

BANK OF COMMERCE – TRUST SERVICES DIVISION

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

For the Quarter ended 06/30/16

**FUND FACTS**

<b>Classification</b>	<b>Equity Fund</b>	<b>Net Asset Value per unit (NAVpu)</b>	0.946258
<b>Launch Date</b>	April 8, 2015	<b>Total Fund NAV</b>	PHP 45,996,336.62
<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)  
Tel No. 214-8800; Fax: 477-5552

**FUND PERFORMANCE AND STATISTICS AS OF 06/30/16**  
(Purely for reference purposes and is not a guarantee of future results)

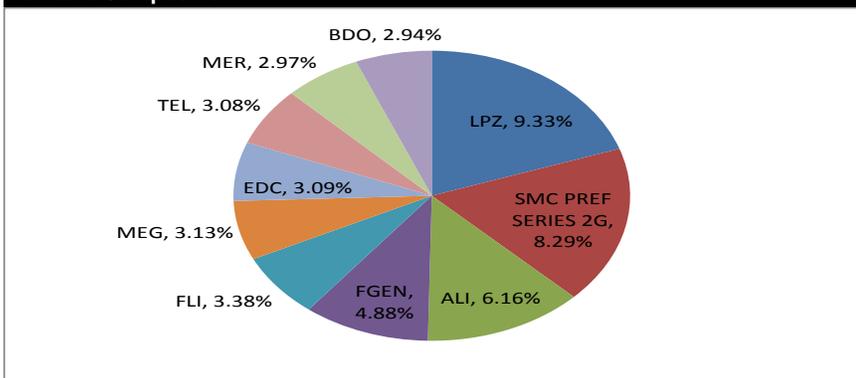
**NAVpu Graph**



**Cumulative Performance (%)**

Period	1mo	3mos	6mos	1yr	3yrs
Fund	3.12%	14.00%	5.81%	-4.45%	NA
Benchmark	5.33%	15.85%	14.09%	2.85%	NA

**Portfolio Composition**



**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

The Fund has investments with San Miguel Corporation Preferred Shares and Petron Corporation Common Shares amounting to PhP 5,985,884.60. Such investments were approved by the Board and Trust Committee.

**OUTLOOK AND STRATEGY**

Despite feeble growth in other parts of the world, the Philippines is seen to be anchored with robust economic growth which show strength and resilience. The country was the 2nd fastest GDP growth in the ASEAN10 and the fastest among the ASEAN5 during 1Q16. Accelerated economic growth was backed by strong household spending that was supported by remittance and expanding IT-BPO sector. The new administration plans to increase government spending for infrastructure projects next year, constituting 5.2% of GDP. These government initiatives will beef up further economic growth in addition to the BPO revenue contribution and OFW remittances. Moreover, the investment cycle will continue to ramp up with infrastructure and capital formation. The country's strength and resilience has been demonstrated by low inflation, low interest rates, upbeat business confidence and high capital adequacy and asset quality ratios of the banking sector.

Further, the country seem to be encapsulated with the effects of the recent exit of U.K from the European Union because of limited investment exposure. The equity market has demonstrated gains for the period as evidenced by net foreign buying at US\$312m for the month of June.

The Philippines current market valuation of 20.4x price-to-earnings for full-year 2016 is one of the expensive valuations compared to other Asian peers. With that, we are cautious on filtering our stock selection. Our filter mechanism for core holdings include double-digit earnings growth, good dividend yield, low valuation and strong balance sheet. Further, we are on the look-out for any immediate marginal pullback caused by market sentiment that will be accretive for upside potential to our trading holdings.

**NAVpu over the past 12 months**

Highest	0.994030
Lowest	0.796487

**Statistics**

Wtd. Ave. Duration	NA
Volatility, Past 1 Year*	0.83
Sharpe Ratio**	(2.68)
Information Ratio***	(2.52)

\*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 (%)**

LPZ	9.33%
SMC PREF SERIES 2G	8.29%
ALI	6.16%
FGEN	4.88%
FLI	3.38%
MEG	3.13%
EDC	3.09%
TEL	3.08%
MER	2.97%
BDO	2.94%