

BANK OF COMMERCE – TRUST SERVICES DIVISION

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

For the Quarter ended **6/30/2019**

<b>FUND FACTS</b>			
<b>Classification</b>	<b>Equity Fund</b>	<b>Net Asset Value per unit (NAVpu)</b>	<b>0.850513</b>
<b>Launch Date</b>	April 8, 2015	<b>Total Fund NAV</b>	<b>PHP 35,231,828.63</b>
<b>Minimum Investment/Maintaining Participation</b>	Php 10,000.00	<b>Dealing Day</b>	11:30 AM
<b>Minimum Additional</b>	Php 5,000.00	<b>Redemption Settlement</b>	T + 4
<b>Minimum Holding period</b>	30 days	<b>Early Redemption Fee</b>	5% on redeemed amount

<b>FEES*</b>			
<b>TRUSTEE FEE: 1.50% p.a.</b>	<b>CUSTODIAN FEE: 0.00%</b>	<b>EXTERNAL AUDITOR FEE: 0.00%</b>	<b>OTHER FEES: 0.00%</b>
*As a percentage of daily NAV	Php100 per transaction PDTC	R.G. Manabat and Co.	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.

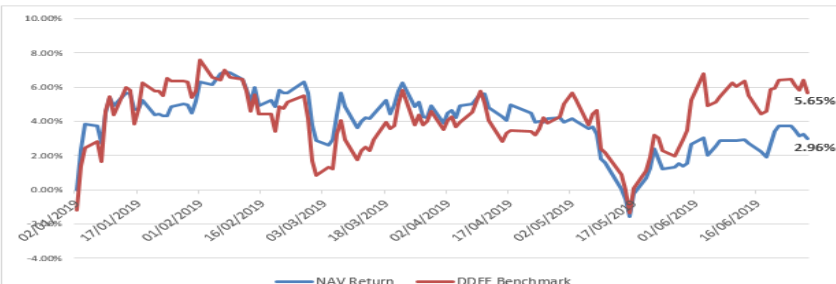
**Country Risk.** The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

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| <ul style="list-style-type: none"><li>• <b>THE UIT FUND IS NOT A DEPOSIT AND NOT INSURED BY PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC).</b></li><li>• <b>RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENT/FLUCTUATIONS ONLY.</b></li><li>• <b>WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES WILL BE SOLELY FOR THE ACCOUNT OF THE CLIENT.</b></li><li>• <b>THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE.</b></li></ul> |
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**FUND PERFORMANCE AND STATISTICS AS OF 6/30/2019**  
(Purely for reference purposes and is not a guarantee of future results)

**NAVpu Graph**

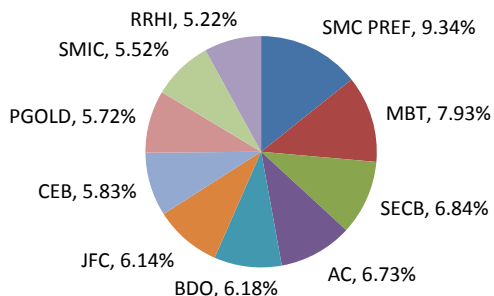


**Cumulative Performance (%)**

Period	1mo	3mos	6mos	1yr	3yrs
Fund	1.5432%	-1.8500%	2.9603%	1.9704%	-10.11%
Benchmark	2.5900%	0.9946%	7.1483%	11.2047%	2.610%

\*Benchmark is PSEI

**Portfolio Composition**



**NAVpu over the past 12 months**

Highest	0.883152
Lowest	0.768670

**Statistics**

Wtd. Ave. Duration	NA
Volatility, Past 1 Year*	1.65%
Sharpe Ratio**	(0.19)
Information Ratio***	(1.82)

\*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 PREF	9.34%
MBT	7.93%
SECB	6.84%
AC	6.73%
BDO	6.18%
JFC	6.14%
CEB	5.83%
PGOLD	5.72%
SMIC	5.52%
RRHI	5.22%

**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

The Fund has deposit with the Bank Proper and investments with San Miguel Corporation Preferred Shares amounting to Php 623,563.13 and Php 3,780,000.00 which is 1.54% and 9.34% 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**

Local shares retreated with the region on Friday as investors awaited the highly anticipated U.S.-China presidential meeting at the G-20 summit. Tracking the weakness on Wall Street, the PCOMP opened lower and lost as much as -1.32% before finishing to lose 57.93pts, -0.72%, and settle at 7,999.71pts, -0.69% for the week. Bar an upturn in Mining & Oil +0.85%, all counters finished lower, led by Industrials -1.45%, Financials -1.06% and Property -0.67%. Value turnover ballooned to Php19.56bn (USD381.70mn), Php11.35bn (USD221.49mn) of which was from blocks in BDO following a stake sell-down by Malaysian sovereign wealth fund Khazanah.

On technical standpoint, the PCOMP is consolidating between 7,875 to 8,139. A clear breakout from this trading range is needed for the market to have some direction. There is a bigger trading range between 7,475 to 8,213. The long-term chart shows that the PCOMP is in an upward-sloping trading range since 2013. The PCOMP is not much higher today than it was six years ago. The PCOMP has to break out above 8,213 for it to test the 9,078 high. 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.