

**BPIASSET MANAGEMENT AND TRUST CORPORATION**
**ODYSSEY DIVERSIFIED CAPITAL FUND**
**KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT**
**As of December 31, 2021**
**FUND FACTS**

<b>Classification:</b>	Balanced Fund	<b>Net Asset Value per Unit (NAVPU):</b>	Php 191.49
<b>Launch Date:</b>	December 4, 2006	<b>Total Fund NAV (Mn):</b>	Php 1,338.51
<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> 0.0011%	<b>External Auditor Fees:</b> 0.0043%	<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 1,352.89 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 70% BPI Philippine Government Bond Index and 30% 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 Capital 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 in 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.

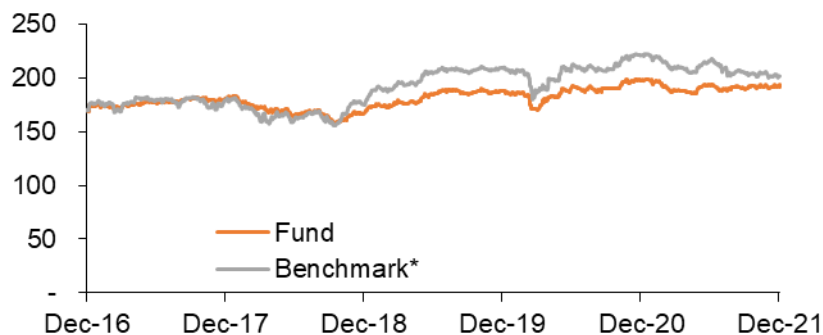
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks.

**• 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.**

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

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

### NAVPU GRAPH



\*Benchmark is composed of 70% BPI Philippine Government Bond Index and 30% 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>	<b>0.12</b>	<b>0.81</b>	<b>-0.68</b>	<b>-3.20</b>	<b>14.86</b>	<b>91.49</b>
<b>Benchmark</b>	0.05	0.19	0.23	-1.79	19.16	153.29

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

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. <sup>2</sup>
<b>Fund</b>	<b>-3.20</b>	<b>1.03</b>	<b>4.73</b>	<b>1.48</b>	<b>2.47</b>	<b>4.40</b>
<b>Benchmark</b>	-1.79	1.83	6.02	2.70	3.66	6.35

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

	YTD	2020	2019	2018	2017	2016
<b>Fund</b>	<b>-3.20</b>	<b>5.44</b>	<b>12.54</b>	<b>-7.65</b>	<b>6.54</b>	<b>-1.28</b>
<b>Benchmark</b>	-1.79	5.59	14.92	-6.65	7.61	1.67

### PORTFOLIO COMPOSITION

Allocation	% of Fund
Equities	33.59
Government Bonds	50.49
Corporate Bonds	11.71
Cash	0.43
Time deposit and Money Market	3.14
Other receivables – net of liabilities <sup>7</sup>	0.63
<b>Sector Holdings</b>	
Holding Firms	10.53
Property	8.29
Financials	6.99
Industrials	4.05
Services	3.73
Mining and Oil	0.00

### 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 34.32 Million, Ayala Land, Inc. – Php 49.62 Million, Bank of the Philippine Islands – Php 30.35 Million, Globe Telecom – Php 2.47 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.

### NAVPU over the past 12 months

Highest	199.06
Lowest	185.25

### STATISTICS

Weighted Ave Duration (Yrs)	4.86
Portfolio Beta	0.98
Volatility, Past 1 Year (%) <sup>4</sup>	5.40
Sharpe Ratio <sup>5</sup>	-0.77
Information Ratio <sup>6</sup>	-0.89
Current Number of Holdings	39

<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 7/19/2031	15.56
Retail Treasury Bond 8/12/2025	9.82
Retail Treasury Bond 6/2/2027	7.52
Fixed Rate Treasury Note 1/10/2029	6.07
Cyberzone Properties, Inc. 1/7/2023	5.74
Fixed Rate Treasury Note 9/9/2025	4.46
Fixed Rate Treasury Note 1/24/2039	4.35
SM Investments Corporation	4.27
SM Prime Holdings, Inc.	3.40
Time Deposit	3.14

## OUTLOOK AND STRATEGY

**Market Review.** The BPI Government Bond Index returned 0.49% in December, with benchmark government yields falling 2.99 basis points (bps) on average. Average daily trading volume fell to PHP14.880bn from November's PHP15.762bn with trades mostly seen on the short-end (3 months to 1-year papers) and belly (7-year papers) of the curve.

The Bureau of the Treasury (BTr) issued only two FXTNs in December, the 10- and 7-year tenors. However, following strong demand for its 5.5-year Retail Treasury Bond issuance last November, bids on both auctions were fully rejected. The BTr also released its January auction schedule, announcing four FXTN issuances (4-, 10- and two 7-year tenors) and four Tbill auctions.

In the local economic space, November inflation further eased to 4.2% year-on-year, with the rise in food prices slowing even as energy costs remained elevated. As inflation is seen to be tempered moving into next year, most analysts believe there is room for the central bank to keep rates accommodative. In early December, the Department of Health shortened the duration between the COVID-19 vaccine second dose and booster from six months to three months. This proved timely as the highly infectious COVID-19 Omicron variant continued its global spread. The BSP kept the policy rate at its record 2% low during the last meeting for 2021, but raised its inflation forecast of 4.4% and 3.4% for 2021 and 2022, citing potential supply constraints on key food items and transport hike petitions as upside risks.

The local bourse index tumbled to end 2021 following the sharp rise in the number of COVID-19 cases. A suspected new variant called "Omicron", along with the traditional holiday gatherings propelled a new surge. The alarm bells sounded-off and the government swiftly responded by enforcing a stricter quarantine measure – Alert level 3 in the National Capital Region from January 3 to 15. The PSEi declined by 1.09% month-on-month, to close 2021 at 7,122.63. For the year, the Philippines slipped by 0.24%.

In terms of market activity, the month of December gained more traction with Average Daily Turnover rising by 15.4% to US\$232.89 million. For foreign activity, foreigners continued to be net buyers with US\$1.72 Bn worth of inflows. Foreign participation was at 45%, lower than 49% recorded in November.

For this month's individual stock performance, the main advancers are as follows: MBT (+11.62%), AEV (+10.90%), and TEL (+7.86%) while the laggards were BLOOM (-19.13%), SMPH (-9.36%) and JFC (-7.90%).

**Fund Performance.** The Fund registered a gain of 0.12% in December, outperforming the benchmark by 7 bps. Meanwhile, the YTD performance of the Fund reported a loss of 3.20%, underperforming the benchmark by 141 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 remain strategic long-term buyers of Philippine equities on the back of economic recovery, favoring quality names and position on cyclicals. We will continue to be nimble and take advantage of tactical opportunities.

## 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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