

BANK OF COMMERCE – TRUST SERVICES DIVISION

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

For the Quarter ended **12/31/2016**

**FUND FACTS**

<b>Classification</b>	<b>Equity Fund</b>	<b>Net Asset Value per unit (NAVpu)</b>	<b>0.854711</b>
<b>Launch Date</b>	April 8, 2015	<b>Total Fund NAV</b>	<b>PHP 40,317,254.76</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.

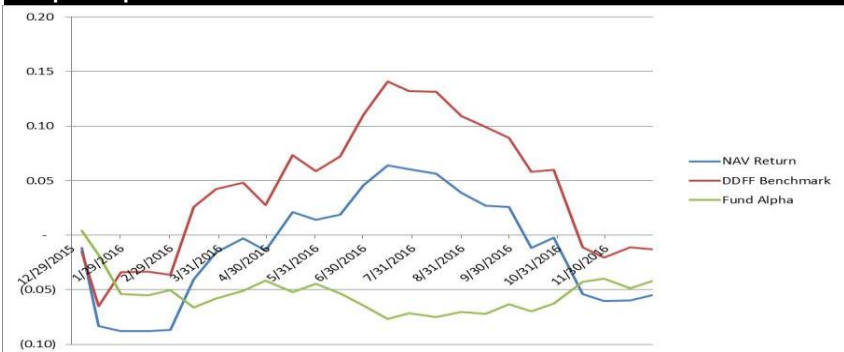
**Country Risk.** The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- **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 12/31/16**  
(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**

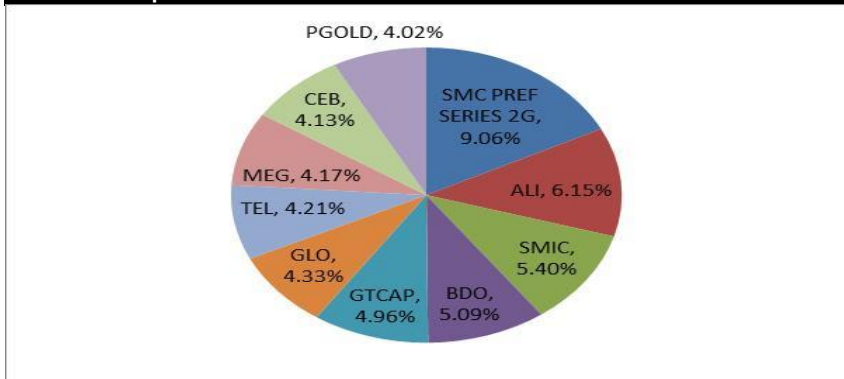
Wtd. Ave. Duration	NA
Volatility, Past 1 Year*	0.82
Sharpe Ratio**	(3.06)
Information Ratio***	(2.38)

\*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	-8.7609%	-1.8470%	4.6153%	-5.5058%	NA
Benchmark	-1.2396%	-1.2396%	4.5484%	3.1321%	NA

**Portfolio Composition**



**Top Ten Holdings (%)**

SMC PREF SERIES 2G	9.06%
ALI	6.15%
SMIC	5.40%
BDO	5.09%
GTCAP	4.96%
GLO	4.33%
TEL	4.21%
MEG	4.17%
CEB	4.13%
PGOLD	4.02%

**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

The Fund has investments with San Miguel Corporation Preferred Shares amounting to **Php 4,470,000**. Such investments were approved by the Board and Trust Committee.

**OUTLOOK AND STRATEGY**

In view of the assessment of the U.S. economic activity, unemployment rate and inflation expectations, the FOMC announced after its recent policy meeting a raise in target range for its federal funds rate of 0.5%-0.75%. The labor market has continued to strengthen as reflected by lower unemployment rate of 4.6% in November. The total nonfarm payroll employment for the period reached 178,000 which manifest an expanding economic activity. The Consumer Price Index in October advanced to 1.6% due to higher consumer prices. While, the inflation target stood at 2.0% with current inflation rate of 1.7%. The forecasted GDP growth for the next three years is pegged at 2.0%.

The FOMC stressed that future rate hike will be data-dependent and gradual. And, there would be a periodic potential rate hike starting next year until 2019.

On the Bond market, the two-year Treasury yield rose 1.27% while the yield of the ten-year Treasury edged up 2.57%. The U.S. stocks gyrated as the market seem to be surprised and has to clench the pace of potential numerous rate hikes for the coming year/s.

On the local front, the equities market stumbled as expected after the announcement of the US Fed while local fixed income securities traded flat due to profit-taking. On the post-US fed rate hike, the peso depreciated by 0.46% and settled at Php49.960 to a dollar as of December 15, 2016. The figure of hot money outflow in November amounted to USD607.3 million.

With this, the market may continue to trade sideways due to the recent international development but may eventually represent the current level of the economy.