once again as there has not been any concrete developments in reaching an agreeable peace deal. This may potentially be the catalyst for inflation expectations to remain elevated. BSP may be compelled to hike rates at least one more time to help curb the secondary inflation effects as shown in the latest core CPI print. For our strategy, we are still looking maintain our underweight duration strategy until we see signals that inflation pressures are easing and BSP signals slowing down of rate hike plans.

NAVpu over the past 12 months

Highest	1.872418
Lowest	1.779324

Statistics

Wtd. Ave. Duration	2.72
Volatility*	2.61%
Sharpe Ratio**	(2.12)
Information Ratio***	(1.35)

*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
RPG 6.25 02/28/29 R518	29.73
RPG 8 07/19/31 2017	15.20
RPG 6 08/20/30 R519	10.85
RPG 7 10/13/29 7-68	9.53
RPG 5.75 03/07/28 R516	9.38
RPTB 0 11/11/26 364	5.48
SMCPM 8.489 12/14/32 N	4.52
RPG 6.125 08/22/28 R517	4.24
ALIPM 6.1334 11/13/34	3.39
FLIPM 6.2916 03/12/30	1.44

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