

BANK OF COMMERCE – TRUST SERVICES DIVISION

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

For the Quarter ended 12/31/15

FUND FACTS

| | | | |
|-------------------------------|--------------------|---|--------------------------|
| Classification | Equity Fund | Net Asset Value per unit (NAVpu) | 0.90458 |
| Launch Date | April 8, 2015 | Total Fund NAV | PHP 47,291,039.53 |
| Minimum Investment | PhP 25,000.00 | Dealing Day | 11:30 AM |
| Minimum Additional | PhP 10,000.00 | Redemption Settlement | T + 4 |
| Minimum Holding period | 30 days | Early Redemption Fee | 0.50% on redeemed amount |

FEES*

| | | | |
|--------------------------------|-----------------------|------------------------------|--------------------|
| TRUSTEE FEE: 1.50% p.a. | CUSTODIAN FEE: | EXTERNAL AUDITOR FEE: | OTHER FEES: |
| *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.

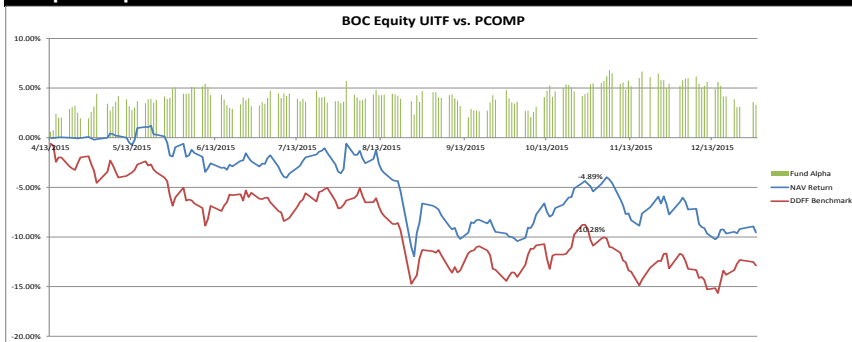
Country Risk. The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- **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
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FUND PERFORMANCE AND STATISTICS AS OF 12/31/15
(Purely for reference purposes and is not a guarantee of future results)

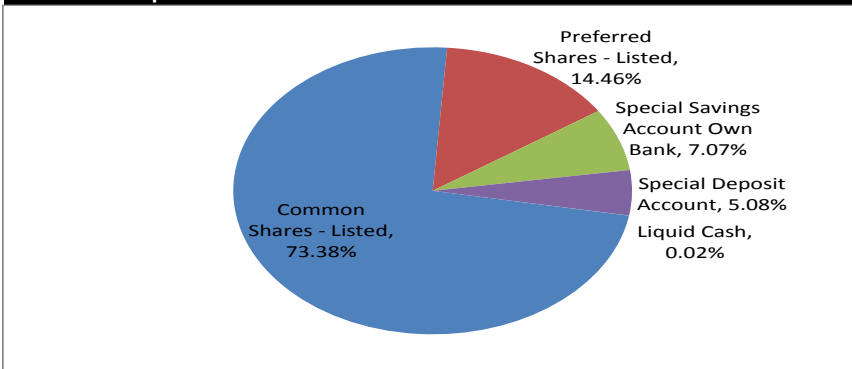
NAVpu Graph



Cumulative Performance (%)

| Period | 1mo | 3mos | 6mos | 1yr | 3yrs |
|-----------|-----------|-----------|----------|-----|------|
| Fund | -1.9500% | 0.5100% | -7.6700% | N/A | N/A |
| Benchmark | -11.3100% | -13.5600% | -6.0300% | N/A | N/A |

Portfolio Composition



NAVpu over the past 12 months

| | |
|---------|---------|
| Highest | 1.01216 |
| Lowest | 0.88054 |

Statistics

| | |
|--------------------------|------|
| Wtd. Ave. Duration | - |
| Volatility, Past 1 Year* | 0.86 |
| Sharpe Ratio** | 3.59 |
| Information Ratio*** | 2.91 |

*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

Top Ten Holdings (%)

| | |
|--------------------|---------------|
| SMC PREF SERIES 2E | 13.59% |
| BPC | 10.83% |
| FLI | 10.58% |
| PCOR | 8.70% |
| EDC | 8.57% |
| EW | 6.41% |
| ALI | 5.87% |
| FGEN | 5.31% |
| AC | 4.50% |
| BSP SDA | 4.05% |
| TOTAL | 78.40% |

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has investments with San Miguel Corporation Preferred Shares and Petron Corporation Common Shares amounting to [PhP 6.8294M](#) and [PhP 4.1080](#) respectively. Such investments were approved by the Board and Trust Committee.

OUTLOOK AND STRATEGY

2015 saw the Philippine Stock Market succumb to global headwinds. It started with the Eurozone Sovereign Fiscal Crisis with Greece during the start of the second half of 2015. Negative market sentiments were compounded by the apparent deceleration of Chinese Economic Growth with disappointing data released last August 2015. Market fears entered its height when the Federal Reserve, the Central Bank of the United States of America, hinting, and then finally pulling the trigger as it raised policy rates for the first time in more than a decade, since 2006.

The net effect of these negative externalities was a broad and deep sell-off as both the Bond and Stock Market entered a bear market and ended 2015 in the red. The Philippine Stock Exchange Index (PSEi) ended 2015 in the red as it traded from 7,230.57 to end 2014 to 6,952.08 for 2015, representative of a 3.85% drop.

With analysts and economists expecting that global headwinds and uncertainties will still overshadow the market with volatility, the conservative strategy for Philippine Equities is to focus allocation in equity issuers which have a strong balance sheet, and a historical commitment to provide its investors with dividends from company earnings. This way, any market volatility is addressed by investment returns through dividends. Such that the portfolio rebalancing will be effected to mitigate further losses, the fund will increase liquidity and enhance returns