

**BPI ASSET MANAGEMENT AND TRUST CORPORATION**
**ODYSSEY DIVERSIFIED BALANCED FUND**
**KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT**
**As of October 29, 2021**
**FUND FACTS**

<b>Classification:</b>	Balanced Fund	<b>Net Asset Value per Unit (NAVPU):</b>	Php 201.36
<b>Launch Date:</b>	May 12, 2006	<b>Total Fund NAV (Mn):</b>	Php 918.72
<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 928.35 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.

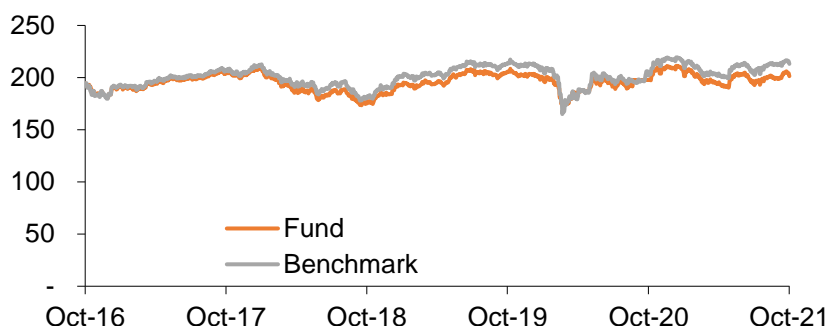
- **THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORP. (PDIC).**
- **RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/ FLUCTUATIONS ONLY.**
- **WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND 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 OCTOBER 29, 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>	1.11	4.53	3.99	1.92	13.78	101.36
<b>Benchmark</b>	0.25	5.17	5.46	4.92	16.97	188.60

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

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. <sup>2</sup>
<b>Fund</b>	1.92	-1.01	4.40	-0.36	0.70	4.63
<b>Benchmark</b>	4.92	-0.15	5.36	0.70	1.84	7.09

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

	YTD	2020	2019	2018	2017	2016
<b>Fund</b>	-3.64	2.95	10.34	-10.24	11.18	-1.70
<b>Benchmark</b>	-1.78	1.87	12.01	-8.29	12.46	0.92

### PORTFOLIO COMPOSITION

Allocation	% of Fund
Equities	50.53
Fixed Income	43.39
Cash	0.65
Time deposit and money market	6.64
Other receivables – net of liabilities <sup>7</sup>	-1.21

#### Sector Holdings

Holding Firms	16.83
Property	14.17
Financials	9.77
Industrials	6.08
Services	3.68
Mining and Oil	0.00

### NAVPU over the past 12 months

Highest	211.21
Lowest	190.21

### STATISTICS

Weighted Ave Duration (Yrs)	4.56
Portfolio Beta	1.00
Volatility, Past 1 Year (%) <sup>4</sup>	9.82
Sharpe Ratio <sup>5</sup>	0.10
Information Ratio <sup>6</sup>	-1.71
Current Number of Holdings	36

<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	10.60
Fixed Rate Treasury Note	7.70
SM Prime Holdings, Inc.	6.83
SM Investments Corporation	6.68
Time Deposit	6.64
Fixed Rate Treasury Note	6.05
Retail Treasury Bond	4.83
Ayala Land, Inc.	4.83
Ayala Corporation	3.42
BDO Unibank, Inc.	3.33

### 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 31.40 Million, Ayala Land Inc. – Php 48.34 Million, Bank of the Philippine Islands – Php 24.51 Million, and Globe Telecom – Php 2.52 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 -1.01% in October, with benchmark government yields rising 21.76 basis points (bps) on average. The yield curve flattened, with rates on the short-end and belly of the curve rising more than the long-end. Average daily trading volume dropped to PHP13.997bn from September's PHP18.615bn with trades mostly seen on the short-end (3 months to 1 year papers) of the curve.

The Bureau of the Treasury (BTr) held four FXTN auctions (two 7-, 6-, and 5-year tenors) and four Treasury Bill auctions in October. Demand was moderate across all the auctions with bids amounting to less than double the original offered volumes, but market players were clearly seeking higher yields. Average rates on the first and second 7-year auctions were at 4.207% and 4.468% respectively, while average rates on the 5-year auction was at 3.576%. Meanwhile, the 5.5-year auction was fully rejected as investors bid for higher rates. Towards month-end, the BTr released its November auction schedule, announcing four weekly FXTN issuances (10-, 7- and two 5-year tenors) and four weekly Tbill auctions.

In the local economic space, September inflation eased to 4.8% year-on-year, as the rise in food and transport prices slowed. The lower figure was a welcome development as there were speculations that inflation was not transitory, though some analysts continued to warn that this was just a blip and higher prices ought to be expected moving forward, given elevated global oil prices. The figure marks yet another month that inflation has been higher than the Bangko Sentral ng Pilipinas' (BSP) target band of 2-4% for the year. Nevertheless, the BSP continues to reiterate that prevailing monetary policy settings are still appropriate, given the current inflation environment and tempered growth outlook.

The Philippine Stock Exchange Index climbed yet again on improved market sentiment as optimism in the country's re-opening shifts to another gear. The country is experiencing continuous drop in the number of COVID-19 cases and thus translating to further easing of restrictions which helps boost the economy. The local bell-weather index rose by 1.46% to close at 7,054.70.

The market was more active in October after registering an Average Value Turnover of US\$202.53 or 15.7% higher than September. One of the main proponents of this higher activity was the deletion of First Gen Corp (FGEN) shortly after its tender offer. This was replaced by Wilcon Depot, Inc. (WLCON).

In terms of foreign activity, we saw foreigners turned net buyers this month at US\$8.02 million. This was buoyed by Megaworld REIT IPO and a block transaction of Union Bank. Otherwise, it would be another foreign selling month.

In terms of individual stock performance, main advancers were: RRHI (+20.17%), JFC (+14.73%), and BLOOM (+14.48%) while laggards were CNVRG (-20.50%), ICT (-7.69%) and JGS (-7.38%)

**Fund Performance.** The Fund registered a gain of 1.11% in October, outperforming the benchmark by 85 bps. Meanwhile, the YTD performance of the Fund reported a loss of 3.64%, underperforming the benchmark by 186 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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