



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

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

FUND FACTS			
Classification	Equity Fund	Net Asset Value per unit (NAVpu)	0.661295
Launch Date	April 8, 2015	Total Fund NAV	PHP 17,306,565.80
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 based on the Net Asset Value (NAV) accrued daily	CUSTODIAN FEE: PhP100 per transaction PDTC	*EXTERNAL AUDITOR FEE: PhP23,162.77 KPMG Audit *based 2023 External Audit Fee	OTHER FEES: N/A

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.

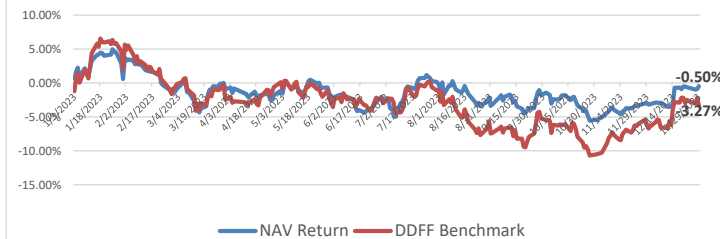
Country Risk. The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- **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 12/31/23
(Purely for reference purposes and is not a guarantee of future results)

NAVpu Graph

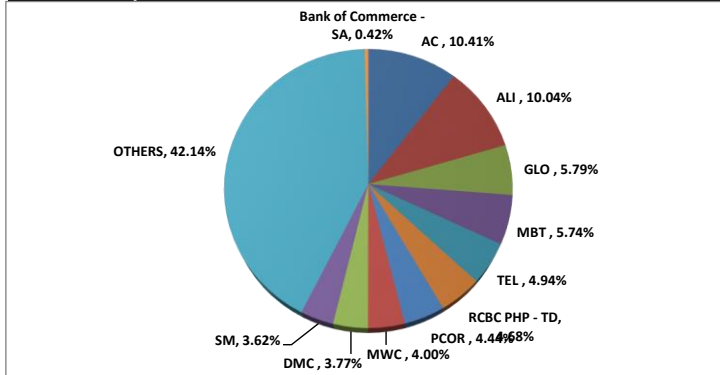


Cumulative Performance (%)

Period	1mo	3mos	6mos	1yr	3yrs
Fund	2.77%	1.29%	2.21%	-0.50%	-4.44%
Benchmark	2.14%	0.54%	-1.78%	-3.27%	-11.16%

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 72,292.40 which is 0.42% 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

A late plunge saw the PSEi retreat back below the 6,500-point threshold in the last session of 2023 amid sustained light holiday trade as investors calibrated their portfolios for year-end reporting, with heavyweight conglomerates Ayala Corp and SM Investments weighing on the index at the close. Though optimism remained for a lower interest rate environment in the new year, the benchmark index struggled for direction for the bulk of the session as it hovered modestly above 6,500pts before a sell-off at the closing auction led by a handful of conglos saw it finish sharply on its lows to lose -69.07pts (-1.06%), and settled at 6,450.04pts, -0.78% for the 3-day week, +2.04% for 4Q23, and -1.77% for the year. (source: SB Equities) Philippine shares remained upbeat on the final month of the year after the Federal Reserve decided to keep rates unchanged but forecast deeper rate cuts for next year signaling a conclusion of its tight monetary policy. US Markets climbed to a record high and that bullish environment spilled over to the global equities. The US Fed dot plot chart indicated three rate cuts in 2024, with the futures curve pricing in five rate cuts next year. The Fed may cut as early as March and could set up a subsequent reduction in the local policy rate by late Q2 '24 at best. The positive developments in the US and local fronts may indicate that the tightening cycle from the local Central Bank has ended. Month on-month, the PSEi benchmark gained 3.6% to 6,450.04. So far, resilient consumer spending, cooling labor market, and moderating inflation have bolstered the soft-landing narrative in the US. On the other hand, China remains dragged by concerns about ongoing weakness in its property sector, though the overall economy appears to be stabilizing. Meanwhile, the Philippine economy's relatively stable economic growth prospect, disinflation outlook, and potential policy easing on the horizon render a positive picture and should provide an attractive investment push in 2024. (source: PAPA Sec)

Forecast/Outlook: The improving local macroeconomic backdrop should underpin a Philippine equities rally in 2024. Cooling inflation, a BSP pivot to an expansionary monetary policy in H2 '24, solid economic growth and a stable peso are likely. The index target range is 7,320 - 7,600 with preferred names being GTCAP, SM, JFC, ICT and non-index pick RLC. Amid the weakness in equity markets, local corporates profit remained resilient. This led to a widening of the market earnings yield versus net bond yield to about 350bps, versus a historical average of only 160-170bps. We anticipate volatility in H1 '24, given near-term risks from El Nino and as the Fed policy transitions from pause to cuts, and view this as a buying opportunity.

Fund Strategy and Considerations

Sustained growth momentum despite an already high base, with FY24E earnings projected to rise 9.1% YoY driven by the conгло, bank and property sectors. This translates to a 12-month forward PSEi target of 7,600 (13x FY24 P/E). The widening yield ratio, which should further improve as policy rates stabilize in FY24E, should trigger asset re-allocation among funds towards equities. Launch of sovereign wealth fund could also provide much-needed market momentum. Trading via short-selling, meanwhile, could take some time as brokers prepare their trading platforms to accommodate these trades. It is recommended to take positions in stocks with fundamentally-driven upside potential and solid average daily turnovers. For 2024, the fund considers eyeing to target the 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 2024 given the macroeconomic outlook. The bulk of the upside should come from the conglomerate, property, banking and consumer sectors. 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	0.631100

Statistics

Wtd. Ave. Duration	N/A
Volatility*	2.25%
Sharpe Ratio**	0.71
Information Ratio***	1.36

*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	10.41%
ALI	10.04%
GLO	5.79%
MBT	5.74%
TEL	4.94%
RCBC PHP - TD	4.68%
PCOR	4.44%
MWC	4.00%
DMC	3.77%
SM	3.62%
OTHERS	42.14%
Bank of Commerce - SA	0.42%
TOTAL	100.00%

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