

BPI ASSET MANAGEMENT AND TRUST CORPORATION
ODYSSEY PHILIPPINE DOLLAR BOND FUND
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
 As of June 30, 2021



FUND FACTS

Classification:	Long Term Bond Fund	NAVPU:	USD 32.22
Launch Date:	May 5, 2003	Total Fund NAV (Mn):	USD 16.55
Minimum Investment:	USD 1,000.00	Dealing Day:	Daily up to 2:30 PM
Additional Investment:	USD 100.00	Redemption Settlement:	T+3 End-of-Day
Minimum Holding Period:	None	Early Redemption Charge:	None

FEES*

Trustee Fees: 1.25%	Custodianship Fees: 0.0013%	External Auditor Fees: 0.0047%	Other Fees: 0.00%
BPI Asset Management	HSBC	Isla Lipana	None

*As a percentage of average daily NAV for the quarter valued at USD 17.02 Million
 *Monthly rate: Billings received for April 2021 divided by average daily NAV
 *Billings for 2018 divided by average daily NAV

INVESTMENT OBJECTIVE AND STRATEGY

The Fund is for US Dollar investors who want to achieve capital appreciation and income growth over a period of time. To achieve this, the Fund will be invested in a diversified portfolio of US dollar-denominated fixed income instruments issued by the Philippine government, corporations, & financial institutions. The Fund aims to outperform its benchmark, the JP Morgan Chase Asia Total Return Philippines 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 Philippine Dollar Bond Fund is suitable only for investors who:

- Are at least classified as aggressive based on their risk profile
- Have an investment horizon of 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:	The fund invests in a long term portfolio of US Dollar denominated Philippine sovereign 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 and global 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.
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.
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 and global political and economic conditions.

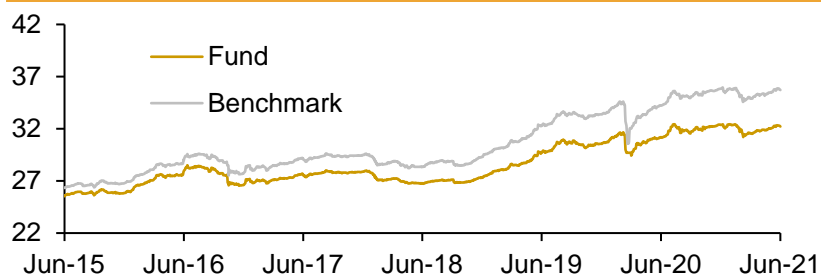
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks.

- **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 JUNE 30, 2021

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

NAVPU GRAPH



*Benchmark: JP Morgan Chase Asia Total Return Philippines Index

CUMULATIVE PERFORMANCE (%) ¹

	1 mo	3 mos	6 mos	1 YR	3 YRS	S.I. ⁵
Fund	0.72	2.19	-0.43	3.30	20.49	222.20
Benchmark	0.68	2.34	-0.30	4.33	25.92	330.35

ANNUALIZED PERFORMANCE (%) ¹

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. ⁵
Fund	3.30	4.21	6.41	4.02	2.88	6.65
Benchmark	4.33	5.21	7.98	5.29	4.25	8.36

CALENDAR YEAR PERFORMANCE (%) ¹

	YTD	2020	2019	2018	2017	2016
Fund	-0.43	5.89	11.86	-2.01	4.77	3.06
Benchmark	-0.30	7.30	13.95	-0.61	6.36	3.53

PORTFOLIO COMPOSITION

Allocation	% of Fund
Government	42.64
Corporates	49.82
Cash	1.14
Time deposits and money market	6.10
Other receivables, net of liabilities ⁶	0.29
Maturity Profile	
Cash and less than 1 year	7.53
Between 1 and 3 years	24.78
Between 3 and 5 years	1.48
Between 5 and 7 years	-
Between 7 and 10 years	38.93
More than 10 years	27.28
Portfolio Weightings	
Philippine Corporate Bonds	49.82
Philippine Sovereign Bonds	42.64

NAVPU over the past 12 months

Highest	32.44
Lowest	31.13

STATISTICS

Weighted Average Duration	6.581
Volatility, Past 1 Year (%) ¹	4.69
Sharpe Ratio ³	0.69
Information Ratio ⁴	-1.68
Portfolio Weighted Yield to Maturity (%)	2.405
Current Number of Holdings	13

¹Returns are net of fees.

²Measures the degree to which the Fund fluctuates vis-à-vis its average return over a period of time

³Used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better.

⁴Measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

⁵Since inception.

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

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

TOP TEN HOLDINGS

Name		% of Fund
Republic of the Philippines	10/23/2034	16.19
Republic of the Philippines	2/2/2030	13.88
SM Investments Corporation	6/10/2024	13.71
Aboitiz Equity Ventures, Inc	1/16/2030	13.22
Republic of the Philippines	2/2/2042	11.09
AC Energy	1/29/2024	11.06
Int'l Container Terminal Services, Inc.	6/17/2030	9.21
Manila Water Company, Inc.	7/30/2030	2.61
Time Deposit		2.42
Time Deposit		1.51

RELATED PARTY TRANSACTIONS

The Fund has investments and trade transactions with Bank of the Philippine Islands, its subsidiaries and related parties:

AC Energy – USD 1.83 Mn
Bank of the Philippine Islands – USD 0.16 Mn
Manila Water Company, Inc. – USD 0.43 Mn

Investments in the said outlets were approved by the Trust Committee. 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's internal policy.

OUTLOOK AND STRATEGY

Market Review. The JP Morgan Asia Credit Index (JACI) Philippines marginally rose by 0.68% in June as Philippine dollar-denominated bond yields mimicked the slight gains in US Treasuries.

Vaccine rollouts continued to gain momentum in June with some of the more successful countries making headway on reopening their economies. However, it was the FOMC (Federal Open Market Committee) meeting that took center stage in terms of new developments. During its scheduled meeting, the Federal Reserve (the Fed) made upward revisions to its inflation and economic growth projections, while simultaneously unveiling two unexpected 2023 rate hike projections in their updated Fed “dot plot” (used to show where the Fed members think rates will be in the next few years). The US Treasury yield curve flattened in response, with yields on the short-end of the curve rising sharply while the long-end fell slightly. Nevertheless, commentary from various Fed members during the month, particularly Fed Chair Jerome Powell, attempted to calm market somewhat by stating that recovery was still some ways away and that any changes to their existing asset purchases would be “orderly, methodical and transparent”. For the month, the 10-year US Treasury benchmark yield fell by 12 basis points to end the month at the 1.47% level.

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 Benjamin Diokno has continuously reiterated that the central bank would utilize its full arsenal of tools to support growth and stability.

Fund Performance. The Fund gained 0.72% for the month, above its benchmark by 4 basis points.

Fund Strategy. The Fund looks to maintain a neutral duration position and opportunistically add exposure to corporate issuers to enhance yield. Global events remain likely to add volatility. 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 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;
- h) Such other tradable investments outlets/categories as may be approved by the relevant authority and allowed by the BSP; and
- i) The Trustee may invest in 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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