



**BANK OF COMMERCE – TRUST SERVICES GROUP**

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

For the Quarter ended **March 31, 2023**

**FUND FACTS**

<b>Classification</b>	<b>Equity Fund</b>	<b>Net Asset Value per unit (NAVpu)</b>	<b>0.662138</b>
<b>Launch Date</b>	April 8, 2015	<b>Total Fund NAV</b>	<b>PHP 18,455,854.86</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

**FEES\***

<b>TRUSTEE FEE: 1.50% per annum</b>	<b>CUSTODIAN FEE:</b>	<b>*EXTERNAL AUDITOR FEE: 0.0268% of Total External Audit Fee of TSG</b>	<b>OTHER FEES:</b>	<b>N/A</b>
based on the Net Asset Value (NAV) accrued daily	Php100 per transaction PDTC	<b>KPMG Audit</b> *based 2022 External Audit Fee		<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.

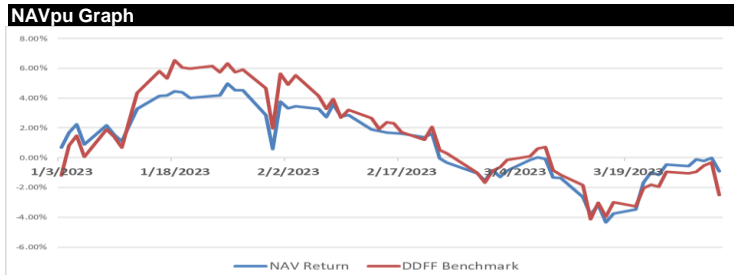
**Reinvestment Risks.** The possibility that an investor may experience losses due to probable lower returns or earnings when maturing funds or the interest earnings of the Fund are reinvested.

**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.

- 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](mailto:trustmarketing@bankcom.com.ph)  
Tel No. 7 214-8800; Fax: 477-5552

**FUND PERFORMANCE AND STATISTICS AS OF 03/31/23**  
(Purely for reference purposes and is not a guarantee of future results)

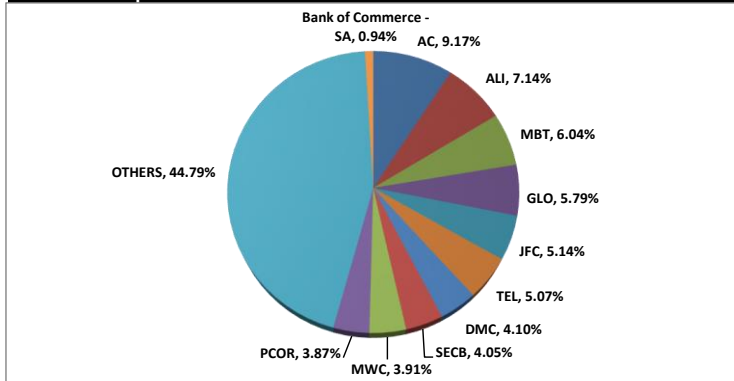


**Cumulative Performance (%)**

Period	1mo	3mos	6mos	1yr	3yrs
Fund	0.62%	-0.92%	9.38%	-8.36%	15.89%
Benchmark	-2.36%	-2.52%	11.71%	-11.27%	20.65%

\*Benchmark is PSEI

**Portfolio Composition**



**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

The Fund has deposit with the Bank Proper amounting to Php 173,215.85 which is 0.94% 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 March 31, Philippine stocks plunged in quarter-end rebalancing activity on Friday which saw the year's gains erased, with traders digesting the BSP's March headline CPI inflation forecast range of 7.4% to 8.2%, lower than February's +8.6% print but remaining elevated and reinforced BSP Governor Felipe Medalla's comments that it may be too soon for the central bank to pause on policy rate hikes at their next monetary policy meeting in May. Bucking Wall Street's and a broader regional advance, the local benchmark index opened weaker and remained in the red all session, finishing sharply on its lows to drop -145.07pts (-2.18%), and settled at 6,499.68pts, down -1.6% wow, -0.9% mom, and -1.0% qoq. Property (-3.43%), Holding Firms (-3.13%), and Industrial (-1.62%) led sub-index losses, with Financials (-0.07%), Services (+0.06%), and Mining & Oil (+0.02%) finishing barely changed. Value turnover spiked at the close to see it register on the day at Php6.18bn (USD113.59mn) while 627.11mn shares changed hands. Overall market breadth was negative as 107 decliners led 73 advancers, leaving 47 unchanged. (Source: SB EQ)

*Forecast/Outlook:* Market expects 2023 to be a continuation of 2022, in a good way. Coming from 20% YoY earnings growth in FY22E, the forecast for the PSEI is to sustain the double-digit earnings growth momentum, at 15% YoY, with the earnings of 29 of its 30-stock composition exceeding pre-pandemic levels by year-end. Amid tapering inflation expectations, a more stable PHP forecast, a steady regulatory environment, and capped flow-driven downside risks to the market, analysts expect the PSEI's improving fundamentals to be the key catalyst for this year. FY23E PSEI earnings growth forecast of 15% YoY, 12-month forward target (from a bottom-up approach) is 7,800pts. The bulk of the upside should come from the conglomerate, property and banking sectors. (Source: Maybank Securities)

**Fund Strategy and Considerations**

For 1H2023, 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 company 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 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	0.723102
Lowest	0.599928

**Statistics**

Wtd. Ave. Duration	N/A
Volatility*	2.42%
Sharpe Ratio**	(0.46)
Information Ratio***	1.76

\*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	9.17%
ALI	7.14%
MBT	6.04%
GLO	5.79%
JFC	5.14%
TEL	5.07%
DMC	4.10%
SECB	4.05%
MWC	3.91%
PCOR	3.87%
OTHERS	44.79%
Bank of Commerce - SA	0.94%
<b>TOTAL</b>	<b>100.00%</b>

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