

BPIASSET MANAGEMENT AND TRUST CORPORATION

ODYSSEY DIVERSIFIED CAPITAL FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of January 29, 2021

FUND FACTS

Classification:	Balanced Fund	Net Asset Value per Unit (NAVPU):	Php 193.87
Launch Date:	December 4, 2006	Total Fund NAV (Mn):	Php 1,464.34
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: 0.0147%	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 November 2020 divided by the 1,621.35 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.

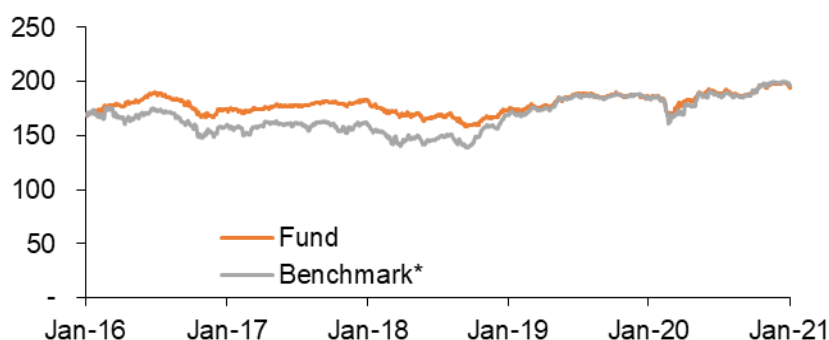
• THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORP. (PDIC).
 • RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/ FLUCTUATIONS ONLY.
 • WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES 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 January 29, 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	0.99
Volatility, Past 1 Year (%) ⁴	11.75
Sharpe Ratio ⁵	0.30
Information Ratio ⁶	-0.33
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	-2.00	1.75	3.00	5.02	6.84	93.87
Benchmark	-2.10	2.24	3.84	5.87	10.69	152.50

ANNUALIZED PERFORMANCE (%)¹

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. ²
Fund	5.02	5.59	2.23	2.68	2.72	4.78
Benchmark	5.87	6.26	3.44	3.64	4.09	6.76

CALENDAR YEAR PERFORMANCE(%)¹

	YTD	2020	2019	2018	2017	2016
Fund	-2.00	5.44	12.54	-7.65	6.54	-1.28
Benchmark	-2.10	5.59	14.92	-6.65	7.61	1.67

PORTFOLIO COMPOSITION

Allocation	% of Fund
Equities	28.59
Government Bonds	48.40
Corporate Bonds	15.95
Cash	0.37
Time deposit and Money Market	7.24
Other receivables – net of liabilities ⁷	-0.55

Sector Holdings

Holding Firms	11.14
Property	6.40
Financials	3.96
Industrials	3.05
Services	4.04
Mining and Oil	0.00

TOP TEN HOLDINGS

Name	%
Fixed Rate Treasury Note 7/19/2031	15.93
Fixed Rate Treasury Note 1/10/2029	9.55
Retail Treasury Bond 8/12/2025	9.22
Fixed Rate Treasury Note 1/24/2039	6.70
Time Deposit	5.46
Cyberzone Properties, Inc. 1/7/2023	5.33
Fixed Rate Treasury Note 9/9/2025	4.95
SM Investments Corporation	4.10
SM Prime Holdings, Inc.	3.03
Petron Corp. 10/27/2021	2.68

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 36.28 Million, Ayala Land, Inc. – Php 47.52 Million, Bank of the Philippine Islands – Php 28.26 Million, Globe Telecom – Php 10.89 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 0.21% in January, with benchmark government yields rising 1 basis point (bp) on average. The yield curve pivoted steeper, with benchmark yields on the short end of the curve declining as longer-term benchmark yields rose. Average daily trading volume rose to PHP39.2bn, from December's PHP26.4bn, with the 4.6-year RTB5-13 and 4.7-year FXTN10-60 securities seeing the highest trading volumes over the month.

The Bureau of the Treasury (BTr) held two FXTN auctions in January, with PHP30bn on offer for each. The first was a reissuance of the 4.7-year security FXTN10-60 (first issued in September 2015); the second was a reissuance of the 6.3-year security FXTN10-61 (first issued in May 2017). Both reissuances saw strong demand and were fully awarded; FXTN10-60 saw total bids of PHP98.7bn and was awarded at an average yield of 2.536%, 36 bps lower than the average yield at which it was awarded in its previous reissuance in November 2020. Meanwhile, FXTN10-61 saw bids totaling PHP82.6bn, and was awarded at an average yield of 2.719%, 7 bps lower than its average yield when it was last reissued in December 2020.

In the local economic space, December inflation came in at 3.5% year-on-year, above expectations of 3.2% and bringing full-year 2020 average inflation to 2.6%. Food inflation continued to spike, driven by supply constraints due to the effects of indement weather and the African Swine Flu. The Philippine full-year GDP figure also disappointed, with fourth-quarter year-on-year growth at -8.3%, bringing the full-year 2020 growth figure to an all-time low of -9.5%. Weak demand and capital formation were the main causes of the decline, as pandemic-related mobility constraints impeded spending and lowered demand expectations, causing companies to cut capital expenditures. The negative growth and high inflation figures, together with doubts about local vaccine acquisition and distribution capability, impaired local risk sentiment, driving investors into safer assets and pushing risk asset prices lower. With its policy rate at record lows and with the possibility of transitorily higher inflation, the Bangko Sentral ng Pilipinas (BSP) is expected to remain accommodative but maintain current policy. In statements made throughout the month, BSP Governor Benjamin Diokno continued to emphasize the bank's focus on supporting growth using the full range of policy tools at its disposal.

The Philippine Stock Exchange Index (PSEi) was off to a roller-coaster start, dimbing high as high as 7,400 intra-day towards mid-month before plummeting at the end to close at 6,612.62 or -7.40% month on month. Early optimism over the COVID-19 vaccines that spurred the market has dissipated on expectations that the actual execution will be delayed. This entails that the economic recovery will also be pushed back. Volumes rose on a month-on-month basis, with the average daily turnover registering at US\$230 million. This is owing to the spike in local retail activity seen in small cap stocks. Foreign outflows continued, recording at US\$273 million to begin the year.

Macro-economic news for the month include: 1) 4Q2020 GDP fell by 8.3% (behind consensus of 7.9%) owing to weak domestic demand, and capital formation. 2) Inflation rose to 3.5% in December, within the BSP's 2.9% to 3.7% range. The increase was a result of higher food prices (vegetables, fruits and meats) due to supply constraints from typhoons. 3) The country's gross international reserves (GIR) climbed to US\$109.8 billion in end-December or equivalent to 11.7 months' worth of imports.

In terms of stock performance, the main advancers are as follows: FGEN (+5.86%), and LTG (+1.2%), while the biggest detractors were AEV (-15.77%), JGS (-15.08%) and PGOLD (12.20%).

Fund Performance. The Fund registered a loss of 2.00% in January, outperforming the benchmark by 10 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 buying on dips and adhere to large cap quality cyclical.

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 supervised by the Bangko Sentral ng Pilipinas (BSP) with telephone number (632) 8708-7087 and e-mail address: consumeraffairs@bsp.gov.ph.