

## FUND FACTS

<b>Classification:</b>	Balanced Fund	<b>Net Asset Value per Unit (NAVPU):</b>	Php 187.07
<b>Launch Date:</b>	December 4, 2006	<b>Total Fund NAV (Mn):</b>	Php 1,162.66
<b>Minimum Investment:</b>	Php 10,000.00	<b>Dealing Day:</b>	Daily up to 1:30 PM <sup>8</sup>
<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> 0.0424%	<b>Custodianship Fees:</b> 0.0013%	<b>External Auditor Fees:</b> 0.0028%	<b>Other Fees:</b> 0.00%
BPI Wealth	HSBC	Isla Lipana	None

\*Monthly rate: as a percentage of average daily NAV for the month valued at PHP1,181.47 mn

\*\*Monthly rate: billings received for January 2023 divided by the average daily NAV for the month

\*\*\*Billing is received at the last quarter of the year

## 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.

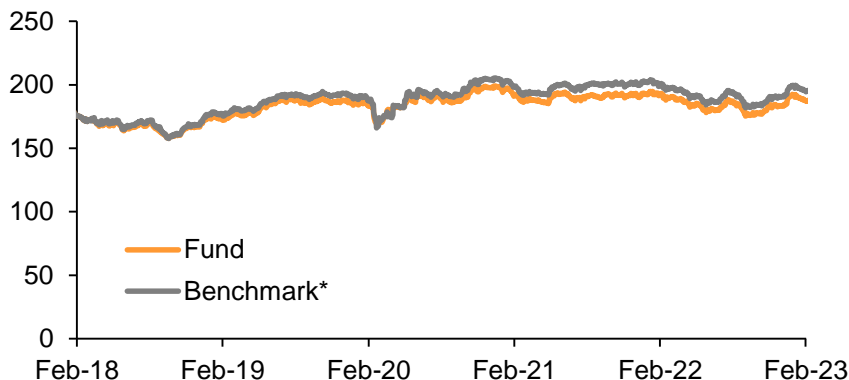
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks.

**• 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.**  
**• 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 FEBRUARY 28, 2023

(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.

### NAVPU over the past 12 months

Highest	193.17
Lowest	175.43

### STATISTICS

Weighted Ave Duration (Yrs)	5.48
Portfolio Beta	1.01
Volatility, Past 1 Year (%) <sup>4</sup>	6.87
Sharpe Ratio <sup>5</sup>	-0.69
Information Ratio <sup>6</sup>	-0.02
Current Number of Holdings	44

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

	1 mo	3 mos	6 mos	1 YR	3 YRS	S.I. <sup>2</sup>
<b>Fund</b>	-1.58	1.51	0.87	-2.57	2.19	87.07
<b>Benchmark</b>	-1.36	2.05	1.00	-2.54	3.99	145.97

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

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. <sup>2</sup>
<b>Fund</b>	-2.57	-1.00	0.72	2.10	1.27	3.93
<b>Benchmark</b>	-2.54	-0.85	1.31	2.62	2.16	5.70

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

	YTD	2022	2021	2020	2019	2018
<b>Fund</b>	2.10	-4.32	-3.20	5.44	12.54	-7.65
<b>Benchmark</b>	2.11	-4.90	-1.79	5.59	14.92	-6.65

### PORTFOLIO COMPOSITION

Allocation	% of Fund
Equities	28.60
Government Bonds	63.20
Corporate Bonds	5.79
Cash	0.47
Time deposit and Money Market	0.86
Other receivables – net of liabilities <sup>7</sup>	1.07

#### Sector Holdings

Holding Firms	8.98
Property	5.34
Financials	5.27
Industrials	4.01
Services	4.75
Mining and Oil	0.26

### TOP TEN HOLDINGS

Name	%
Fixed Rate Treasury Note (7/19/2031)	11.09
Retail Treasury Bond (6/2/2027)	8.09
Retail Treasury Bond (3/7/2028)	7.54
Fixed Rate Treasury Note (1/10/2029)	6.37
Fixed Rate Treasury Note (10/20/2032)	5.96
Retail Treasury Bond (8/22/2028)	4.86
Fixed Rate Treasury Note (11/24/2042)	4.06
SM Investments Corporation	3.91
Fixed Rate Treasury Note (2/14/2026)	3.85
SM Prime Holdings, Inc.	3.73

### 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 Wealth - A Trust Corporation ("BPI Wealth"):

ACEN Corporation – Php 11.42 Mn, Ayala Corporation – Php 23.43 Mn, Ayala Land, Inc. – Php 34.12 Mn,  
Bank of the Philippine Islands – Php 26.95 Mn, Globe Telecom – Php 9.84 Mn

Investments in the said outlets were approved by the BPI Wealth'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 Wealth's internal policy.

<sup>1</sup>On October 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.

<sup>8</sup>Effective March 1,2022, transaction cut off times of the Fund have been temporarily adjusted until further notice. Announcements for changes of Fund cut off times shall be available on our website.

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

## OUTLOOK AND STRATEGY

**Market Review.** The BPI Government Bond Index returned -0.47% in February, with benchmark government yields rising 21 basis points (bps) on average. Average daily trading volume fell to PHP11.91 billion from January's PHP17.55 billion with trades mostly seen on the long-end of the curve.

The Bureau of the Treasury (BTr) only held two FXTN auctions in February. The 13-year FXTN 25-7 and 10-year FXTN 10-69 were fully awarded at average yields of 6.197% and 6.258%, respectively. Two FXTN auctions were cancelled after the BTr announced its first Retail Treasury Bond (RTB) issuance for the year. The government priced the 5.5-year RTB (RTB5-17) at a coupon rate of 6.125% and raised Php283.71 billion from the sale. Towards the end of the month, the BTr released its March auction schedule with five Treasury Bill auctions and five FXTN issuances (6-, 10-, 13-, 20-, and 7-year tenors).

In the local space, January inflation exceeded expectations printing 8.7% year-on-year, the highest since November 2008. The inflation uptrend was mainly driven by housing, electricity, water, fuel, and food-related expenses. Consequently, the Bangko Sentral ng Pilipinas (BSP) hiked its policy rate by 50 basis points to 6.00% during the first Monetary Board meeting of the year, to curb demand and limit inflation. The central bank raised its 2023 inflation forecast to 6.1% but maintained its 2024 forecast at 3.1%.

The Philippine Stock Exchange Index (PSEi) declined in February, reversing most gains in January. Risk-off sentiment prevailed after January inflation from both US (+6.4%) and Philippines (+8.7%) came out higher-than-expected which may signal a prolonged high interest-rate environment. Meanwhile, liquidity events such as PSEi and MSCI rebalancing took effect this month, increasing trading activity. The local bourse dropped 3.5% to close at 6,556.20.

In terms of trading activity, the PSE was more active in February with average daily value turnover at USD146.4 mil or 1% higher than USD144.9 million recorded in the prior month. Meanwhile, foreigners became "Net Sellers" for the month worth US\$142 million. Foreign participation came in at 48%.

For the individual stock performances, the top index gainers for the month included: SMC (+15.12%), MER (+13.26%) and BPI (+4.57%). Meanwhile, the bottom index performers were as follows: GLO (-12.13%), AC (-11.60%) and ACEN (-9.43%).

**Fund Performance.** The Fund registered a loss of 1.58% in February, underperforming the benchmark by 22 bps. Meanwhile, the YTD performance of the Fund reported a gain of 2.10%, underperforming its benchmark by 1 bps.

**Fund Strategy.** The Fund looks to gradually add to its duration position as interest rates are expected to stabilize in the near term. Inflation remains above the government's target range, and the BSP will be vigilant in monitoring supply side pressures moving forward. 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 as volatility is expected to persist across financial markets on the back of elevated global inflation. This high inflationary environment could influence Central Banks to maintain interest rates higher for longer until it can contain consumer prices to manageable levels. However, we will take advantage of the volatility in buying quality names on dips and sell on excessive market rallies.

## 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 Wealth - A Trust Corporation ("BPI Wealth") is a subsidiary of the Bank of the Philippine Islands. For inquiries and comments, please send an email to [bpiwealth@bpi.com.ph](mailto:bpiwealth@bpi.com.ph) or call us at (02) 8580-2682.

• BPI Wealth as Trustee/Investment Manager is regulated by the Bangko Sentral ng Pilipinas. <https://www.bsp.gov.ph>