

BPI ASSET MANAGEMENT AND TRUST CORPORATION
ODYSSEY PESO MEDIUM-TERM BOND FUND
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT

As of August 31, 2022

FUND FACTS

Classification:	Medium Term Bond Fund	NAVPU:	Php 144.05
Launch Date:	October 1, 2007	Total Fund NAV (Mn):	Php 5,045.00
Minimum Investment:	Php 10,000.00	Dealing Day:	Daily up to 2:30 PM
Additional Investment:	Php 5,000.00	Redemption Settlement:	T+1 End-of-Day
Minimum Holding Period:	None	Early Redemption Charge:	None

FEES*

Trustee Fees: 1.00% **Custodianship Fees:** 0.0008% **External Auditor Fees:** 0.0043% **Other Fees:** 0%

BPI Asset Management HSBC Isla Lipana None

*As a percentage of average daily NAV for the quarter valued at Php4,983.81 Million *Monthly rate: Billings received for April 2021 divided by the average daily NAV *Billings for 2018 divided by the average daily NAV

INVESTMENT OBJECTIVE AND STRATEGY

The Fund aims to generate income by investing in a diversified portfolio of Peso denominated sovereign and corporate debt securities. The Fund aims to outperform its benchmark which is the BPI Philippine Government Bond 1-5 Year 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 Peso Medium Term Fund is suitable only for investors who:

- Are at least classified as moderately aggressive based on their risk profile
- Have an investment horizon of at least three (3) 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 medium term portfolio of domestic government 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 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.

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.

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.

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.**

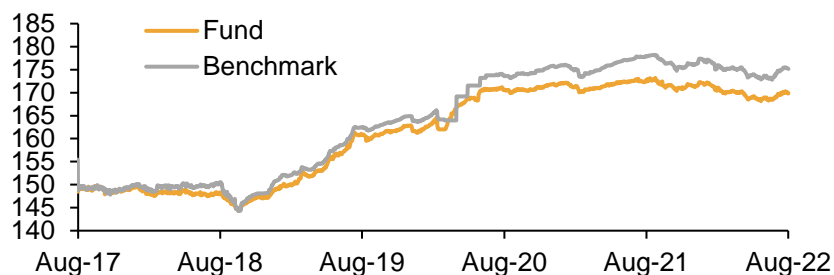
• **WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES SHALL BE SOLELY FOR THE ACCOUNT OF THE CLIENT.**

• **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 the BPI Philippine Government Bond 1-5 Year Index

CUMULATIVE PERFORMANCE (%)¹

	1 mo	3 mos	6 mos	1 YR	3 YRS	S.I. ²
Fund	0.47	0.46	-0.32	-1.62	5.59	69.87
Benchmark	0.59	0.69	-0.03	-1.57	7.78	82.74

ANNUALIZED PERFORMANCE (%)¹

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. ²
Fund	-1.62	-0.20	1.83	3.44	2.68	3.61
Benchmark	-1.57	0.41	2.53	3.85	3.31	4.12

CALENDAR YEAR PERFORMANCE (%)¹

	YTD	2021	2020	2019	2018	2017
Fund	-0.85	-0.28	5.56	10.60	-1.27	1.26
Benchmark	-0.51	0.15	6.59	11.27	-0.68	2.49

PORTFOLIO COMPOSITION

Allocation	% of Fund
Government	66.58
Corporates	16.09
Cash	0.22
Time deposits and money market	11.42
Other receivables - net of liabilities ⁶	5.69

Maturity Profile

Cash and less than 1 year	16.55
Between 1 and 3 years	47.06
Between 3 and 5 years	33.82
Between 5 and 7 years	2.57
Between 7 and 10 years	-
More than 10 years	-

Portfolio Weightings

Philippine Corporate Bonds	16.09
Philippine Sovereign Bonds	66.58

NAVPU over the past 12 months

Highest	146.90
Lowest	142.58

STATISTICS

Weighted Ave Duration (Yrs)	2.32
Volatility, Past 1 Year (%) ³	1.84
Sharpe Ratio ⁴	-1.46
Information Ratio ⁵	-0.04
Portfolio Weighted Yield to Maturity (%)	3.83
Current Number of Holdings	32

¹Returns are net of fees.

²Since inception.

³Measures the degree to which the Fund fluctuates vis-à-vis its average return over a period of time.

⁴Used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better.

⁵Measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

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

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

TOP TEN HOLDINGS

Name	Maturity	% of Fund
Retail Treasury Bond	03/12/2024	14.88
Retail Treasury Bond	08/12/2025	14.11
Fixed Rate Treasury Note	02/14/2026	10.09
Retail Treasury Bond	06/02/2027	8.67
Retail Treasury Bond	03/04/2027	5.61
SM Prime Holdings, Inc.	03/25/2025	4.30
Fixed Rate Treasury Note	09/10/2023	3.32
Fixed Rate Treasury Note	03/08/2023	3.19
Fixed Rate Treasury Note	09/09/2025	2.78
Time Deposit		2.50

RELATED PARTY TRANSACTIONS

The Fund has transactions and outstanding investments including deposits, investment in the share/s of the stocks, and/or debt issuances of the following companies related to BPI Asset Management and Trust Corporation (BPI AMTC):

Ayala Corp. – Php 30.52 Mn, Ayala Land, Inc. – Php 96.02 Mn, Bank of the Philippine Islands – Php 24.92 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

* Related party in accordance with BPI AMTC's internal policy.

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.

Fund Performance. The Fund returned 0.47% for the month, below its benchmark by 12 basis points.

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.

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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