

BANK OF COMMERCE – TRUST SERVICES DIVISION

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

For the Quarter ended **31/03/2018**

FUND FACTS

| | | | |
|-------------------------------|--------------------|---|--------------------------|
| Classification | Equity Fund | Net Asset Value per unit (NAVpu) | 0.914148 |
| Launch Date | April 8, 2015 | Total Fund NAV | PHP 39,080,154.89 |
| Minimum Investment | PhP 10,000.00 | Dealing Day | 11:30 AM |
| Minimum Additional | PhP 5,000.00 | Redemption Settlement | T + 4 |
| Minimum Holding period | 30 days | Early Redemption Fee | 5% on redeemed amount |

FEES*

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

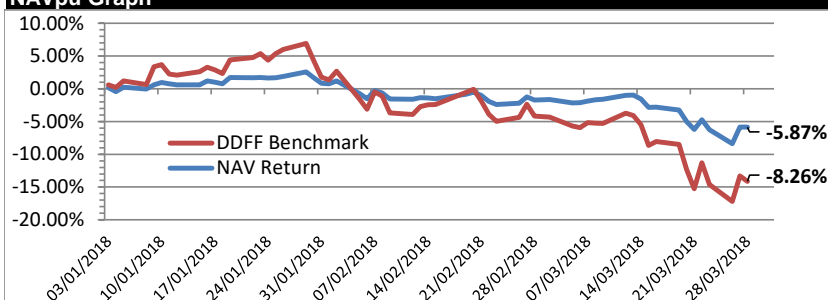
Country Risk. The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- **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 03/31/18
(Purely for reference purposes and is not a guarantee of future results)

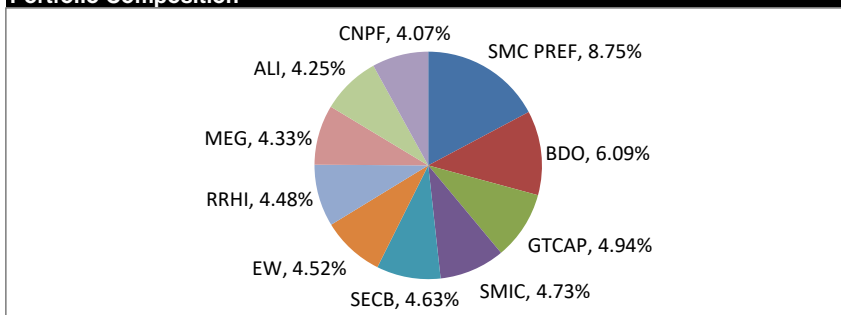
NAVpu Graph



Cumulative Performance (%)

| Period | 1mo | 3mos | 6mos | 1yr | 3yrs |
|-----------|----------|----------|----------|---------|------|
| Fund | -4.2359% | -5.8687% | -7.3966% | 1.5026% | N/A |
| Benchmark | -5.8459% | -6.7605% | -2.3448% | 9.1375% | N/A |

Portfolio Composition



NAVpu over the past 12 months

| | |
|---------|----------|
| Highest | 0.996743 |
| Lowest | 0.889843 |

Statistics

| | |
|--------------------------|-------|
| Wtd. Ave. Duration | NA |
| Volatility, Past 1 Year* | 2.32% |
| Sharpe Ratio** | 0.14 |
| Information Ratio*** | 1.70 |

*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 PEF | 8.75% |
| BDO | 6.09% |
| GTCAP | 4.94% |
| SMIC | 4.73% |
| SECB | 4.63% |
| EW | 4.52% |
| RRHI | 4.48% |
| MEG | 4.33% |
| ALI | 4.25% |
| CNPF | 4.07% |

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has investments with San Miguel Corporation Preferred Shares amounting to **Php 3,780,000.00**. Such investments were approved by the Board and Trust Committee.

OUTLOOK AND STRATEGY

Local equities ended higher even as March inflation crept to its highest level since 2013. The government announced that prices rose 4.3% last month (versus 4.2% estimate) but this was hardly a surprise with the economy feeling the impact from the TRAIN law implemented at the start of the year. The main index gained more than 24 points to close at 8,022.16 on value turnover of Php5.9bn. Net foreign activity ended with a selling bias anew of Php215mn after reverting to a buying total at April 5, 2018 trading.

With market correction technically seen underway to 7,800 level aiming at 17 X P/E valuations to be at par with regional peers.

Given such consensus still positive for 2018 forecast of 9,000 level for the index capitalizing on marco-economic developments, fundamental and projected performance of corporates, fund balancing shall be performed while trading the range to lock-in-gains and buy on dips as key strategy to ride the market volatility.