

BANK OF COMMERCE – TRUST SERVICES DIVISION

**BANK OF COMMERCE DIVERSITY DIVIDEND FOCUSED FUND**  
**KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT**

For the Quarter ended 09/30/16

**FUND FACTS**

<b>Classification</b>	<b>Equity Fund</b>	<b>Net Asset Value per unit (NAVpu)</b>	<b>0.928187</b>
<b>Launch Date</b>	April 8, 2015	<b>Total Fund NAV</b>	<b>PHP 44,545,725.89</b>
<b>Minimum Investment</b>	PhP 25,000.00	<b>Dealing Day</b>	11:30 AM
<b>Minimum Additional</b>	PhP 10,000.00	<b>Redemption Settlement</b>	T + 4
<b>Minimum Holding period</b>	30 days	<b>Early Redemption Fee</b>	0.50% on redeemed amount

**FEES\***

<b>TRUSTEE FEE: 1.50% p.a.</b>	<b>CUSTODIAN FEE:</b>	<b>EXTERNAL AUDITOR FEE:</b>	<b>OTHER FEES:</b>
*As a percentage of daily NAV	N/A	N/A	N/A

**INVESTMENT OBJECTIVE & STRATEGY**

The Fund intends to achieve for its participants long-term capital growth and dividend income generation by investing in equity securities with a track record of dividend payment.

**CLIENT SUITABILITY**

The Bank of Commerce Diversity Dividend Focused Fund is suitable only for investors who:

- Have an AGGRESSIVE risk profile
- With an investment horizon of more than five (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.

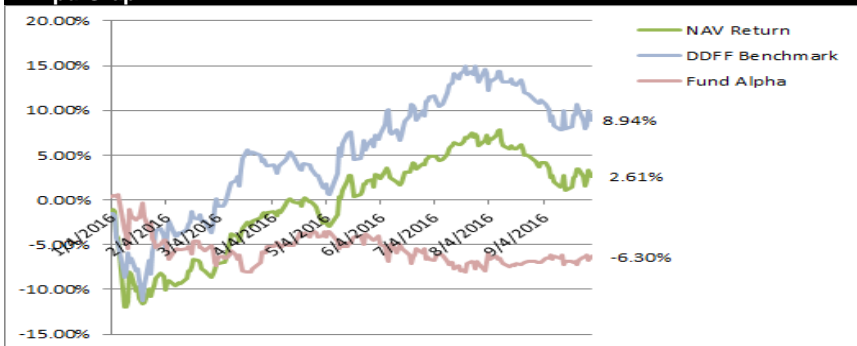
**Country Risk.** The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- 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)  
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**FUND PERFORMANCE AND STATISTICS AS OF 09/30/16**  
(Purely for reference purposes and is not a guarantee of future results)

**NAVpu Graph**



**NAVpu over the past 12 months**

Highest	0.975781
Lowest	0.796487

**Statistics**

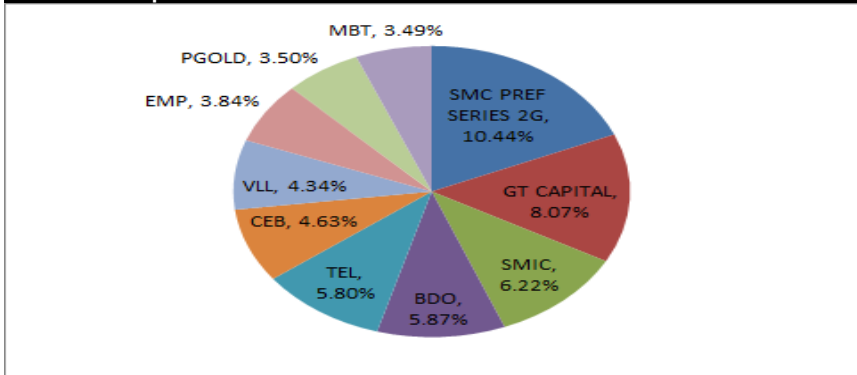
Wtd. Ave. Duration	NA
Volatility, Past 1 Year*	0.81
Sharpe Ratio**	(3.06)
Information Ratio***	(3.53)

\*Volatility measures fluctuation in yield.  
\*\*Sharpe ratio evaluates return-to-risk efficiency of the portfolio. The higher the value, the higher the reward per unit of risk.  
\*\*\*Information ratio evaluates return-to-risk efficiency of the portfolio

**Cumulative Performance (%)**

Period	1mo	3mos	6mos	1yr	3yrs
Fund	-1.24%	-1.91%	4.55%	3.13%	NA
Benchmark	-2.02%	-2.14%	5.06%	10.67%	NA

**Portfolio Composition**



**Top Ten Holdings (%)**

SMC PREFERRED SERIES 2G	10.44%
GT CAPITAL	8.07%
SMIC	6.22%
BDO	5.87%
TEL	5.80%
CEB	4.63%
VLL	4.34%
EMP	3.84%
PGOLD	3.50%
MBT	3.49%

**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

The Fund has investments with San Miguel Corporation Preferred Shares and Petron Corporation Common Shares amounting to PhP 5,755,430. Such investments were approved by the Board and Trust Committee.

**OUTLOOK AND STRATEGY**

On International development, the U.S. reported in September an additional 156,000 jobs even though unemployment rate increased to 5.0% because more workers entered the labor market. The September jobs report resemble a "Goldilocks" scenario - not too cold, not too hot, that although it was weaker than expected, it was strong enough to possibly compel the Federal Reserve to raise interest rates in December.

A rate increase would usually be followed by a drop in asset prices that include equities, although most analysts are already pricing-in a December rate increase which could be the possible reason for the tepid stock market reaction from the jobs data. Investors are also focusing their attention to corporate earnings result and the US presidential election in November.

On the local front, Philippines inflation rate in September touched its highest level this year when it rose to 2.3% from 1.8% in August although the figure in September was still within the BSP target of 1.6% to 2.4%. It has been anticipated that 2016 might end with and inflation rate on the upper range of its target due to potential risks that include: local currency depreciation, possible hike in oil prices and impending electricity rate petitions.

Further, the PSEI had experienced selling pressure in September from which foreign investors have been slashing their local holdings despite the reduced possibility of interest rate hike in the US. With this, we take heed of any local and global scenes that may impact the Philippine capital markets.