

BPIASSET MANAGEMENT AND TRUST CORPORATION

ODYSSEY DIVERSIFIED CAPITAL FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of July 30, 2021

FUND FACTS

Classification:	Balanced Fund	Net Asset Value per Unit (NAVPU):	Php 187.43
Launch Date:	December 4, 2006	Total Fund NAV (Mn):	Php 1,353.75
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 1,388.72 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.

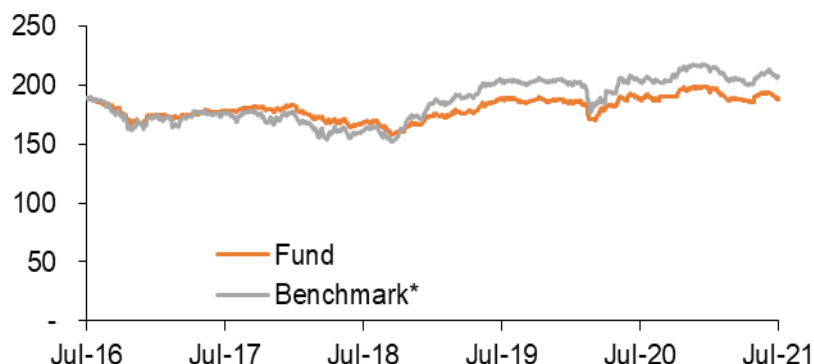
• THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORP. (PDIC).
• RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/ FLUCTUATIONS ONLY.
• WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES 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.

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 July 30, 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 (%) ¹

	1 mo	3 mos	6 mos	1 YR	3 YRS	S.I. ²
Fund	-2.79	0.15	-3.32	-0.43	11.69	87.43
Benchmark	-2.45	0.97	-2.37	1.38	14.93	146.51

ANNUALIZED PERFORMANCE (%) ¹

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. ²
Fund	-0.43	0.01	3.75	1.28	-0.16	4.38
Benchmark	1.38	1.09	4.75	2.22	1.14	6.35

CALENDAR YEAR PERFORMANCE (%) ¹

	YTD	2020	2019	2018	2017	2016
Fund	-5.25	5.44	12.54	-7.65	6.54	-1.28
Benchmark	-4.42	5.59	14.92	-6.65	7.61	1.67

PORTFOLIO COMPOSITION

Allocation	% of Fund
Equities	29.73
Government Bonds	48.97
Corporate Bonds	17.25
Cash	0.42
Time deposit and Money Market	6.43
Other receivables – net of liabilities ⁷	-2.79
Sector Holdings	
Holding Firms	10.58
Property	7.94
Financials	6.05
Industrials	2.26
Services	2.89
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 31.97 Million, Ayala Land, Inc. – Php 49.53 Million, Bank of the Philippine Islands – Php 25.03 Million, Globe Telecom – Php 7.02 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)	4.56
Portfolio Beta	1.01
Volatility, Past 1 Year (%) ⁴	6.24
Sharpe Ratio ⁵	-0.22
Information Ratio ⁶	-1.36
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.

TOP TEN HOLDINGS

Name	%
Fixed Rate Treasury Note 7/19/2031	13.05
Retail Treasury Bond 8/12/2025	9.99
Fixed Rate Treasury Note 1/10/2029	7.62
Cyberzone Properties, Inc. 1/7/2023	5.73
Fixed Rate Treasury Note 9/9/2025	5.34
Fixed Rate Treasury Note 1/24/2039	5.32
Time Deposit	4.21
SM Investments Corporation	3.60
SM Prime Holdings, Inc.	3.32
Ayala Land, Inc.	3.00

OUTLOOK AND STRATEGY

Market Review. The BPI Government Bond Index returned 0.50% in July, with benchmark government yields dropping 5.47 basis points (bps) on average. The yield curve flattened, with rates on the short-end of the curve rising while yields on the belly and long-end of the curve declined. Average daily trading volume fell to PHP20.60bn from June's PHP27.99bn with trades were mostly seen on the short-end (Treasury Bills) and belly (3 to 7-year papers) of the curve.

The Bureau of the Treasury (BTr) held four FXTN auctions (20-, 10- and 2 11.7-year tenors) and four Treasury Bill auctions in June. Demand was quite healthy across all four FXTNs, with bid volumes considerably higher than offered amounts. However, reception to the BTr's tap offerings were luke-warm to mixed. There were 2 newly issued papers last month, the partially awarded 20-year FXTN20-24 (coupon of 5.125% with average yield of 5.085%) and the fully awarded 10-year FXTN10-66 (coupon of 4.000% with average yield of 3.920%). Meanwhile, average yields for the twice reissued FXTN7-64 were awarded at 3.576% and 3.651%, respectively. Towards month-end, the BTr released its August auction schedule, announcing four weekly FXTN issuances (10-, 7-, 20-, and 11-year tenors) and four weekly Tbill auctions.

In the local economic space, June inflation fell to 4.1% year-on-year, compared to May's 4.5% 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. Bloated pork prices persisted due to the ongoing supply pressures brought about by the African Swine Fever outbreak. Meanwhile, transport costs eased due to base effects from last year. The BSP noted that this was still in line with its projection of elevated prices given supply side pressures on food, and that by 2022 prices should stabilize. 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) took a huge hit in July, dropping by 9.20% to 6,270.23 on fears of another wave of COVID-19 sparked by the rising delta variant cases. Credit rating agency, Fitch, maintained the country's BBB rating but revised the outlook from stable to "negative" also weighed-in on investor concerns. Volume was thinner for July with Average Daily Turnover at US\$117 million or 19.3% lower month-on-month. Foreigners were net sellers yet again, registering at US\$184.5 million for the month.

In terms of individual stock performances, main advancers were: EMP (+9.22%), and GLO (+1.09%); while the main laggards include: LTG (-24.26%), MEG (-14.24%) and SMPH (-13.04%).

Fund Performance. The Fund registered a loss of 2.79% in July, underperforming the benchmark by 34 bps. Meanwhile, the YTD performance of the Fund reported a loss of 5.25%, underperforming the benchmark by 83 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 anticipate further volatility due to threat of the rising delta variant. Despite this, we are still strategic long-term buyers of Philippine equities. 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 or call us at (02) 8580-AMTC (2682).

Regulated by the Bangko Sentral ng Pilipinas. <https://www.bsp.gov.ph>, BSP Webchat <https://www.bsp.gov.ph>

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