



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, 2022**

FUND FACTS			
Classification	Equity Fund	Net Asset Value per unit (NAVpu)	0.605350
Launch Date	April 8, 2015	Total Fund NAV	PHP 17,268,664.40
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: 0.0388% 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 2021 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.

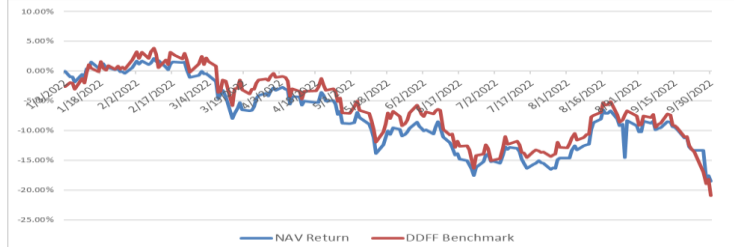
Country Risk. The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

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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 09/30/22
(Purely for reference purposes and is not a guarantee of future results)

NAVpu Graph

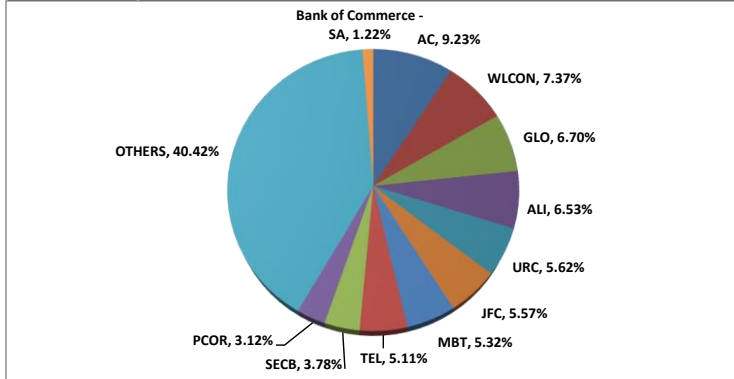


Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	-9.27%	-3.90%	-16.22%	-12.32%	-27.20%
Benchmark	-14.30%	-8.23%	-21.80%	-18.93%	-27.70%

*Benchmark is PSEI

Portfolio Composition



OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposit with the Bank Proper amounting to Php 211,867.12 which is 1.22% 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

Philippine stocks nosedived 14.2% MoM last September to close at 5,741.07 as global stocks had a turbulent month amid soaring US Treasury yields after the Federal Reserve delivered the third consecutive 75 basis points hike and signaled a steeper path of interest rate hikes. Wall Street posted hefty declines last month to their lowest levels for 2022. US consumer prices rose 8.3% YoY, down from an 8.5% in July but higher than the 8% consensus estimate. Moreover, excluding the volatile food and energy categories, core prices jumped 0.6% MoM and 6.3% YoY. Apart from this, global markets will have to contend with at least a quarter of a point rate hike up to 2023, thus ending hopes that the Fed will start to reduce rates in 2023. Accordingly, the US dollar index which tracks the greenback against a basket of its peers strengthened significantly and surpassed the 113 level. Accordingly, the local currency fell to its historical low of Php59.00 against the greenback. Meanwhile, the Bangko Sentral ng Pilipinas (BSP) also raised its policy rates by 50 bps to contain surging inflation and the depreciating Peso. Local equities declined despite the August inflation rate slightly easing to 6.3%, better than the 6.4% consensus and prior month level while the joblessness rate improved to 5.2% for the month of August, the lowest since October 2019's 4.5% and closer to the 5.1% average in 2019, the year before the COVID-19 pandemic.

Forecast/Outlook: Trading could get worse this October as headwinds will continue to undermine equities. We may see some rallies early in the month due to the oversold nature of the market, but any recovery will likely be short-lived given the headwinds. Global recession worries due to rising interest rates and a stronger US dollar will continue to dampen risk appetite, averting local stocks from staging a recovery. US inflation, which will be reported on October 16, will remain at the topmost concern after the August level was worse than expected. Apart from this, developments in the United Kingdom which is reportedly saddled by credit risk with inflation running at 9.9% will likely be another cause of worry for global stocks.

Fund Strategy and Considerations

For 2H2022, on the back of a positive outlook, re-opening of economy, easing of mobility restrictions, the impact of the recently concluded election on GDP, and recovery target plans of the economy, the fund considers slowly shifting to 70% common shares and 30% preferred shares and REITs target mix if the opportunity arises. The rebalancing strategy will include the realization of gains from existing shareholdings and deploying the generated liquidity to high-quality/value and dividend-paying stock names. The fund aims to ride the recovery of the stock market which will be beneficial to the fund participants in the 12- to 24- month view. The fund will retain its portfolio mix and adopt a well-diversified equity selection with a preference for index issues with consistent historical dividend payments, strong fundamentals, and less impact on business brought by the COVID-19 pandemic, high inflation, weakness of the Philippine Peso, and oil price volatility due to the Russia-Ukraine war. The Fund will maintain exposures to high-yielding and highly tradeable issues for liquidity requirements. Lastly, fresh or additional cash inflow will help in the strategic investment execution of the fund.

NAVpu over the past 12 months

Highest	0.765320
Lowest	0.605350

Statistics

Wtd. Ave. Duration	N/A
Volatility*	5.72%
Sharpe Ratio**	(1.18)
Information Ratio***	1.91

*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	9.23%
WLCN	7.37%
GLO	6.70%
ALI	6.53%
URC	5.62%
JFC	5.57%
MBT	5.32%
TEL	5.11%
SECB	3.78%
PCOR	3.12%
OTHERS	40.42%
Bank of Commerce - SA	1.22%
TOTAL	100.00%

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