

**BPI ASSET MANAGEMENT AND TRUST CORPORATION**
**ODYSSEY DIVERSIFIED BALANCED FUND**
**KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT**
**As of August 31, 2021**
**FUND FACTS**

|                                |               |  |                     |
|--------------------------------|---------------|--|---------------------|
| <b>Classification:</b>         | Balanced Fund | <b>Net Asset Value per Unit (NAVPU):</b> | Php 200.25          |
| <b>Launch Date:</b>            | May 12, 2006  | <b>Total Fund NAV (Mn):</b>              | Php 935.35          |
| <b>Minimum Investment:</b>     | Php 10,000.00 | <b>Dealing Day:</b>                      | Daily up to 2:30 PM |
| <b>Additional Investment:</b>  | Php 5,000.00  | <b>Redemption Settlement:</b>            | T+3 End-of-Day      |
| <b>Minimum Holding Period:</b> | None          | <b>Early Redemption Charge:</b>          | None                |

**FEES\***

|                             |                                    |                                       |                          |
|-----------------------------|------------------------------------|---------------------------------------|--------------------------|
| <b>Trustee Fees:</b> 1.500% | <b>Custodianship Fees:</b> 0.0013% | <b>External Auditor Fees:</b> 0.0243% | <b>Other Fees:</b> 0.00% |
| BPI Asset Management        | HSBC                               | Isla Lipana                           | None                     |

\* As a percentage of average daily NAV for the quarter valued at Php 935.79 Million

\*Monthly rate: billings received for April 2021 divided by the average daily NAV for the month

\*Billings received in 2017 divided by the average daily NAV

**INVESTMENT OBJECTIVE AND STRATEGY**

The Fund aims to achieve long-term capital and income growth by investing in a diversified portfolio of fixed income and equity securities. The Fund aims to outperform its benchmark, which is composed of 50% BPI Philippine Government Bond Index and 50% Philippine Stock Exchange Index.

**CLIENT SUITABILITY**

A client profiling process shall be performed prior to participating in the Fund to guide the prospective investor if the Fund is suited to his/her investment objectives and risk tolerance. Clients are advised to read the Declaration of Trust/Plan Rules of the Fund, which may be obtained from the Trustee, before deciding to invest.

The Odyssey Diversified Balanced Fund is suitable for investors who:

- Are at least classified as aggressive based on their risk profile
- Have an investment horizon at least 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.

**Interest Rate Risk:** Investors are exposed to adverse changes in the prices of domestic fixed income securities due to a rise in interest rates, which generally causes fixed income security prices to decline. Factors/ events that may lead to a rise interest rates include adverse market conditions, issuer-specific factors/ events and/ or negative developments in domestic political and economic conditions..

**Equity Price Risk:** Investors are exposed to adverse changes in the prices of stocks listed in the Philippine Stock Exchange, which may be brought about by adverse stock market conditions, unfavorable company earnings and valuations and/ or negative developments in domestic and global political and economic conditions.

**Liquidity Risk:** Investors are exposed to the risk of loss due to the fund's inability to convert fixed income and equity security holdings to cash immediately or in instances where conversion to cash is possible but at a highly disadvantageous price due to limited buyers/ sellers in the market, low trading volumes or market disruptions, among other reasons/ factors.

**Related Party Risk:** Investors are exposed to actual or potential conflicts of interest in the handling of related party transactions by the Trustee, specifically, time deposit placements with the Trustee's own bank and/ or its subsidiary, purchase of debt and equity securities issued by related parties, as well as the execution of trade transactions with related counterparties.

**Credit/ Default Risk:** Investors are exposed to the risk of loss due to the failure of the borrower/ debt issuer to make timely interest and/ or principal payments on its deposit liabilities, loans, bonds or other debt instruments due to a deterioration in the borrower's/ issuer's financial condition or external factors and events that may affect its ability to repay financial obligations such as negative developments in domestic political and economic conditions.

In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks.

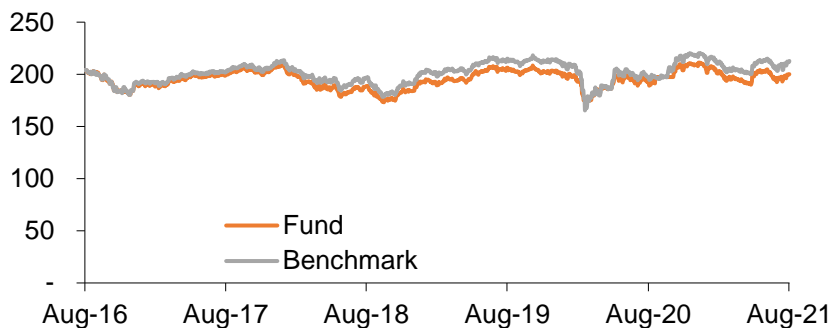
- **THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORP. (PDIC).**
- **RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/ FLUCTUATIONS ONLY.**
- **WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES SHALL 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 more information, you may contact us at (632) 8580-AMTC (2682),  
email us at [bpi\\_asset\\_management@bpi.com.ph](mailto:bpi_asset_management@bpi.com.ph) or visit our website, [www.bpiassetmanagement.com](http://www.bpiassetmanagement.com).

## FUND PERFORMANCE AND STATISTICS AS OF AUGUST 31, 2021

(Purely for reference purposes and is not a guarantee of future results)

### NAVPU GRAPH



\*Benchmark is 50% BPI Philippine Government Bond Index and 50% Philippine Stock Exchange Index.

### CUMULATIVE PERFORMANCE (%) <sup>1</sup>

|                  | 1 mo | 3 mos | 6 mos | 1 YR | 3 YRS | S.I. <sup>2</sup> |
|------------------|------|-------|-------|------|-------|-------------------|
| <b>Fund</b>      | 3.95 | 1.11  | -0.26 | 4.04 | 6.04  | 100.25            |
| <b>Benchmark</b> | 4.58 | 2.53  | 1.21  | 7.77 | 7.97  | 187.00            |

### ANNUALIZED PERFORMANCE (%) <sup>1</sup>

|                  | 1 YR | 2 YRS | 3 YRS | 4 YRS | 5 YRS | S.I. <sup>2</sup> |
|------------------|------|-------|-------|-------|-------|-------------------|
| <b>Fund</b>      | 4.04 | -1.46 | 1.97  | 0.13  | -0.38 | 4.64              |
| <b>Benchmark</b> | 7.77 | -0.49 | 2.59  | 1.22  | 0.83  | 7.13              |

### CALENDAR YEAR PERFORMANCE (%) <sup>1</sup>

|                  | YTD   | 2020 | 2019  | 2018   | 2017  | 2016  |
|------------------|-------|------|-------|--------|-------|-------|
| <b>Fund</b>      | -4.17 | 2.95 | 10.34 | -10.24 | 11.18 | -1.70 |
| <b>Benchmark</b> | -2.33 | 1.87 | 12.01 | -8.29  | 12.45 | 0.92  |

### PORTFOLIO COMPOSITION

| Allocation  | % of Fund |
|---|-----------|
| Equities  | 49.78     |
| Fixed Income  | 43.35     |
| Cash  | 0.60      |
| Time deposit and money market                       | 4.92      |
| Other receivables – net of liabilities <sup>7</sup> | 1.35      |

#### Sector Holdings

|                |       |
|----------------|-------|
| Holding Firms  | 16.86 |
| Industrials    | 5.01  |
| Services       | 4.06  |
| Property       | 13.31 |
| Financials     | 10.53 |
| Mining and Oil | -     |

### NAVPU over the past 12 months

|         |        |
|---------|--------|
| Highest | 211.21 |
| Lowest  | 189.28 |

### STATISTICS

|  |       |
|--|-------|
| Weighted Ave Duration (Yrs)              | 4.63  |
| Portfolio Beta                           | 1.01  |
| Volatility, Past 1 Year (%) <sup>4</sup> | 10.46 |
| Sharpe Ratio <sup>5</sup>                | 0.30  |
| Information Ratio <sup>6</sup>           | -3.30 |
| Current Number of Holdings               | 37    |

<sup>1</sup>On October 1 2012, the bond portion of the Fund's benchmark was changed from HSBC Phil. Liquid Bond Index.

<sup>2</sup>Returns are net of fees.

<sup>3</sup>Since inception.

<sup>4</sup>Measures the degree to which the fund fluctuates vis-à-vis its average return over a period of time. The higher the number, the better.

<sup>5</sup>Used to characterize how well the return of a Fund compensates the investor for the level of risk taken.

<sup>6</sup>Measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

<sup>7</sup>Includes accrued income, investment securities purchased, accrued expenses, etc.

\*Declaration of Trust is available upon request through branch of account.

### TOP TEN HOLDINGS

| Name                           | %    |
|--------------------------------|------|
| Fixed Rate Treasury Note       | 8.92 |
| Fixed Rate Treasury Note       | 7.74 |
| SM Investments Corporation     | 7.08 |
| Fixed Rate Treasury Note       | 6.21 |
| SM Prime Holdings, Inc.        | 6.06 |
| Time Deposit                   | 4.92 |
| Ayala Land, Inc.               | 4.92 |
| Retail Treasury Bond           | 4.83 |
| Bank of the Philippine Islands | 3.66 |
| BDO Unibank, Inc.              | 3.31 |

### RELATED PARTY TRANSACTIONS\*

The Fund has transactions and outstanding investments including deposits, investment in the share/s of stocks, and/or debt issuances of the following companies related to the BPI Asset Management and Trust Corporation (BPI AMTC):

Ayala Corporation – Php 29.81 Million, Ayala Land Inc. – Php 50.04 Million, Bank of the Philippine Islands – Php 34.26 Million, and Globe Telecom – Php 2.28 Million.

Investments in the said outlets were approved by the BPI AMTC's Board of Directors. Likewise, all related party transactions are conducted on an arm's length and best execution basis and within established limits.

\*Related party in accordance with BPI AMTC's internal policy.

## OUTLOOK AND STRATEGY

**Market Review.** The BPI Government Bond Index returned -0.09 % in August, with benchmark government yields rising 8.53 basis points (bps) on average. The yield curve steepened, with rates on the long-end of the curve rising more than those of the belly or the short-end. Average daily trading volume rose to PHP22.20bn from July's PHP20.60bn with trades mostly seen on the belly (3 to 7-year papers) of the curve.

The Bureau of the Treasury (BTr) held four FXTN auctions (10-, 7-, 20 and 11-year tenors) and five Treasury Bill auctions in August. Demand was quite healthy for the first two FXTNs, while reception for the third was somewhat lukewarm, and the last (11-year reissuance of FXTN20-20) fully rejected with market bids seen as too high. There was 1 newly issued paper last month, the fully awarded 7-year FXTN7-65 (coupon of 3.750% with average yield of 3.674%). Meanwhile, average yields for the reissued FXTN10-66 and FXTN25-11 (reissued as a 20-year) were awarded at 3.914% and 4.986%, respectively. The rejected FXTN20-20 auction would have averaged at 4.533%, had the issue been fully awarded. Towards month-end, the BTr released its September auction schedule, announcing five weekly FXTN issuances (5-, twice 7-, and twice 10-year tenors) and five weekly Tbill auctions.

In the local economic space, July inflation continued to ease to 4.0% year-on-year, compared to June's 4.4% and lower than the median forecast. Though it declined, the figure marks another month that inflation has been higher than the Bangko Sentral ng Pilipinas' (BSP) target band of 2-4% for the year. The country's 2Q2021 GDP grew by 11.8% YoY, ending the recession mostly due to base effects. Growth was driven by industry and services, while the agricultural sector lagged. During its Monetary Board held August 12, the Bangko Sentral ng Pilipinas hiked its average inflation forecasts by 1% each year, to 4.1% in 2021 and 3.1% for 2022-2023. It stated however, that the rate of price increases has likely peaked as of earlier this year. BSP Governor Benjamin Diokno has continuously reiterated that the central bank would utilize its full arsenal of tools to support growth and stability.

The Philippine Stock Exchange (PSEi) rallied on the month of August, rising by 9.3% to 6,855.44. It was mainly due to renewed interest in the market after a 9.2% decline in the previous month. Gains were across the board with 26 out of the 30 index names ending in the green. During the month, the Philippine Stock Exchange conducted its semi-annual review where we saw AC Energy Corp (ACEN) and Converge ICT Solutions Inc (CNVRG) making its way in the index replacing DMCI Holdings and Emperador Inc. Moreover, the rally was led by the outperformance of the telecommunications sector particularly GLO and TEL as demand for broadband services remain robust on mobility constraints coupled with investors' excitement over the telcos' fintech units.

August saw a spike in activity with Average Daily Turnover rising by 28.20% to US\$150 million. Meanwhile, we finally saw foreigners' net position to a "buy" at US\$32 million, bucking the trend of consecutive months of net foreign selling.

In terms of individual stock performances, main advancers were: GLO (+46.24%), CNVRG (+35.96%) and AP (+20.69%); while the main laggards include: LTG (-12.49%), RRHI (-5.03%) and FGEN (-2.41%).

**Fund Performance.** The Fund registered a gain of 3.95% in August, underperforming the benchmark by 63 bps. Meanwhile, the YTD performance of the Fund reported a loss of 4.17%, underperforming the benchmark by 184 bps.

**Fund Strategy.** The Fund looks to maintain a neutral duration position given expectations of accelerating local inflation amid higher food prices and dwindling base effects compared to prior months. Volatility may persist in the global space, and the portfolio will be actively managed to take advantage of this. Investors in a bond fund must be prepared to withstand volatility as higher investment value is typically achieved over the medium to long term.

We look to remain strategic long-term buyers of Philippine equities, hinging on a more concrete reopening narrative post-vaccination. We favor quality names or position on cyclicals. We will continue to be nimble and buy on market dips.

## LIST OF PROSPECTIVE INVESTMENTS

The following are among the Fund's approved investment outlets, wherein the Trustee intends to invest depending on strategy, availability, or other market-driven circumstances:

- (a) Bank deposits and such other investments allowed under regulations issued by the BSP;
- (b) Securities issued by or guaranteed by the Philippine government, or by the BSP;
- (c) Tradable securities issued or guaranteed by multilateral institutions such as the Asian Development Bank (ADB), International Monetary Fund (IMF) and World Bank;
- (d) Tradable securities issued by the government of a foreign country, any political subdivision of a foreign country or any supranational entity;
- (e) Exchange-listed securities;
- (f) Marketable instruments that are traded in an organized exchange;
- (g) Loans traded in an organized market; and
- (h) Such other tradable investments outlets/categories as may be approved by the relevant authority and allowed by the BSP.

BPI Asset Management and Trust Corporation (BPI AMTC) is a subsidiary of the Bank of the Philippine Islands. For inquiries and comments, please send an email to [bpi\\_asset\\_management@bpi.com.ph](mailto:bpi_asset_management@bpi.com.ph) or call us at (02) 8580-AMTC (2682).

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