



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, 2023**

FUND FACTS			
Classification	Equity Fund	Net Asset Value per unit (NAVpu)	0.656492
Launch Date	April 8, 2015	Total Fund NAV	PHP 17,702,118.94
Minimum Investment/Maintaining Participation	PhP 10,000.00	Dealing Day	11:30 AM
Minimum Additional	PhP 1,000.00	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: 0.0268% 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	N/A
		*based 2022 External Audit Fee	

INVESTMENT OBJECTIVE & STRATEGY

The Fund intends to achieve for its participants long-term capital growth and dividend income generation. The Fund is suitable to aggressive clients who wants a portfolio which may provide a potential returns on investments from capital appreciation and dividends by investing in equity securities listed in Philippine Stock Exchange and with a track record of dividend payments. The Fund aims to achieve a rate of return higher than a return on investment of PSEi.

CLIENT SUITABILITY

The Bank of Commerce Diversity Dividend Focused Fund is suitable only for investors who:

- Have an **AGGRESSIVE** risk profile who is aware and willing to assume a significantly higher level of risk in consideration of potentially higher return notwithstanding possible volatility of returns and/or possible loss of investment.
- 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.

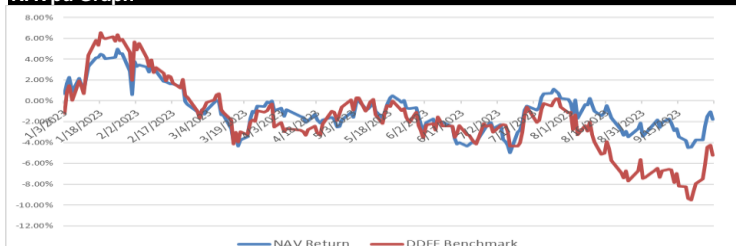
Country Risk. The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- 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 09/30/23
(Purely for reference purposes and is not a guarantee of future results)

NAVpu Graph

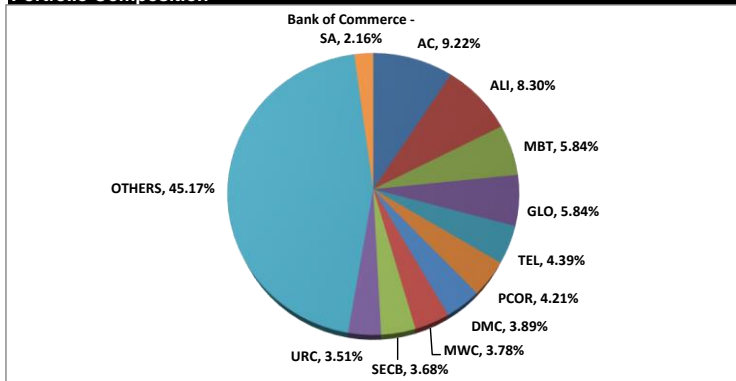


Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	1.69%	0.92%	-0.85%	8.45%	8.40%
Benchmark	0.86%	-3.77%	-4.25%	8.61%	6.29%

***Benchmark is PSEI**

Portfolio Composition



OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Fund has deposit with the Bank Proper amounting to Php 380,776.69 which is 2.16% 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

Emanating from a plunge from the MSCI index rebalancing by the end of August, where the benchmark Philippine Stock Exchange Composite index (PSEi) finished at 6,175, the local equities fluctuated during the first two weeks of the month but eventually yielded to another meltdown by the 3rd week amid relentless foreign outflows. Sell-offs were exacerbated by the rebalancing from the Financial Times Stock Exchange (FTSE) that ultimately dragged the index to hit an intra-day low of 5,998. Sentiment was dragged by the US inflation rate in August, which came in hotter than expected, at 3.7% compared to economists' expectations of 3.6%. Global market weakness was further intensified by the latest FOMC meeting that indicated that rates would remain higher for a longer time. Furthermore, the Fed's indication that it expects fewer rate cuts next year resulted in a renewed spike in the 10-year Treasury yield to levels not seen since 2007 also added anxiety in the global markets. The Dow plummeted below its 200-day moving average for the first time since May. Meanwhile, the peso also neared Php57 to the dollar as the greenback strengthened against major global currencies. Aside from these developments, U.S. crude oil jumped more than 4% to a high of USD95.02 per barrel, fanning fears of a resurgence in global inflation. However, local shares managed to rebound sharply during the final week of the month, rising in the last seven trading days amid bargain hunting, 3rd quarter window dressing activities, and deployment from the proceeds of the MPI tender offer. Meanwhile, BLOOM and CNPF are now part of the index, replacing AP and MPI in an off-cycle rebalancing. Month-on-month, the PSEi rebounded 2.4% to 6,321. (source: PAPA Sec)

Forecast/Outlook: While we expect the market to trade sideways barring any major catalyst in the near-term, we recommend to continue adding deep value stocks which are market leaders and offering clear growth trajectory. The fundamentals are solid, and this may provide some support, particularly on the valuation side with the PSEi trading only at 13x price-to-earnings. We continue to favor high-quality but deep-value names that can weather an uncertain operating environment like this and benefit under the sustained reopening of the economy. FY23E PSEI earnings growth forecast of 15% YoY with the year-end outlook seems to be around at 6,300 to 6,700 levels while the 12-month forward target (from a bottom-up approach) is 7-400 to 7,800pts. The bulk of the upside should come from the conglomerate, property, and banking sectors.

Fund Strategy and Considerations

For 2023, on the back of a positive outlook, re-opening of other economies, easing of mobility restrictions, and recovery target plans of the economy, the fund considers slowly shifting to 90% common shares and 10% preferred shares and REITs target mix if the opportunity arises. The key strategy is stock picking favoring sectors that will potentially perform well this 2023 given the macroeconomic outlooks. The bulk of the upside should come from the conglomerate, property, and banking sectors. The derating of the PSEi in 2022 as a result of the high inflationary environment and weak PHP has opened a BUYing window for several quality stocks with strong economic moats and multi-year earnings growth profiles. We prefer stocks with significant exposures to companies benefitting from improved mobility and domestic consumption. The fund will retain its portfolio parameters and 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 geopolitical issues. 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	0.701490
Lowest	0.599928

Statistics

Wtd. Ave. Duration	N/A
Volatility*	2.25%
Sharpe Ratio**	0.44
Information Ratio***	1.88

*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	9.22%
ALI	8.30%
MBT	5.84%
GLO	5.84%
TEL	4.39%
PCOR	4.21%
DMC	3.89%
MWC	3.78%
SEC B	3.68%
URC	3.51%
OTHERS	45.17%
Bank of Commerce - SA	2.16%
TOTAL	100.00%

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