



**BANK OF COMMERCE – TRUST SERVICES GROUP**

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

For the Quarter ended **September 30, 2021**

<b>FUND FACTS</b>			
<b>Classification</b>	<b>Equity Fund</b>	<b>Net Asset Value per unit (NAVpu)</b>	<b>0.690429</b>
<b>Launch Date</b>	April 8, 2015	<b>Total Fund NAV</b>	<b>PHP 23,596,242.57</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% per annum</b>	<b>CUSTODIAN FEE:</b>	<b>*EXTERNAL AUDITOR FEE: 0.0591% of Total External Audit Fee of TSG</b>	<b>OTHER FEES: N/A</b>
based on the Net Asset Value (NAV) accrued daily	Php100 per transaction PDTC	<b>KPMG Audit</b> <i>*based 2020 External Audit Fee</i>	<b>N/A</b>

**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.

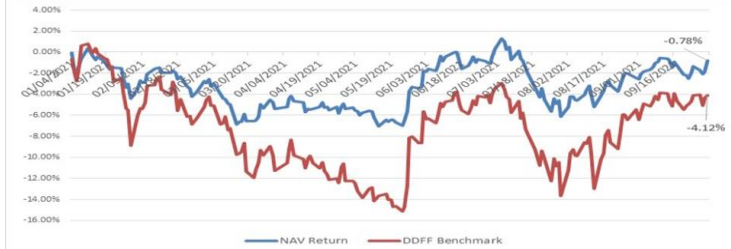
**Country Risk.** The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

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| <ul style="list-style-type: none"> <li>• THE UIT FUND IS NOT A DEPOSIT AND NOT INSURED BY PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC).</li> <li>• RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENT/FLUCTUATIONS ONLY.</li> <li>• WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES WILL BE SOLELY FOR THE ACCOUNT OF THE CLIENT.</li> <li>• THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE.</li> </ul> |
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**FUND PERFORMANCE AND STATISTICS AS OF 09/30/21**  
(Purely for reference purposes and is not a guarantee of future results)

**NAVpu Graph**

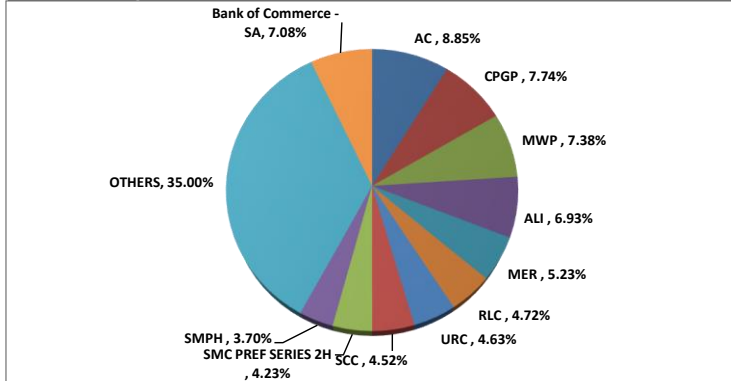


**Cumulative Performance (%)**

Period	1mo	3mos	6mos	1yr	3yrs
Fund	1.72%	0.34%	4.90%	14.00%	-14.09%
Benchmark	1.42%	0.74%	7.91%	18.56%	-4.45%

\*Benchmark is PSEI

**Portfolio Composition**



**NAVpu over the past 12 months**

Highest	0.704555
Lowest	0.603722

**Statistics**

Wtd. Ave. Duration	N/A
Volatility*	2.07%
Sharpe Ratio**	1.92
Information Ratio***	1.59

\*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 (%)**

AC	8.85%
CPGP	7.74%
MWP	7.38%
ALI	6.93%
MER	5.23%
RLC	4.72%
URC	4.63%
SCC	4.52%
SMC PREF SERIES 2H	4.23%
SMPH	3.70%
OTHERS	35.00%
Bank of Commerce - SA	7.08%
<b>TOTAL</b>	<b>100.00%</b>

Note: Percentage (%) of holdings is based on market values.

**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

The Fund has deposit with the Bank Proper amounting to Php 1,705,631.55 which is 7.08% of the fund. Bank of Commerce is an 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**

On September 30, Philippine stocks extended gains ahead of government's pronouncement on community quarantine classification of the National Capital Region (NCR) and other areas across the country for the month of October. Despite net foreign selling occurring for the sixth session and the country's unemployment rate jumping to a 4-month high in August, the benchmark index stayed mostly in the green to finish higher for the second day albeit at modest gains of +18.77pts (+0.27%); it settled at **6,952.88pts** to finish the month of September higher +1.4% mom and 3Q21 by +0.7% qoq. Most sectors advanced led by Industrials (+2.19%) and Mining & Oil (+2.16%) followed by Services (+0.95%) and Holding Firms (+0.18%) whereas Property (-0.79%) and Financials (-0.48%) declined. Value turnover steadied at Php9.88bn (USD193.65mn) while 1.54bn shares changed hands. Overall market breadth was positive as 115 advancers led 78 decliners, leaving 51 unchanged. Foreign investors sold a net Php346.70mn (USD6.80mn) on 47% participation. Meanwhile, Philippine unemployment rate jumped to a 4-month high of 8.1% in August from 6.9% in July.

On the technical aspect based on September 30 chart, the PCOMP year to date performance is -2.62%. Supports are identified at 6,818.54 and 6,591.67 while the resistance levels are at 7,000 and 7,198.45.

**Forecast/Outlook:** In general, investors and brokers has a BUY call in the market. Arrival of substantial number of vaccines in the next 2 months coupled with the faster roll out by the 4Q21 will improve economic outlook and market sentiment. Maintaining 7,500 (19.23x 21PER) index target for the year in line with 10 year mean of 19.5x.

**Fund Strategy and Considerations**

The Diversity Dividend Focused Fund (DDFF) has maintained the investment strategies based on the continuing threats/risk coming from COVID-19 pandemic to the financial markets. For the rest of 2H 2021, on the back of positive outlook, improving vaccination roll-out programs, easing of mobility restrictions and recovery target plans of the economy, the fund started to slowly shift to a 70% common shares and 30% preferred shares target mix. The rebalancing strategy involves realizing of gains from existing preferred share holdings and deploying the generated liquidity to high quality/value, highly traded and dividend paying stock names. The fund will continue to ride the recovery retracement of the stock market in which will be beneficial to the fund participants in 12 to 24 months view. The fund will consistently pursue a well-diversified equity selection with preference to index issues with consistent historical dividend payments, strong fundamentals and with less impact to business brought by the COVID-19 pandemic.