



BANK OF COMMERCE – TRUST SERVICES GROUP

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

For the Quarter ended **December 31, 2021**

FUND FACTS			
Classification	Equity Fund	Net Asset Value per unit (NAVpu)	0.743119
Launch Date	April 8, 2015	Total Fund NAV	PHP 24,143,186.50
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% per annum	CUSTODIAN FEE:	*EXTERNAL AUDITOR FEE: 0.0591% of Total External Audit Fee of TSG	OTHER FEES: N/A
based on the Net Asset Value (NAV) accrued daily	Php100 per transaction PDTC	KPMG Audit <i>*based 2020 External Audit Fee</i>	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"> • 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. |
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FUND PERFORMANCE AND STATISTICS AS OF 12/31/21
(Purely for reference purposes and is not a guarantee of future results)

NAVpu Graph

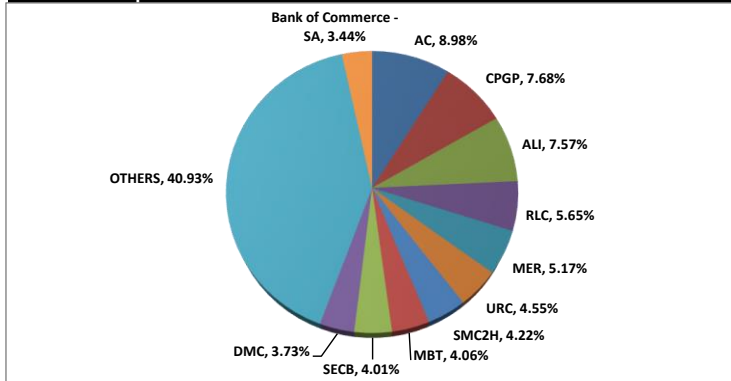


Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.73%	7.63%	7.99%	6.79%	-10.05%
Benchmark	-2.59%	0.94%	1.70%	-1.74%	-6.10%

*Benchmark is PSEi

Portfolio Composition



NAVpu over the past 12 months

Highest	0.704555
Lowest	0.603722

Statistics

Wtd. Ave. Duration	N/A
Volatility*	4.61%
Sharpe Ratio**	2.12
Information Ratio***	3.80

*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	8.98%
CPGP	7.68%
ALI	7.57%
RLC	5.65%
MER	5.17%
URC	4.55%
SMC2H	4.22%
MBT	4.06%
SECB	4.01%
DMC	3.73%
OTHERS	40.93%
Bank of Commerce - SA	3.44%
TOTAL	100.00%

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 830,695.38 which is 3.44% 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

To cap-off the 2021, the PSEi nosedived 2.89%, ended at 7,122.63pts, in the last trading day after cases leaped in a span of 2 weeks to 2,961. Consequently, the NCR will revert to Alert Level 3 for two weeks starting January 3. The PSEi slid for a second day in lackluster trading on January 20, bucking a regional upswing as concerns over potential Fed monetary tightening, a weaker peso, and elevated crude oil prices continued to dampen risk appetite while traders are awaiting further confirmation that the recent local omicron-led Covid-19 wave may have peaked. With foreign outflow extending to five days, the benchmark index followed Wall Street's lead and opened lower, ebbing between gains and losses through the course of the shortened session before finishing to retreat -22.26pts (-0.31%), and settled at 7,239.28pts. Counters were mixed with Mining & Oil (+3.25%), Financials (+0.97%) and Industrial (+0.30%) advancing while Property (-1.72%), Services (-0.68%) and Conglomerates (-0.12%) declined. Foreign investors sold a net Php538.95mn (USD10.46mn) on 25% participation.

On the technical aspect, the PSEi year-to-date performance is +1.64%. Supports are identified at 7,221.26 and 6,988.98 while the resistance levels are at 7,343.96 and 7,458.71.

Forecast/Outlook: In consideration of upside risks and economic reopening, market analysts projected the PSEi for 2022 within the range of 7,900 to 8,100 which is around 17x to 18x PE. The EPS growth is projected around 35% to 40%. This projection will give the PSEi an upside of 13% to 15%.

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 1h of 2022, 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.