

BPI ASSET MANAGEMENT AND TRUST CORPORATION

**ODYSSEY DIVERSIFIED BALANCED FUND**

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of October 28, 2022

**FUND FACTS**

<b>Classification:</b>	Balanced Fund	<b>Net Asset Value per Unit (NAVPU):</b>	Php 186.27
<b>Launch Date:</b>	May 12, 2006	<b>Total Fund NAV (Mn):</b>	Php 819.69
<b>Minimum Investment:</b>	Php 10,000.00	<b>Dealing Day:</b>	Daily up to 2:30 PM
<b>Additional Investment:</b>	Php 5,000.00	<b>Redemption Settlement:</b>	T+3 End-of-Day
<b>Minimum Holding Period:</b>	None	<b>Early Redemption Charge:</b>	None

**FEES\***

<b>Trustee Fees:</b> 1.500%	<b>Custodianship Fees:</b> 0.0013%	<b>External Auditor Fees:</b> 0.0044%	<b>Other Fees:</b> 0.00%
BPI Asset Management	HSBC	Isla Lipana	None

\* As a percentage of average daily NAV for the quarter valued at Php 845.29 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.

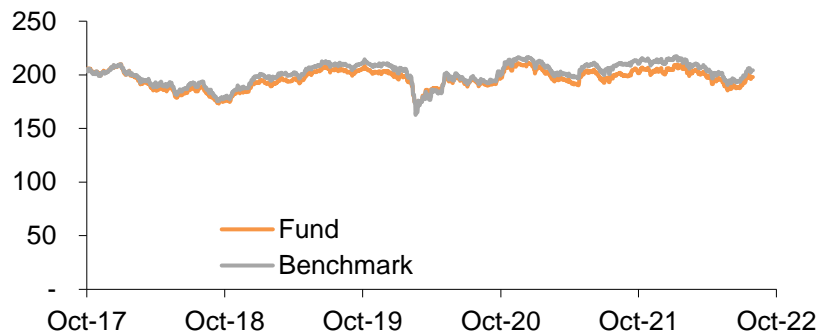
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks.

- **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.**
- **THIS PRODUCT CANNOT BE SOLD TO YOU UNLESS ITS BENEFITS AND RISKS HAVE BEEN THOROUGHLY EXPLAINED. IF YOU DO NOT FULLY UNDERSTAND THIS PRODUCT, DO NOT PURCHASE OR INVEST IN IT.**

## FUND PERFORMANCE AND STATISTICS AS OF OCTOBER 28, 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 (%)<sup>1</sup>

	1 mo	3 mos	6 mos	1 YR	3 YRS	S.I. <sup>2</sup>
<b>Fund</b>	2.95	-1.98	-5.55	-7.49	-9.36	86.27
<b>Benchmark</b>	2.91	-2.47	-5.86	-9.03	-9.30	162.55

### ANNUALIZED PERFORMANCE (%)<sup>1</sup>

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. <sup>2</sup>
<b>Fund</b>	-7.49	-2.90	-3.22	1.29	-1.83	3.85
<b>Benchmark</b>	-9.03	-2.30	-3.20	1.57	-1.33	6.03

### CALENDAR YEAR PERFORMANCE (%)<sup>1</sup>

	YTD	2021	2020	2019	2018	2017
<b>Fund</b>	-8.10	-3.01	2.95	10.34	-10.24	11.18
<b>Benchmark</b>	-9.58	-1.18	1.87	12.01	-8.29	12.46

### PORTFOLIO COMPOSITION

Allocation	% of Fund
Equities	47.85
Fixed Income	49.53
Cash	0.64
Time deposit and money market	1.59
Other receivables – net of liabilities <sup>7</sup>	0.40

#### Sector Holdings

Holding Firms	14.19
Property	9.74
Financials	9.86
Industrials	7.43
Services	6.63
Mining and Oil	0.00

### NAVPU over the past 12 months

Highest	209.67
Lowest	180.94

### STATISTICS

Weighted Ave Duration (Yrs)	4.80
Portfolio Beta	1.01
Volatility, Past 1 Year (%) <sup>4</sup>	10.99
Sharpe Ratio <sup>5</sup>	-0.80
Information Ratio <sup>6</sup>	0.98
Current Number of Holdings	43

<sup>1</sup>On November 1 2012, the bond portion of the Fund's benchmark was changed from HSBC Phil. Liquid Bond Index.

<sup>2</sup>Returns are net of fees.

<sup>3</sup>Since inception.

<sup>4</sup>Measures the degree to which the fund fluctuates vis-à-vis its average return over a period of time. The higher the number, the better.

<sup>5</sup>Used to characterize how well the return of a Fund compensates the investor for the level of risk taken.

<sup>6</sup>Measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

<sup>7</sup>Includes accrued income, investment securities purchased, accrued expenses, etc.

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

### TOP TEN HOLDINGS

Name	%
Retail Treasury Bond	14.14
Fixed Rate Treasury Note	9.00
SM Investments Corporation	6.65
Retail Treasury Bond	5.71
SM Prime Holdings, Inc.	5.65
Fixed Rate Treasury Note	4.84
BDO Unibank, Inc.	4.13
Ayala Corporation	3.29
Ayala Land, Inc.	3.18
Universal Robina Corp.	2.80

### 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 26.94 Million, Ayala Land Inc. – Php 29.75 Million, Bank of the Philippine Islands – Php 21.46 Million, Globe Telecom – Php 15.24 Million, and AC Energy Corporation – Php 6.86 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 -1.29% in October, with benchmark government yields rising 45 basis points (bps) on average. Average daily trading volume fell to PHP7.04 billion from September's PHP11.22 billion with trades mostly seen on the short end (3- to 6-month papers) of the curve.

The Bureau of the Treasury (BTr) held four FXTN auctions in October. The new issuance of the 10-year FXTN 10-70 was fully awarded with a coupon rate of 7.500%, while the reissuance of the 13-year FXTN 25-7 was fully awarded at an average rate of 7.887%. However, the reissuance of the 3-year FXTN 7-61 and the 6-year FXTN 7-68 were both partially awarded at average yields of 5.746% and 7.000%, respectively. As market participants bid higher pricing in rate hike expectations, the BTr awarded some bids above the secondary market rates. Towards the end of the month, the BTr released the November auction schedule with four Treasury Bill auctions and four FXTN issuances (3-, 5-, 12-, and 20-year tenors), offering the first 20-year paper for the year.

In the local economic space, inflation for the month of September rose by 6.9% year-on-year, its highest level in four years. Prices for food, fuel, and utilities remained elevated as supply side pressures persisted. Given the persistent price pressures and the current pace of FED rate hikes, BSP Governor Felipe Medalla remained hawkish with a remark of a possibility of more than 100-bp hike in the last 2 policy meetings for the year.

The Philippine Stock Exchange Index (PSEi) rallied in October as bargain-hunting after a steep decline in September. The PSEi's positive performance also tracked US stocks rally given better-than-expected 3Q earnings report and the hope that the US Federal Reserve (Fed) will slow the pace of its tightening. Cooling US housing market and decelerating manufacturing growth are few of the economic data that the Fed will definitely take into consideration. The PSEi rose by 7.2% to close at 6,153.43

Trading volume remained thin as many expected with Average Daily Value Turnover coming in at US\$ 155 million or 32% lower than the prior month. Meanwhile, foreigners continued to be net sellers at US\$11.6 million for October. This has stretched the year-to-date Net Foreign Selling to US\$ 1.24 billion.

For the individual stock performances, the top index gainers for the month include: MER (+14.60%), GLO (+14.38%) and BDO (+14.17%). Meanwhile, the bottom index performers were: SCC (-10.38%), RLC (-9.95%) and WLCON (-8.14%).

**Fund Performance.** The Fund registered a gain of 2.95% in October, above the benchmark by 4 bps. Year-to-date, the Fund registered a loss of 8.10%, outperforming the benchmark by 148 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.

The Fund will maintain its defensive stance given the persisting volatility in the global markets. Global rate hikes, high inflation and local currency depreciation coupled with low-volume trading will continue to apply pressure on equity assets. Likewise, the fund will prefer defensive names (high dividend yielding stocks). Tactically, the fund will take advantage of price swings – raising cash on rallies and buying on 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](mailto: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>

SMS: 021582277 & BSP CAMS Facebook <https://www.facebook.com/BangkoSentralngPilipinas>

For more information, you may contact us at (632) 8580-AMTC (2682), email us at [bpi\\_asset\\_management@bpi.com.ph](mailto:bpi_asset_management@bpi.com.ph) or visit our website, [www.bpiassetmanagement.com](http://www.bpiassetmanagement.com).