

BANK OF COMMERCE – TRUST SERVICES DIVISION

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

For the Quarter ended **12-31-2018**

FUND FACTS

Classification	Equity Fund	Net Asset Value per unit (NAVpu)	0.826025
Launch Date	April 8, 2015	Total Fund NAV	PHP 36,409,487.72
Minimum Investment/Maintaining Participation	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: 0.00% Php100 per transaction PDTC	EXTERNAL AUDITOR FEE: 0.00% R.G. Manabat and Co.	OTHER FEES: 0.00% N/A
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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.

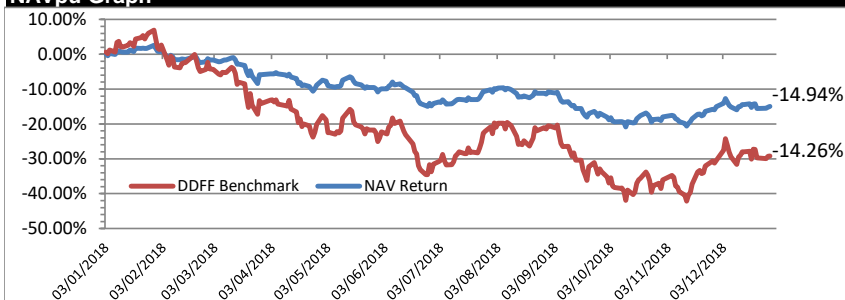
Country Risk. The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- **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 12-31-2018
(Purely for reference purposes and is not a guarantee of future results)

NAVpu Graph

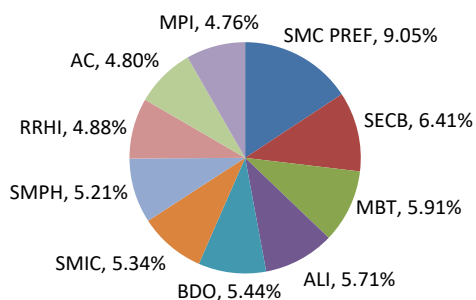


Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.1069%	2.7969%	-1.0421%	-14.9428%	-8.67%
Benchmark	1.3324%	2.6000%	4.0353%	-12.7640%	7.393%

*Benchmark is PSEi

Portfolio Composition



NAVpu over the past 12 months

Highest	0.996283
Lowest	0.768670

Statistics

Wtd. Ave. Duration	NA
Volatility, Past 1 Year*	6.34%
Sharpe Ratio**	0.51
Information Ratio***	(0.38)

*Volatility measures the degree to which the Fund fluctuates vis-a-vis its average return over a period of time.

**Sharpe ratio is used to characterize how well the return of the Fund compensates the investor for the level of risk taken.

***Information ratio measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

Top Ten Holdings (%)

SMC PEF	9.05%
SECB	6.41%
MBT	5.91%
ALI	5.71%
BDO	5.44%
SMIC	5.34%
SMPH	5.21%
RRHI	4.88%
AC	4.80%
MPI	4.76%

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposit with the Bank Proper and investments with San Miguel Corporation Preferred Shares amounting to Php 289,288.48 and Php 3,780,000.00 which is 0.69% and 9.05% of the fund respectively. Bank of Commerce and San Miguel Corporation are approved counterparty by the Trust and Investment Committee and the Board of Directors. All related party transactions are conducted on an arm's length basis.

OUTLOOK AND STRATEGY

Philippine market ended 2018 in the red as late selling saw the PCOMP closed below water. The local barometer finished 16.64pts lower, -0.22%, to 7,466.02 amid continuous foreign selling which hit its 9th consecutive day. On a counter basis, sectors finished mixed with Banks gaining the most +0.70%, Services +0.51%, Properties +0.01% while Industrials, Mining and Oil and Conglomerates fell - 0.70%, -0.36% and -0.41% respectively.

2018 has been a difficult year. Despite touching a record high of 9,058 in late January, the index tumbled to its lowest close in November. This was brought about by several issues, namely: inflation peaking at 6.7%; the Philippine Peso at a 13 year low against the US \$; Global oil prices rising to a 3 year high; and concerns on the US-China trade war. These issues brought the index -24.45% from the highest close to the lowest, before managing to claw its way out of the bear territory to end the year -12.76% lower.

On technical standpoint, analysts sees PSEi Target from 8,200 (18.0x) to 8,400 (19.0x) and EPS Growth of 10% for the year 2019. Growth pillars and drivers will be the revival of consumer spending due to improving inflation outlook, election spending, sustained fiscal stimulus from infrastructure projects, robust Foreign Direct Investments (FDI), recovery in manufacturing, rising tourist arrivals and continuing reform drive. Overall, analysts see recovery in the PSEi and bullish towards the year. Given such, our best course is to trade in the liquid/active stocks/up coming IPOs which is backed-up by our criteria for selection such as valuation, high dividend yield, solid balance sheet, strong earnings growth and resilient net profit margins.