



**BANK OF COMMERCE – TRUST SERVICES GROUP**  
**BANK OF COMMERCE DIVERSITY DIVIDEND FOCUSED FUND**  
**KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT**

For the Quarter ended **June 28, 2024**

<b>FUND FACTS</b>			
<b>Classification</b>	<b>Equity Fund</b>	<b>Net Asset Value per unit (NAVpu)</b>	<b>0.661075</b>
<b>Launch Date</b>	<b>April 8, 2015</b>	<b>Total Fund NAV</b>	<b>PHP 16,204,394.40</b>
<b>Minimum Investment/Maintaining Participation</b>	<b>PhP 10,000.00</b>	<b>Dealing Day</b>	<b>11:30 AM</b>
<b>Minimum Additional</b>	<b>PhP 1,000.00</b>	<b>Redemption Settlement</b>	<b>T + 4</b>
<b>Minimum Holding period</b>	<b>30 days</b>	<b>Early Redemption Fee</b>	<b>5% on redeemed amount</b>

<b>FEES*</b>			
<b>TRUSTEE FEE: 1.50% per annum</b>	<b>CUSTODIAN FEE:</b>	<b>*EXTERNAL AUDITOR FEE:</b>	<b>OTHER FEES: N/A</b>
<b>based on the Net Asset Value (NAV)</b>	<b>Php100 per transaction</b>	<b>Php41,785.64</b>	<b>N/A</b>
<b>accrued daily</b>	<b>PDTC</b>	<b>KPMG Audit</b>	
		<b>*based 2023 External Audit Fee</b>	

**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.

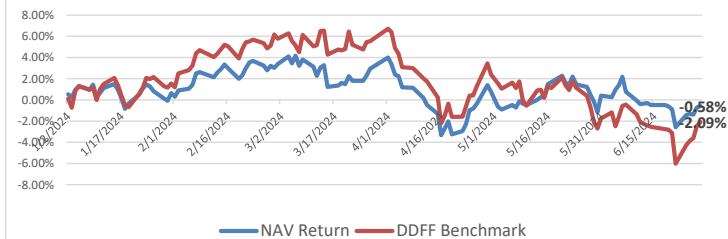
**Country Risk.** The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- 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](mailto:trustmarketing@bankcom.com.ph)  
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**FUND PERFORMANCE AND STATISTICS AS OF 06/28/24**  
(Purely for reference purposes and is not a guarantee of future results)

**NAVpu Graph**

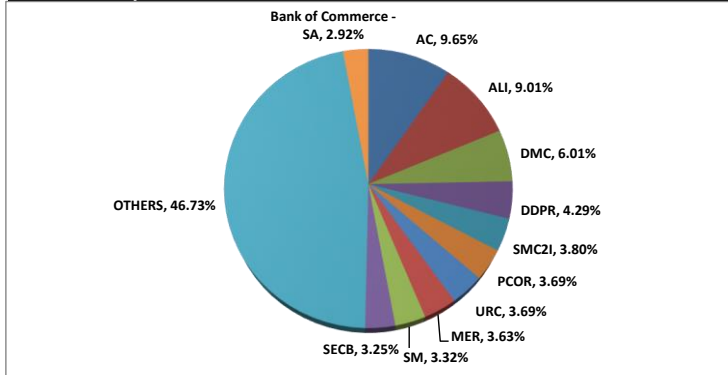


**Cumulative Performance (%)**

Period	1mo	3mos	6mos	1yr	3yrs
Fund	-0.98%	-3.43%	-0.58%	1.62%	-3.93%
Benchmark	-1.83%	-8.62%	-2.09%	-2.37%	-8.60%

**Note: Benchmark is Philippine Stock Exchange Index (PSEi).**

**Portfolio Composition**



**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

The Fund has deposit with the Bank Proper amounting to Php 460,124.16 which is 2.92% 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**

The PSEi experienced volatility in the second quarter, falling from a year-to-date high of 6,979 in April to end the period at 6,411.91. Investors grew cautious due to the Fed's hawkish stance, persistent local inflation, Peso depreciation, and the outlook for prolonged high interest rates. Despite hitting a strong support level at 6,150, the index saw a decline, with average daily turnover decreasing from P3.9B in April to P3.4B in June, reflecting reduced risk appetite. Foreign investors were net sellers in Q2, with an outflow of \$690M, reversing the \$163M inflows seen in Q1. The PSEi now trades at a forward PER of 11.9x, significantly below its 10-year average of 19.7x, indicating a considerable discount. However, the index is expected to remain range-bound due to limited corporate news and lukewarm policy rate outlooks. Sector-wise, Services, Industrials, and Financials outperformed, while Holdings, Property, and Mining & Oil underperformed. Notable gainers included ACEN (+29.9%), GLO (+18.7%), and CNVRG (+15.5%), while the top losers were JGS (-28.4%), CNPF (-19.6%), and AEV (-17.2%).

June saw subdued market activity, with the average daily traded value dropping to Php4.4Bn from the year-to-date average of Php5.28Bn. The PSEi ended June nearly flat at 6,411.91 (-0.3% MoM), with negative market breadth and foreign outflows of Php6.1Bn for the month. Despite its cheap valuation, the PSEi's performance was weighed down by the higher-for-longer rates narrative, geopolitical tensions, and domestic political noise. For the first half of 2024, the PSEi posted a flat performance of -0.6%, with significant sector variability. Property (-11.82%) and Holding Firms (-9.06%) were hit hardest by high interest rates, while Services (+24.38%) and Financials (+10.68%) outperformed. As Q2 earnings results are anticipated, Bloomberg consensus expects 18% earnings growth for the year, supported by Q1 figures. Monetary policy remains a key focus, with the Fed expected to cut rates by Q4 and the BSP signaling possible rate cuts as early as Q3. The BSP's dovish stance, combined with a reduction in rice import tariffs, could lower inflation and justify rate cuts, although the weakening Peso poses a risk. Given the PSEi's low valuation at 10.64x 2024 PE and the prospect of lower inflation and interest rates, a market recovery and renewed foreign interest in local equities are expected in the near future.

**Forecast/Outlook:** The initial outlook for 2024 PSEi is at 7,000 to 7,800 range or an average of 7,400 level. This is supported by the aim of achieving the 2% to 4% inflation target and 6.5% to 7.5% GDP target of the government by the end of the year. Investors will also seek fresh catalysts to support the uptrend in share prices.

**Fund Strategy and Considerations**

In 2024, slowing inflation and peaking interest rates present opportunities for local stocks, but volatility remains a risk, especially if the U.S. faces a recession due to the Federal Reserve's aggressive rate hikes since 2022. The fund plans to gradually shift to an 80% allocation in common shares and 20% in preferred shares and REITs, capitalizing on favorable conditions. The investment strategy will modernize, focusing on Growth, Value, and Dividend Stocks, with equity selection based on fundamental analysis and execution guided by technical analysis. Key sectors targeted for growth include conglomerates, property, transport, and consumer sectors. We see upside potential, particularly in conglomerates benefiting from foreign investor interest and the consumer sector, bolstered by wage increases and reduced costs. The fund will maintain a diversified portfolio, prioritizing stocks with strong fundamentals, consistent dividends, and resilience to inflation, peso weakness, and oil price volatility. High-yielding and tradable securities will ensure liquidity, and additional cash inflows will support strategic investments.

**NAVpu over the past 12 months**

Highest	0.692700
Lowest	0.631100

**Statistics**

Wtd. Ave. Duration	N/A
Volatility*	1.69%
Sharpe Ratio**	(0.45)
Information Ratio***	0.86

\*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

**Top Ten Holdings (%)**

AC	9.65%
ALI	9.01%
DMC	6.01%
DDPR	4.29%
SMC2I	3.80%
PCOR	3.69%
URC	3.69%
MER	3.63%
SM	3.32%
SECB	3.25%
OTHERS	46.73%
Bank of Commerce - SA	2.92%
<b>TOTAL</b>	<b>100.00%</b>

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