

BPI ASSET MANAGEMENT AND TRUST GROUP
ODYSSEY PESO BOND FUND
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
FUND FACTS

As of June 30, 2021

| | | | |
|--------------------------------|---------------------|---------------------------------|---------------------|
| Classification: | Long Term Bond Fund | NAVPU: | Php 322.18 |
| Launch Date: | May 5, 2003 | Total Fund NAV (Mn): | Php 3,763.17 |
| Minimum Investment: | Php 10,000.00 | Dealing Day: | Daily up to 2:30 PM |
| Additional Investment: | Php 5,000.00 | Redemption Settlement: | T+1 End-of-Day |
| Minimum Holding Period: | None | Early Redemption Charge: | None |

FEES*

| | | | |
|--|--|---|-----------------------|
| Trustee Fees: 1.00% | Custodianship Fees: 0.0009% | External Auditor Fees: 0.0049% | Other Fees: 0% |
| BPI Asset Management | HSBC | Isla Lipana | None |
| *As a percentage of average daily NAV for the quarter valued at Php3,714.74Million | *Monthly rate: Billings received for April 2021 divided by the average daily NAV | *Billings for 2018 divided by the average daily NAV | |

INVESTMENT OBJECTIVE AND STRATEGY

The Fund aims to achieve capital appreciation and income growth in Philippine Peso terms over a period of time by investing in a diversified portfolio of Philippine Peso denominated fixed income instruments. The Fund aims to outperform its benchmark which is the BPI Philippine Government Bond 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 Peso Bond Fund is suitable only for investors who:

- Are at least classified as aggressive based on their risk profile
- Have an investment horizon of more than 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: The fund invests in a long term portfolio of domestic government and corporate securities, exposing investors to the risk of loss arising from a rise in interest rates, which generally causes fixed income security prices to decline. Factors/ events that may lead to a rise interest rates include adverse market conditions, issuer-specific factors/ events and/ or negative developments in domestic political and economic conditions.

Liquidity Risk: Investors are exposed to the risk of loss due to the fund's inability to convert 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.

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.

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 securities issued by related parties, as well as the execution of trade transactions with related counterparties.

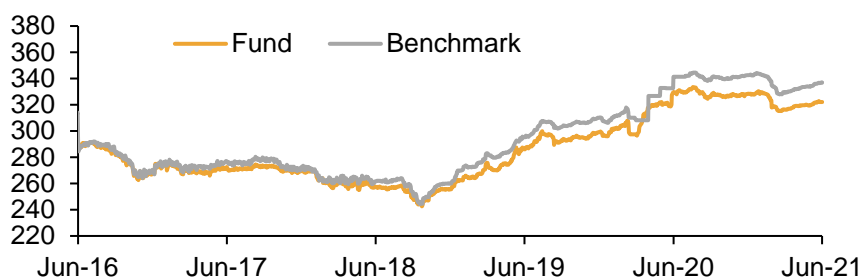
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks.

• **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 JUNE 30, 2021

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

NAVPU GRAPH



*Benchmark is the BPI Philippine Government Bond Index

CUMULATIVE PERFORMANCE (%) ¹

| | 1 mo | 3 mos | 6 mos | 1 YR | 3 YRS | S.I. ² |
|------------------|-------------|-------------|--------------|--------------|--------------|-------------------|
| Fund | 0.86 | 1.92 | -1.89 | -2.09 | 25.13 | 222.18 |
| Benchmark | 0.93 | 2.26 | -1.70 | -1.30 | 28.74 | 270.03 |

ANNUALIZED PERFORMANCE (%) ¹

| | 1 YR | 2 YRS | 3 YRS | 4 YRS | 5 YRS | S.I. ² |
|------------------|--------------|-------------|-------------|-------------|-------------|-------------------|
| Fund | -2.09 | 6.04 | 7.76 | 4.27 | 2.43 | 6.65 |
| Benchmark | -1.30 | 6.82 | 8.79 | 5.00 | 3.34 | 7.47 |

CALENDAR YEAR PERFORMANCE (%) ¹

| | YTD | 2020 | 2019 | 2018 | 2017 | 2016 |
|------------------|--------------|-------------|--------------|--------------|-------------|-------------|
| Fund | -1.89 | 9.83 | 17.01 | -5.17 | 0.20 | 0.09 |
| Benchmark | -1.70 | 10.52 | 19.23 | -4.40 | 0.58 | 2.51 |

PORTFOLIO COMPOSITION

| Allocation | % of Fund |
|---|-----------|
| Government | 67.58 |
| Corporates | 18.66 |
| Cash | 0.14 |
| Time deposits and money market | 12.54 |
| Other receivables - net of liabilities ⁶ | 1.08 |

Maturity Profile

| | |
|---------------------------|-------|
| Cash and less than 1 year | 16.70 |
| Between 1 and 3 years | 18.89 |
| Between 3 and 5 years | 25.44 |
| Between 5 and 7 years | - |
| Between 7 and 10 years | 9.15 |
| More than 10 years | 29.83 |

Portfolio Weightings

| | |
|----------------------------|-------|
| Philippine Corporate Bonds | 18.66 |
| Philippine Sovereign Bonds | 67.58 |

NAVPU over the past 12 months

| | |
|---------|--------|
| Highest | 333.41 |
| Lowest | 315.17 |

STATISTICS

| | |
|--|-------|
| Weighted Ave Duration (Yrs) | 4.52 |
| Volatility, Past 1 Year (%) ³ | 4.08 |
| Sharpe Ratio ⁴ | -0.75 |
| Information Ratio ⁵ | -0.50 |
| Portfolio Weighted Yield to Maturity (%) | 2.39 |
| Current Number of Holdings | 23 |

¹Returns are net of fees.

²Since inception.

³Measures the degree to which the Fund fluctuates vis-à-vis its average return over a period of time.

⁴Used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better.

⁵Measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

⁶Includes accrued income, investment securities purchased, accrued expenses, etc.

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

TOP TEN HOLDINGS

| Name | Maturity | % of Fund |
|----------------------------|------------|-----------|
| Fixed Rate Treasury Note | 07/19/2031 | 23.64 |
| Retail Treasury Bond | 08/12/2025 | 13.82 |
| Fixed Rate Treasury Note | 01/10/2029 | 7.94 |
| Time Deposit | | 6.64 |
| Fixed Rate Treasury Note | 01/24/2039 | 6.19 |
| Cyberzone Properties, Inc. | 01/07/2023 | 6.17 |
| Fixed Rate Treasury Note | 09/10/2023 | 4.01 |
| Time Deposit | | 3.24 |
| Petron Corp. | 10/27/2021 | 2.94 |
| SM Prime Holdings, Inc. | 03/25/2025 | 2.87 |

RELATED PARTY TRANSACTIONS

The Fund has transactions and outstanding investments including deposits, investment in the share/s of the stocks, and/or debt issuances of the following companies related to BPI Asset Management and Trust Corporation (BPI AMTC):

Ayala Land, Inc. – Php 31.81 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 0.93% in June, with benchmark government yields dropping 15.48 basis points (bps) on average. The yield curve steepened somewhat, with rates on the short-end and belly of the curve declining while yields on the long-end of the curve rose. Average daily trading volume rose to PHP27.99bn from May's PHP21.01bn, as investors sought to deploy proceeds from the maturity of jumbo issuance RTB3-9. 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-, 7, 10- and 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. Average yields for the reissued FXTN25-11, FXTN7-64, FXTN10-65 and FXTN20-20 were awarded at 5.084%, 3.685%, 3.719% and 4.187%, respectively. Meanwhile, the Treasury Bills saw yields falling gradually across all three tenors, with average rates for the 91-, 182- and 364-day papers awarded at 1.031%, 1.332% and 1.563%, respectively, during the last auction of June. Towards month-end, the BTr released its July auction schedule, again announcing five weekly FXTN issuances (11-, 7-, 20-, 10-, and 7-year tenors) and four weekly T-bill auctions.

In the local economic space, May inflation came in at 4.5% year-on-year, unchanged from April and in-line with the median forecast. This marked the 5th straight month that inflation has been higher than the Bangko Sentral ng Pilipinas' (BSP) target band of 2-4% for the year. Bloated pork prices due to the African Swine Fever outbreak kept the food prices overall elevated. Transport costs likewise remained high due to global fuel prices. However, 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. Consequently, the central bank maintained its policy rates at the current record lows during its Monetary Policy meeting concluded last June 24. BSP Governor Diokno has reiterated that the central bank would utilize its full arsenal of tools to support growth and stability.

Fund Performance. The Fund underperformed its benchmark by 7 basis points, returning 0.86% for the month.

Fund Strategy. The Fund looks to maintain a neutral duration position given expectations of accelerating local inflation amid recovering oil prices and dwindling base effects. 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.

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 theBSP;
- 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;
- h) Such other tradable investments outlets/categories as may be approved by the relevant authority and allowed by the BSP; and
- i) Allowable investments denominated in any acceptable foreign currency.

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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