

BPIASSET MANAGEMENT AND TRUST CORPORATION
ODYSSEY DIVERSIFIED CAPITAL FUND
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
As of June 30, 2022
FUND FACTS

| | | | |
|--------------------------------|------------------|--|---------------------|
| Classification: | Balanced Fund | Net Asset Value per Unit (NAVPU): | Php 179.13 |
| Launch Date: | December 4, 2006 | Total Fund NAV (Mn): | Php 1,203.64 |
| 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 1,249.21 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.

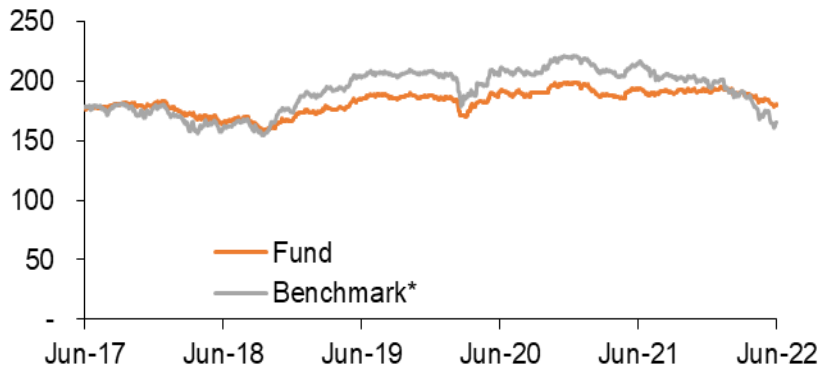
**• THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORP. (PDIC).
 • RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/ FLUCTUATIONS ONLY.
 • WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY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

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 JUNE 30, 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 | -3.23 | -6.12 | -6.45 | -7.10 | -2.88 | 79.13 |
| Benchmark | -3.14 | -6.33 | -7.43 | -7.22 | -1.24 | 134.46 |

ANNUALIZED PERFORMANCE (%)¹

| | 1 YR | 2 YRS | 3 YRS | 4 YRS | 5 YRS | S.I. ² |
|------------------|-------|-------|-------|-------|-------|-------------------|
| Fund | -7.10 | -3.12 | -0.97 | 2.00 | 0.18 | 3.81 |
| Benchmark | -7.22 | -2.40 | -0.42 | 2.70 | 0.87 | 5.62 |

CALENDAR YEAR PERFORMANCE (%)¹

| | YTD | 2021 | 2020 | 2019 | 2018 | 2017 |
|------------------|-------|-------|------|-------|-------|------|
| Fund | -6.45 | -3.20 | 5.44 | 12.54 | -7.65 | 6.54 |
| Benchmark | -7.43 | -1.79 | 5.59 | 14.92 | -6.65 | 7.61 |

PORTFOLIO COMPOSITION

| Allocation | % of Fund |
|---|-----------|
| Equities | 29.30 |
| Government Bonds | 56.94 |
| Corporate Bonds | 11.20 |
| Cash | 0.47 |
| Time deposit and Money Market | 1.33 |
| Other receivables – net of liabilities ⁷ | 0.77 |
| Sector Holdings | |
| Holding Firms | 8.83 |
| Property | 5.78 |
| Financials | 5.96 |
| Industrials | 4.00 |
| Services | 4.74 |
| 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 18.57 Mn, Ayala Land, Inc. – Php 29.16 Mn, Bank of the Philippine Islands – Php 27.13 Mn, Globe Telecom – Php 13.65 Mn, AC Energy Corporation – Php 0.98 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) | 4.06 |
| Portfolio Beta | 0.99 |
| Volatility, Past 1 Year (%) ⁴ | 6.45 |
| Sharpe Ratio ⁵ | -1.25 |
| Information Ratio ⁶ | 0.08 |
| Current Number of Holdings | 48 |

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 | 10.37 |
| Retail Treasury Bond 6/2/2027 | 8.01 |
| Retail Treasury Bond 8/12/2025 | 7.04 |
| Fixed Rate Treasury Note 1/10/2029 | 6.16 |
| Retail Treasury Bond 3/4/2027 | 6.12 |
| Fixed Rate Treasury Note 9/9/2025 | 4.77 |
| Fixed Rate Treasury Note 9/10/2023 | 4.10 |
| SM Investments Corporation | 4.00 |
| Cyberzone Properties, Inc. 1/7/2023 | 3.82 |
| SM Prime Holdings, Inc. | 3.58 |

OUTLOOK AND STRATEGY

Market Review. The BPI Government Bond Index returned -0.51% in June, with benchmark government yields rising 24 basis points (bps) on average. Average daily trading volume fell to PHP8.35bn from May's PHP10.89bn with trades mostly seen on the short-end (3-month to 3-year papers) of the curve.

The Bureau of the Treasury (BTr) held five FXTN auctions and four Treasury Bill auctions in June. The re-issuance of the 3-year FXTN 3-27, 5-year FXTN 7-62, and 7-year FXTN 7-67 were partially awarded at average rates of 4.994%, 5.514% and 6.74%, while the second 7-year FXTN 7-67 auction was fully rejected. The new issuance of the 10-year paper, FXTN 10-68, was partially awarded with a coupon rate of 7.25%. The July auction schedule was released with four FXTN issuances (4-, 7-, 10-, and 14-year tenors) and four Treasury Bill auctions.

In the local economic space, May inflation rose to 5.4% year-on-year from 4.9% in April, well-above central bank's 2-4% inflation target. Higher prices were primarily driven by steep global oil and food prices. The Bangko Sentral ng Pilipinas (BSP) raised its policy rates to 2.5% from 2.25% to rein in continued price pressures driven by war in Europe and supply chain disruptions. Moreover, the BSP revised its inflation forecast upward for 2022 and 2023 to 5% and 4.2%, respectively.

The Philippines dropped sharply in June amidst global market weakness. Investors maintained their risk-averse stance on growing recession fears following the result of the US inflation print in May at 8.6%, a 40-year high. The US Federal Reserve consequently raised policy rates by 75 basis points. On the local economic front, the Bangko Sentral ng Pilipinas (BSP) likewise hiked its benchmark interest rates by 25 basis points to 2.50%. The local currency continued to depreciate during the period as it breached the Php55 mark versus the greenback. The Philippine Stock Exchange Index (PSEi) closed at 6,155.43 or -9.14% Month-on-month. For the first half of 2022, the bell-weather index lost 13.6%.

Activity was mostly lackluster in June with the exception on the FTSE rebalancing occurred in month-end. Average Daily Turnover recorded at US\$108 million or 42.2% lower month-on-month. Meanwhile, foreign flows continued to be net selling in June at US\$207 million. This has stretched the year-to-date Net Foreign Outflows to US\$774 million.

In terms of individual stock performances, top contributors for the month include: ACEN (+12.45%), EMP (+6.61%) and SMC (+6.31%) while the laggards were MEG (-21.74%), CNVRG (-20.19%) and AGI (-17.76%).

Fund Performance. The Fund registered a loss of 3.23% in June, underperforming the benchmark by 9 bps. Meanwhile, the YTD performance of the Fund reported a loss of 6.45%, outperforming its benchmark by 98 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 remain defensive given the persistent volatility propelled by higher inflation print, yields and accelerated global tightening. The fund will look to trim on names that have already priced-in the recovery story and accumulate on price weakness 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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