

BPIASSET MANAGEMENT AND TRUST CORPORATION

ODYSSEY DIVERSIFIED CAPITAL FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of March 31, 2021

FUND FACTS

Classification:	Balanced Fund	Net Asset Value per Unit (NAVPU):	Php 187.19
Launch Date:	December 4, 2006	Total Fund NAV (Mn):	Php 1,385.51
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: 0.0014%	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 1,481.83 Million
 *Monthly rate: billings received for January 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.

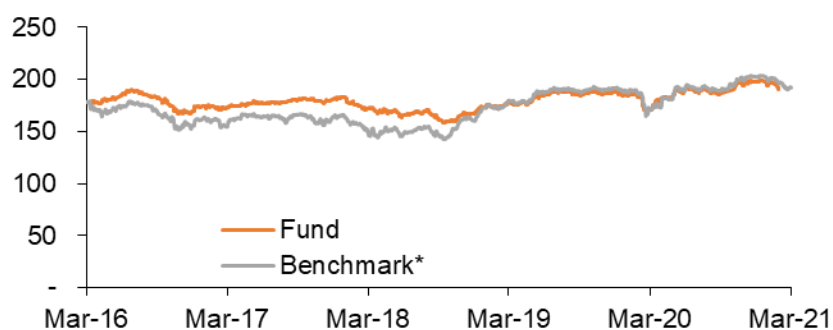
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks.

• 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 March 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.

NAVPU over the past 12 months

Highest	199.06
Lowest	170.45

STATISTICS

Portfolio Beta	1.03
Volatility, Past 1 Year (%) ⁴	9.18
Sharpe Ratio ⁵	0.95
Information Ratio ⁶	-0.81
Current Number of Holdings	43

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	-1.92	-5.37	0.39	9.96	8.74	87.19
Benchmark	-2.68	-5.59	1.06	11.59	11.90	143.50

ANNUALIZED PERFORMANCE (%)¹

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. ²
Fund	9.96	2.27	2.83	2.04	0.97	4.47
Benchmark	11.59	2.93	3.82	2.83	2.41	6.41

CALENDAR YEAR PERFORMANCE(%)¹

	YTD	2020	2019	2018	2017	2016
Fund	-5.37	5.44	12.54	-7.65	6.54	-1.28
Benchmark	-5.59	5.59	14.92	-6.65	7.61	1.67

PORTFOLIO COMPOSITION

Allocation	% of Fund
Equities	29.68
Government Bonds	47.38
Corporate Bonds	16.79
Cash	0.73
Time deposit and Money Market	5.70
Other receivables – net of liabilities ⁷	-0.29

Sector Holdings

Holding Firms	10.41
Property	8.07
Financials	5.47
Industrials	2.59
Services	3.14
Mining and Oil	0.00

TOP TEN HOLDINGS

Name	%
Fixed Rate Treasury Note 7/19/2031	12.51
Retail Treasury Bond 8/12/2025	9.62
Fixed Rate Treasury Note 1/10/2029	9.34
Cyberzone Properties, Inc. 1/7/2023	5.61
Fixed Rate Treasury Note 9/9/2025	5.15
Fixed Rate Treasury Note 1/24/2039	5.11
SM Investments Corporation	4.25
SM Prime Holdings, Inc.	3.65
Time Deposit	3.61
Fixed Rate Treasury Note 9/10/2023	3.60

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 24.43 Million, Ayala Land, Inc. – Php 43.73 Million, Bank of the Philippine Islands – Php 26.00 Million, Globe Telecom – Php 10.55 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 -1.63% in March, with benchmark government yields rising 43 basis points (bps) on average. The yield curve steepened, with rates in the belly and long-end of the curve rising with a greater magnitude than the rise in short-term yields. Average daily trading volume fell to PHP18.66bn from February's PHP23.4bn, with the 4.5-year RTB5-13 and the newly issued RTB3-11 seeing strong trading volumes over the month.

The Bureau of the Treasury (BTr) held two FXTN auctions and five Treasury Bill auctions in March. The first FXTN auction was a PHP30-bn reissuance of the 7-year security FXTN10-61; the second was another PHP30-bn reissuance of the 10-year security FXTN10-65. Average yields awarded were at 3.732% and 4.614%, respectively, both higher than prior auctions of similar tenors. Market demand was quite strong for both with bids exceeding PHP50-bn each. Meanwhile, the Treasury Bills saw yields rising gradually across all three tenors, with average rates for the 91-, 182- and 364-day papers awarded at 1.269%, 1.609% and 1.926%, respectively, during the last auction of the month.

In the local economic space, February inflation accelerated to 4.7% year-on-year, quickening from January's 4.2% figure and marking the 5th straight monthly increase. The rise was mainly attributed to food and non-alcoholic beverage prices, as the cost of meat spiked by 20%. Transport prices also contributed, as global oil prices saw an 18% increase. Meanwhile, local coronavirus (COVID) infections spiked to as much as 10,000 new cases per day, which prompted President Duterte to announce yet another lockdown ahead of the Holy Week long weekend. With uncertainty regarding growth and inflation likely to persist, the Bangko Sentral ng Pilipinas (BSP) kept its policy rates steady once more. BSP Governor Benjamin Diokno assured the public by reiterating that they were ready to address rising inflation pressures should any spillover effect begin to manifest.

The Philippine Bell-weather index fell by 5.2% in March to 6,443.09 following the recent and more aggressive COVID-19 surge. The country has registered record-breaking daily new cases spurred by different variants of the disease. As a response, the government opted to shift back to the strictest quarantine measure – ECQ.

Volume was significantly lighter this month, with Average Daily Turnover recording US\$204 million or 19.7% lower month-on-month. Meanwhile, in terms of foreign activity, outflows persisted in March at US\$483 million. On a year-to-date basis, net foreign outflows registered at US\$946 million.

Macro-economic news for the month include: 1) Inflation increased to 4.7% in February, the highest in over two years. However, the BSP maintained policy rates at 2.0%. 2) The country's gross international reserves rose to US\$109.82 billion as of end-February on the back of BSP's foreign exchange operations and income from its investments abroad. 3) The National Government recorded a Php14.1 billion budget deficit for January of this year, a contrast of last year's Php23 billion surplus. This was partly a result of 12% YoY revenue contraction.

In terms of individual stock performance, the main advancers were SCC (+6.43%), PGOLD (+6.22%) and URC (+4.15%). Meanwhile, the biggest detractors include AEV (-18.15%), BLOOM (-13.00%) and MBT (-12.43%).

Fund Performance. The Fund registered a loss of 1.92% in March, outperforming the benchmark by 76 bps. Meanwhile, the YTD performance of the Fund reported a loss of 5.37%, outperforming the benchmark by 22 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, in hopes of improved vaccine rollout. However, we will adopt a defensive stance amidst the rising volatility from the negative fundamental views. 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 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.