

BPI ASSET MANAGEMENT AND TRUST CORPORATION
ODYSSEY DIVERSIFIED BALANCED FUND
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
As of May 31, 2022
FUND FACTS

Classification:	Balanced Fund	Net Asset Value per Unit (NAVPU):	Php 196.80
Launch Date:	May 12, 2006	Total Fund NAV (Mn):	Php 877.77
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: 0.0013%	External Auditor Fees: 0.0044%	Other Fees: 0.00%
BPI Asset Management	HSBC	Isla Lipana	None

* As a percentage of average daily NAV for the quarter valued at Php 894.79 Million

*Monthly rate: billings received for April 2021 divided by the average daily NAV for the month

*Billings received in 2018 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 50% BPI Philippine Government Bond Index and 50% 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 Balanced 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 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.

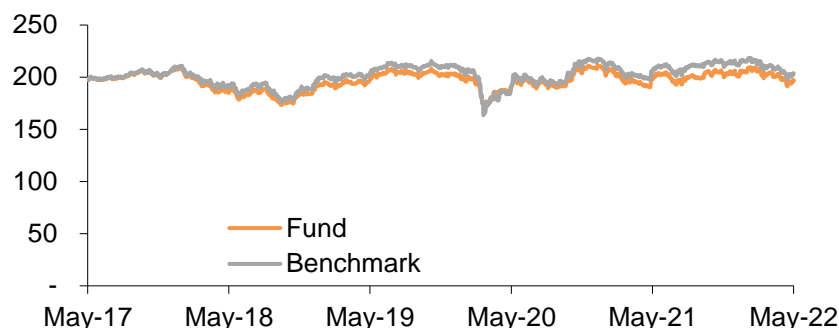
- **THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORP. (PDIC).**
- **RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/ FLUCTUATIONS ONLY.**
- **WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND 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 MAY 31, 2022

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

NAVPU GRAPH



*Benchmark is 50% BPI Philippine Government Bond Index and 50% Philippine Stock Exchange Index.

CUMULATIVE PERFORMANCE (%)¹

	1 mo	3 mos	6 mos	1 YR	3 YRS	S.I. ²
Fund	-0.21	-4.77	-3.16	-0.64	-0.88	96.80
Benchmark	-0.55	-4.97	-4.72	-0.91	-0.80	177.37

ANNUALIZED PERFORMANCE (%)¹

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. ²
Fund	-0.64	1.59	-0.29	1.44	-0.03	4.30
Benchmark	-0.91	3.09	-0.27	1.67	0.60	6.56

CALENDAR YEAR PERFORMANCE (%)¹

	YTD	2021	2020	2019	2018	2017
Fund	-2.90	-3.01	2.95	10.34	-10.24	11.18
Benchmark	-4.48	-1.18	1.87	12.01	-8.29	12.46

PORTFOLIO COMPOSITION

Allocation	% of Fund
Equities	45.54
Fixed Income	45.33
Cash	0.66
Time deposit and money market	7.97
Other receivables – net of liabilities ⁷	0.50

Sector Holdings

Holding Firms	13.50
Property	9.50
Financials	8.33
Services	7.71
Industrials	6.50
Mining and Oil	0.00

NAVPU over the past 12 months

Highest	209.67
Lowest	191.37

STATISTICS

Weighted Ave Duration (Yrs)	3.64
Portfolio Beta	0.99
Volatility, Past 1 Year (%) ⁴	10.43
Sharpe Ratio ⁵	-0.15
Information Ratio ⁶	0.14
Current Number of Holdings	45

¹On November 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	8.75
Time Deposit	7.97
SM Investments Corporation	6.02
Retail Treasury Bond	5.52
SM Prime Holdings, Inc.	4.98
Fixed Rate Treasury Note	4.68
Retail Treasury Bond	3.93
BDO Unibank, Inc.	3.57
Ayala Land, Inc.	3.19
Bank of the Philippine Islands	2.99

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 23.03 Million, Ayala Land Inc. – Php 31.87 Million, Bank of the Philippine Islands – Php 26.29 Million, and Globe Telecom – Php 17.15 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 -1.82% in May, with benchmark government yields rising 57 basis points (bps) on average. Average daily trading volume fell to PHP10.89bn from April's PHP14.67bn with trades mostly seen on the short-end (3-month to 1-year papers) of the curve.

The Bureau of the Treasury (BTr) held four FXTN auctions and four Treasury Bill auctions in May. The re-issuance of the 3-year FXTN 3-27 and 10-year FXTN 10-67 were fully awarded at average rates of 4.598% and 6.894%, while the 5-year FXTN 10-61 was partially awarded at an average rate of 5.772%. The new issuance of the 7-year paper, FXTN 7-67, was partially awarded with a coupon rate of 6.5%. The May auction schedule was released with five FXTN issuances (3-, 5-, 10-, and two 7-year tenors) and four Treasury Bill auctions.

In the local economic space, the Philippine economy grew 8.3% year-on-year for the first quarter of 2022 as mobility restrictions eased following the surge of COVID19 Omicron cases earlier this year. April inflation moved past the BSP's 2-4% inflation target reaching 4.9% year-on-year, primarily driven by food, transport and utility costs. The Bangko Sentral ng Pilipinas (BSP) hiked its policy rates by 25 basis points to fight price pressures driven by war in Europe and supply chain disruptions. Moreover, the BSP revised its inflation forecast upward for 2022 and 2023 to 4.6% and 3.9%, respectively.

The Philippine Stock Exchange Index (PSEi) managed to eke out gains for the eventful month of May. While the market continued to move in line with external events, politics was in the spotlight in the domestic space as the National Elections took place last May 9. Ferdinand Marcos Jr. emerged victorious as the President-elect after garnering majority of the votes. Alongside him is his running mate and daughter of the outgoing President, Sara Duterte, who won the Vice Presidency. Market sentiment was dampened still largely due to global economic concerns, local inflationary worries, and liquidity events (i.e MONDE's float number increase, CNVRG secondary share placement and MSCI rebalancing). However, the market rebounded following the appointments of key economic cabinet members and the release of better-than-expected 1Q 2022 GDP results. The PSEi rose by 0.65% to close at 6,774.68.

We saw significant level of activity during the month of May with Average Daily Turnover registering at US\$187 million or 90.8% higher than in April. Meanwhile, foreigners continued to be net sellers with a Net Foreign Outflow of US\$350 million in May, stretching the Year-to-date figure to US\$569 million.

In terms of individual stock performances, top contributors for the month include: MONDE (+14.02%), MBT (+7.63%) and GLO (+6.96%) while the laggards were SECB (-10.39%), AGI (-9.48%) and EMP (-8.41%).

Fund Performance. The Fund registered a loss of 0.21% in May, outperforming the benchmark by 34 bps. Year-to-date, the Fund registered a loss of 2.90%, outperforming the benchmark by 158 bps.

Fund Strategy. The Fund looks to maintain its underweight duration position given expectations of rising interest rates moving forward. With inflation having exceeded the government's target range, the BSP remains vigilant in monitoring supply side pressures and potential second-round 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.

We look to remain strategic long-term buyers of Philippine equities, hinging on a more concrete reopening narrative post-vaccination. 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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