

BPIASSET MANAGEMENT AND TRUST CORPORATION

ODYSSEY DIVERSIFIED CAPITAL FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of February 26, 2021

FUND FACTS

Classification:	Balanced Fund	Net Asset Value per Unit (NAVPU):	Php 190.85
Launch Date:	December 4, 2006	Total Fund NAV (Mn):	Php 1,424.53
Minimum Investment:	Php 10,000.00	Dealing Day:	Daily up to 2:30 PM
Additional Investment:	Php 5,000.00	Redemption Settlement:	T+3 End-of-Day
Minimum Holding Period:	None	Early Redemption Charge:	None

FEES*

Trustee Fees: 1.500%	Custodianship Fees: 0.0011%	External Auditor Fees: 0.0178%	Other Fees: 0.00%
BPI Asset Management	HSBC	Isla Lipana	None

* As a percentage of average daily NAV for the quarter valued at Php December 2020 divided by the 1,562.82 Million

*Monthly rate: billings received for 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.

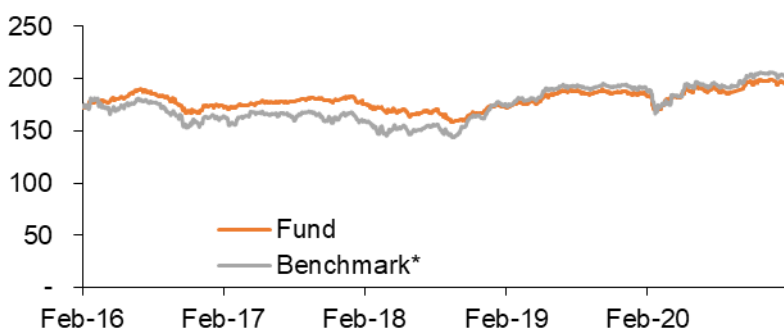
• THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE.

For more information, you may contact us at (632) 8580-AMTC (2682), email us at bpi_asset_management@bpi.com.ph or visit our website, www.bpiassetmanagement.com.

FUND PERFORMANCE AND STATISTICS AS OF February 26, 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.

NAVPU over the past 12 months

Highest	199.06
Lowest	170.24

STATISTICS

Portfolio Beta	1.00
Volatility, Past 1 Year (%) ⁴	11.85
Sharpe Ratio ⁵	0.24
Information Ratio ⁶	-0.72
Current Number of Holdings	42

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

²Returns are net of fees.

³Since inception.

⁴Measures the degree to which the fund fluctuates vis-à-vis its average return over a period of time.

The higher the number, the better.

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

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

⁷Includes accrued income, investment securities purchased, accrued expenses, etc.

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

CUMULATIVE PERFORMANCE (%) ¹

	1 mo	3 mos	6 mos	1 YR	3 YRS	S.I. ²
Fund	-1.56	-1.85	1.20	4.26	8.65	90.85
Benchmark	-0.91	-1.19	2.96	5.78	13.20	150.20

ANNUALIZED PERFORMANCE (%) ¹

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. ²
Fund	4.26	5.29	2.81	2.40	2.05	4.64
Benchmark	5.78	6.20	4.22	3.43	3.68	6.65

CALENDAR YEAR PERFORMANCE(%) ¹

	YTD	2020	2019	2018	2017	2016
Fund	-3.52	5.44	12.54	-7.65	6.54	-1.28
Benchmark	-2.99	5.59	14.92	-6.65	7.61	1.67

PORTFOLIO COMPOSITION

Allocation	% of Fund
Equities	29.63
Government Bonds	43.18
Corporate Bonds	16.33
Cash	0.39
Time deposit and Money Market	5.90
Other receivables – net of liabilities ⁷	4.57

Sector Holdings

Holding Firms	10.52
Property	7.24
Financials	5.23
Industrials	3.08
Services	3.57
Mining and Oil	0.00

TOP TEN HOLDINGS

Name	%
Fixed Rate Treasury Note 7/19/2031	12.38
Retail Treasury Bond 8/12/2025	9.39
Fixed Rate Treasury Note 1/10/2029	9.31
Time Deposit	5.62
Cyberzone Properties, Inc. 1/7/2023	5.46
Fixed Rate Treasury Note 9/9/2025	5.03
Fixed Rate Treasury Note 1/24/2039	5.02
SM Investments Corporation	4.13
Ayala Land, Inc.	3.42
SM Prime Holdings, Inc.	3.39

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 35.25 Million, Ayala Land, Inc. – Php 57.77 Million, Bank of the Philippine Islands – Php 28.39 Million, Globe Telecom – Php 11.37 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 -2.48% in February, with benchmark government yields rising 57 basis points (bps) on average. The curvature of the yield curve increased, with benchmark yields in the belly of the curve rising with a greater magnitude than the rise in short- and long-term yields. Average daily trading volume fell to PHP23.4bn from January's PHP39.2bn, with the 4.5-year RTB5-13 and 9.4-year FXTN10-65 securities seeing the highest trading volumes over the month.

The Bureau of the Treasury (BTr) held two auctions in February. The first was a PHP30-bn reissuance of the 9.4-year security FXTN10-65 (first issued in July 2020); the second was the pricing auction for the March issuance of a new 3-year Retail Treasury Bond, RTB3-11. FXTN10-65 saw total bids of PHP63.05bn and was fully awarded at an average yield of 3.066%. Meanwhile, bids for the new RTB3-11 totaled PHP284.18bn, and the BTr accepted a total of PHP221.22bn worth of bids, awarded at an average yield of 2.375%. The RTB's offer period continues until its March 9 issuance.

In the local economic space, January inflation came in at 4.2% year-on-year, above expectations of 3.5% and quickening from December's 3.5% figure. Food inflation due to supply chain and logistical issues and higher transportation costs due to rising oil prices were the main drivers of the headline figure's increase. Meanwhile, President Duterte rejected calls to loosen quarantine restrictions, citing his desire for more widespread vaccination before easing restrictions. With spiking inflation and slow economic growth continuing to dampen risk sentiment, the Bangko Sentral ng Pilipinas (BSP) kept policy rates steady in its February meeting but raised its full-year 2021 inflation forecast to 4% from its previous forecast of 3.2%. In statements made throughout the month, BSP Governor Benjamin Diokno stated that the spike in inflation was transitory and was being dealt with through non-monetary measures, and suggested that policy rates would remain at current levels until at least the end of the first half of the year.

The Philippine Stock Exchange Index (PSEi) mildly rebounded for the month of February following a slow start of the year. However, much of the recovery was felt during the first week and gains were pared by the renewed concerns over the continuous rising COVID-19 cases, slow vaccination pace, and a seemingly longer economic recovery. Moreover, the surprise inflation print (which came out at 4.2% YoY in January, breaching the 2-4% target by the BSP) led to a knee jerk reaction from the market. Volume surged this month, rising by 10.4% to US\$254 million. Foreign activity, meanwhile, remained on the sell side, with net foreign outflows recorded at US\$190 million.

Macro-economic news for the month include: 1) Inflation rose to 4.2% in January on the back of spikes in food prices, notably on meat, vegetables and fruits. These were partly due to the spill-over effects of typhoons and the African Swine Flu. 2) Remittances dropped in December to US\$2.89 billion owing to declines from Europe (-31%) and Asia (-9%) that offset gains from the USA (+14%). 3) Government debt-to-GDP ratio soared to 14-year high at 54% in December 2020 as the government accelerated borrowings last year due to the pandemic.

In terms of stock performance, the main advancers are as follows: MBT (+12.67%), BPI (+12.02%) and AGI (+8.48%) while the biggest decliners were RRHI (-7.52%), URC (-5.41%) and MEG (-5.24%).

Fund Performance. The Fund registered a loss of 1.56% in February, underperforming the benchmark by 65 bps. Meanwhile, the YTD performance of the Fund reported a loss of 3.52%, underperforming the benchmark by 53 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 stay invested in domestic equities given the low global interest rates. We will continue to buy on dips and adhere to large cap quality cyclical that will benefit from the next economic upswing.

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 any inquiries and complaints relating to our services and products you may call our hotline: 889-10000, or send an email at bpi_asset_management@bpi.com.ph or write a letter addressed to BPI Asset Management and Trust Corporation - Consumer Assistance Office, 7/F, BPI Buendia Center, Sen. Gil J. Puyat Avenue, Makati City 1209.

BPI AMTC as Trustee / Investment Manager is regulated by the Bangko Sentral ng Pilipinas (BSP) with e-mail address: consumeraffairs@bsp.gov.ph.