

BPIASSET MANAGEMENT AND TRUST CORPORATION
ODYSSEY DIVERSIFIED CAPITAL FUND
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
As of August 31, 2022
FUND FACTS

Classification:	Balanced Fund	Net Asset Value per Unit (NAVPU):	Php 185.45
Launch Date:	December 4, 2006	Total Fund NAV (Mn):	Php 1,223.84
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: 0.0011%	External Auditor Fees: 0.0043%	Other Fees: 0.00%
BPI Asset Management	HSBC	Isla Lipana	None

* As a percentage of average daily NAV for the quarter valued at Php 1,218.81 Million

*Monthly rate: billings received for April 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.

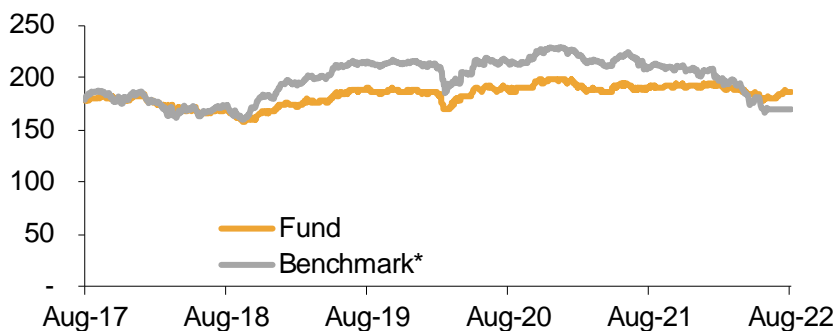
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks.

• 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 AUGUST 31, 2022

(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.

CUMULATIVE PERFORMANCE (%)¹

	1 mo	3 mos	6 mos	1 YR	3 YRS	S.I. ²
Fund	2.01	0.19	-3.41	-3.07	-2.00	85.45
Benchmark	2.05	0.61	-3.51	-3.81	-0.19	143.53

ANNUALIZED PERFORMANCE (%)¹

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. ²
Fund	-3.07	-0.84	-0.67	2.16	0.82	4.00
Benchmark	-3.81	0.10	-0.06	2.82	1.50	5.81

CALENDAR YEAR PERFORMANCE (%)¹

	YTD	2021	2020	2019	2018	2017
Fund	-3.15	-3.20	5.44	12.54	-7.65	6.54
Benchmark	-3.86	-1.79	5.59	14.92	-6.65	7.61

PORTFOLIO COMPOSITION

Allocation	% of Fund
Equities	28.19
Government Bonds	53.81
Corporate Bonds	4.80
Cash	0.44
Time deposit and Money Market	5.56
Other receivables – net of liabilities ⁷	7.20
Sector Holdings	
Holding Firms	8.37
Property	5.91
Financials	5.11
Industrials	4.03
Services	4.78
Mining and Oil	0.00

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 22.16 Mn, Ayala Land, Inc. – Php 32.88 Mn, Bank of the Philippine Islands – Php 21.71 Mn, Globe Telecom – Php 12.63 Mn, ACEN Corporation – Php 0.91 Mn

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.

NAVPU over the past 12 months

Highest	194.85
Lowest	178.04

STATISTICS

Weighted Ave Duration (Yrs)	4.19
Portfolio Beta	1.01
Volatility, Past 1 Year (%) ⁴	6.26
Sharpe Ratio ⁵	-0.66
Information Ratio ⁶	0.50
Current Number of Holdings	42

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.

TOP TEN HOLDINGS

Name	%
Fixed Rate Treasury Note 7/19/2031	10.67
Retail Treasury Bond 6/2/2027	7.92
Retail Treasury Bond 8/12/2025	6.98
Fixed Rate Treasury Note 1/10/2029	6.19
Time Deposit	5.56
Fixed Rate Treasury Note 9/9/2025	4.75
Fixed Rate Treasury Note 2/14/2026	4.61
SM Investments Corporation	3.86
SM Prime Holdings, Inc.	3.25
Fixed Rate Treasury Note 9/10/2023	3.22

OUTLOOK AND STRATEGY

Market Review. The BPI Government Bond Index returned 1.08% in August, with benchmark government yields falling 13 basis points (bps) on average. Average daily trading volume fell to PHP14.46 billion from July's PHP14.95 billion with trades mostly seen on the belly (5- to 10-year papers) of the curve.

The Bureau of the Treasury (BTr) held three FXTN auctions and five Treasury Bill auctions in August. The new issuance of the 3.5-year FXTN 3-01 was fully awarded with a coupon rate of 5.25%, while the re-issuance of the 7-year FXTN 10-64 and 10-year FXTN 10-68 were fully awarded at average rates of 5.791% and 5.813% respectively. Healthy auction participation was observed with tenders exceeding PHP100 billion across all tenors. The BTr cancelled the fourth FXTN auction giving way to the jumbo issuance of the 5.5-year Retail Treasury Bond (RTB 5-16). The government raised a total of PHP420.45 billion and set the coupon rate of RTB 5-16 at 5.75%. Towards the end of the month, the September auction schedule was released with four FXTN issuances (3.5-, 10-, 7-, and 16-year tenors) and four Treasury Bill auctions.

In the local economic space, July inflation rose by 6.4% year-on-year, the fastest pace since November 2018. Price pressures remain elevated for the month driven mostly by expensive food, transport, and utility costs. Consequently, the Bangko Sentral ng Pilipinas (BSP) raised their policy rates by 50bps during their Monetary Board meeting on August 18. Moreover, the central bank revised their inflation forecast upward to 5.4% for 2022. BSP Governor Felipe Medalla kept a hawkish stance remarking further interest rate hikes not to be ruled out for the rest of the year.

The Philippine Stock Exchange (PSEi) came out with a strong performance in August, rising by 4.2% month-on-month (MoM). The rally was propelled by impressive 2Q earnings reports which reflected the strength of the country's economic reopening story. The US Inflation for July came out lower-than-expected at 8.5% likewise lifted sentiment. Meanwhile, the Philippines 2Q GDP came out at 7.4% year-on-year (YoY), lower than prior period's 8.2% YoY. The Bangko Sentral ng Pilipinas (BSP) raised its key benchmark rate by 50 basis points to 3.75% following strong 2Q GDP and PH inflation at 6.4%. The local bourse rose by as much as 8.68% before it succumbed to profit-taking towards the latter part of the month. A quarterly rebalancing from MSCI further amplified the selling pressure with roughly US\$10 million worth of outflows for the Philippines. The PSEi closed at 6,583.65.

Trading volume ramped up in August boosted by the MSCI quarterly rebalancing. The Average Daily Turnover registered at US\$ 138 mil or 53.3% higher compared to July. Meanwhile, foreign selling continued for the 6th straight month at US\$152 mil. Despite the large foreign outflow, there was a 5-days net foreign buying streak at roughly US\$58 mil. Foreign participation stretched to 45% from 41%.

In terms of individual stock performances, top contributors for the month were: JFC (+19.09%), MONDE (+15.87%) and ALI (+13.47%) while the laggards include MER (-11.41%), ACEN (-10.39%) and SMC (-9.43%).

Fund Performance. The Fund registered a gain of 2.01% in August, underperforming the benchmark by 4 bps. Meanwhile, the YTD performance of the Fund reported a loss of 3.15%, outperforming its benchmark by 71 bps.

Fund Strategy. The Fund looks to maintain its underweight duration position given expectations of rising interest rates moving forward. Though inflation has 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 continue to be defensive given the elevated volatility from the usual risks - high inflation & interest rate and local currency depreciation, augmented by low volume trading. The fund will look to trim on stocks that have already priced-in the recovery story and accumulate on emerging value in select sectors.

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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