



**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, 2024**

| <b>FUND FACTS</b>                                   |                      |   |                              |
|---|----------------------|---|------------------------------|
| <b>Classification</b>                               | <b>Equity Fund</b>   | <b>Net Asset Value per unit (NAVpu)</b> | <b>0.729900</b>              |
| <b>Launch Date</b>                                  | <b>April 8, 2015</b> | <b>Total Fund NAV</b>                   | <b>PHP 17,381,707.62</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.

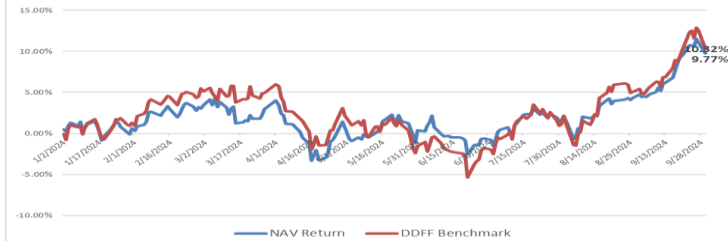
**Country Risk.** The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- 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)  
 Tel No. 7 214-8800; Fax: 477-5552

**FUND PERFORMANCE AND STATISTICS AS OF 09/30/24**  
(Purely for reference purposes and is not a guarantee of future results)

**NAVpu Graph**

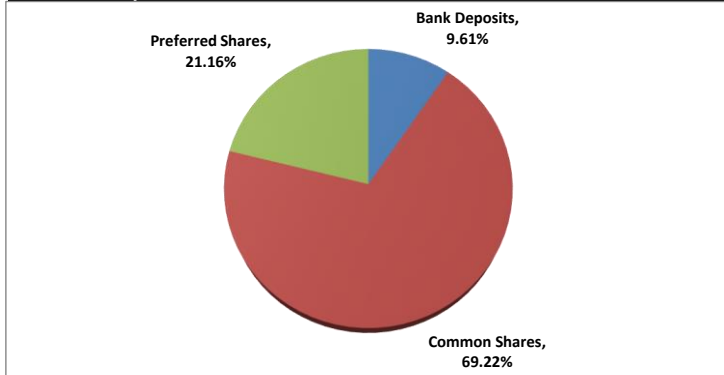


**Cumulative Performance (%)**

| Period    | 1mo   | 3mos   | 6mos  | 1yr    | 3yrs  |
|-----------|-------|--------|-------|--------|-------|
| Fund      | 5.20% | 10.41% | 6.62% | 11.18% | 5.72% |
| Benchmark | 3.43% | 10.70% | 3.54% | 12.50% | 3.81% |

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

**Portfolio Composition**



**NAVpu over the past 12 months**

|         |          |
|---------|----------|
| Highest | 0.741557 |
| Lowest  | 0.631100 |

**Statistics**

|                      |        |
|----------------------|--------|
| Wtd. Ave. Duration   | N/A    |
| Volatility*          | 2.71%  |
| Sharpe Ratio**       | (0.37) |
| Information Ratio*** | (0.43) |

\*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               | 9.17%  |
| SM               | 6.50%  |
| DMC              | 5.74%  |
| BPI              | 4.95%  |
| BANKCOM - PHP SA | 4.91%  |
| BANKCOM - PHP TD | 4.71%  |
| BDO              | 4.54%  |
| SMC2L            | 4.30%  |
| ALI              | 3.64%  |
| DDPR             | 3.51%  |
| OTHERS           | 48.04% |

|              |                |
|--------------|----------------|
| <b>TOTAL</b> | <b>100.00%</b> |
|--------------|----------------|

**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 1,838,099.01 which is 9.61% 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**

In September, the Philippine Stock Exchange Index (PSEi) surged by 5.44% (+375.11 points), closing at 7,272.65, bringing its year-to-date gain to +12.75%. The rally was fueled by strong foreign inflows and positive sentiment following the U.S. Federal Reserve's 50 basis point rate cut, which sparked a shift towards riskier assets. Local market sentiment was further boosted by the Bangko Sentral ng Pilipinas' (BSP) surprise decision to reduce the reserve requirement ratio (RRR) by 250 basis points to 7%, injecting liquidity into the system.

Foreign investors were net buyers throughout September, adding Php19.38 billion in positions and turning the year-to-date foreign flow positive. Daily trading volume averaged Php6.57 billion, up from Php5.01 billion earlier in the year. The Financials (+8.86%), Holding Firms (+8.54%), and Mining & Oil (+5.46%) sectors outperformed, while Industrials (+3.89%), Property (+3.84%), and Services (+2.29%) posted more moderate gains. Notable gainers included JGS (+18.30%), GTCAP (+16.99%), and URC (+13.96%), while laggards were SMC (-9.09%), SCC (-4.13%), and WLCON (-2.66%).

The PSEi broke past the 7,000 resistance level, with immediate support expected at that level during corrections. The next resistance is seen at 7,500, a level last touched before the global pandemic. The index currently trades at a P/E ratio of 12.39x, offering an earnings yield of 8.07%, representing a 200bps premium over the 10-year benchmark yield of 5.74%. With more rate cuts anticipated, there is potential for further P/E expansion. First-half earnings grew by 14.25%, with full-year 2024 consensus estimates at +17.10%, signaling optimism for stronger growth in the second half. Earnings season updates are expected to begin in late October.

**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.