

# ODYSSEY PESO MEDIUM TERM BOND FUND

Key Information and Investment Disclosure Statement  
As of December 29, 2023

## FUND FACTS

<b>Classification:</b>	Fixed Income Fund	<b>NAVPU:</b>	Php 149.25
<b>Launch Date:</b>	October 1, 2007	<b>Total Fund NAV (Mn):</b>	Php 5,126.40
<b>Minimum Investment:</b>	Php 10,000.00	<b>Dealing Day:</b>	Daily up to 2:00 PM
<b>Additional Investment:</b>	Php 5,000.00	<b>Redemption Settlement:</b>	T+1 End-of-Day
<b>Minimum Holding Period:</b>	None	<b>Early Redemption Charge:</b>	None

## FEES\*

<b>Trustee Fees:</b> 0.0849%* <i>1.50% per annum</i>	<b>Custodianship Fees:</b> 0.0010%**	<b>External Auditor Fees:</b> 0.00%***	<b>Other Fees:</b> 0%
BPI Wealth	HSBC	Isla Lipana	None

\*Monthly rate: billings received for December 2023 divided by the average daily NAV for the same month valued at PHP5,078.30 Mn

\*\*Monthly rate: billings received for November 2023 divided by the average daily NAV for the same month valued at PHP5,001.28 Mn

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

## 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.

<b>Interest Rate Risk:</b>	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.
<b>Liquidity Risk:</b>	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.
<b>Credit/ Default Risk:</b>	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.
<b>Related Party Risk:</b>	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.

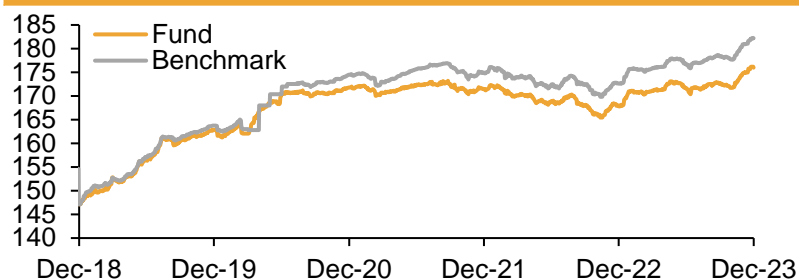
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks.

- **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.**
- **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 DECEMBER 29, 2023

(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 (%)<sup>1</sup>

	1 mo.	3 mos.	6 mos.	1 YR	3 YRS	S.I. <sup>2</sup>
<b>Fund</b>	0.71	1.95	2.63	4.91	2.44	76.00
<b>Benchmark</b>	0.73	2.16	3.18	5.58	4.41	91.49

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

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. <sup>2</sup>
<b>Fund</b>	4.91	1.36	0.81	1.97	3.64	3.54
<b>Benchmark</b>	5.58	2.11	1.45	2.71	4.37	4.08

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

	YTD	2022	2021	2020	2019	2018
<b>Fund</b>	4.91	-2.07	-0.28	5.56	10.60	-1.27
<b>Benchmark</b>	5.58	-1.26	0.15	6.59	11.27	-0.68

### PORTFOLIO COMPOSITION

Allocation	% of Fund
Government	82.60
Corporates	14.25
Cash	0.21
Time deposits and money market	1.64
Other receivables - net of liabilities <sup>6</sup>	1.30

#### Maturity Profile

Maturity Profile	% of Fund
Cash and less than 1 year	3.64
Between 1 and 3 years	33.24
Between 3 and 5 years	42.62
Between 5 and 7 years	18.98
Between 7 and 10 years	1.52
More than 10 years	-

#### Portfolio Weightings

Portfolio Weightings	% of Fund
Philippine Corporate Bonds	14.25
Philippine Sovereign Bonds	82.60

### NAVPU over the past 12 months

Highest	149.41
Lowest	142.27

### STATISTICS

Weighted Ave Duration (Yrs.)	3.16
Volatility, Past 1 Year (%) <sup>3</sup>	1.60
Sharpe Ratio <sup>4</sup>	0.35
Information Ratio <sup>5</sup>	-0.71
Portfolio Weighted Yield to Maturity (%)	4.91
Current Number of Holdings	32

<sup>1</sup>Returns are net of fees.

<sup>2</sup>Since inception.

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

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

<sup>5</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>6</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	Maturity	% of Fund
Fixed Rate Treasury Note	02/14/2026	13.64
Retail Treasury Bond	03/07/2028	13.54
Fixed Rate Treasury Note	10/13/2029	10.86
Retail Treasury Bond	06/02/2027	8.54
Fixed Rate Treasury Note	09/06/2027	5.55
Retail Treasury Bond	03/04/2027	5.53
Retail Treasury Bond	08/22/2028	5.45
Retail Treasury Bond	08/12/2025	4.23
SM Prime Holdings, Inc.	03/25/2025	4.21
Fixed Rate Treasury Note	04/27/2030	3.90

### 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 Wealth – A Trust Corporation (BPI Wealth):

ACEN Corporation – Php 18.75 Mn  
 Ayala Corp. – Php 29.09 Mn  
 Ayala Land, Inc. – Php 95.93 Mn  
 Bank of the Philippine Islands – Php 24.97 Mn

Investments in the said outlets were approved by 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.

## OUTLOOK AND STRATEGY

**Market Review.** The BPI Government Bond Index returned 1.29% in December as the local yield curve bull flattened, dropping 18 basis points (bps) on average. Average daily trading volume for the month amounted to PHP15.48 billion significantly lower than November's PHP29.54 billion with trades mostly seen on the long end of the curve.

The Bureau of the Treasury (BTr) held only one FXTN auction in December. The 10-year FXTN 10-71, was fully awarded at an average yield of 6.224%. Meanwhile, the scheduled 15-year FXTN issuance was cancelled. Towards the end of the month, the BTr released the auction schedule for the first quarter of 2024, with weekly Treasury Bill auctions and monthly FXTN issuances (3-, 5-, 7- and 10-year tenors) and an additional 20-year issuance in February with an offer size of PHP30 billion each.

In the local space, November headline inflation fell sharply to 4.1% year-on-year from 4.9% last month. The slowdown in inflation was driven by all major subsectors with food inflation decelerating to 5.7% year-on-year from the previous 7% and transport cost contracting by 0.8% year-on-year due to lower global oil prices. The BSP retained its key policy rate at 6.5% during its last monetary board meeting for the year. Despite the inflation figure trending lower, BSP Governor Eli Remolona noted that risks to the inflation outlook remain tilted to the upside.

**Fund Performance.** The Fund returned 0.71% for the month, below its benchmark by 2 basis points.

**Fund Strategy.** The Fund looks to maintain its current duration position as interest rates are expected to stabilize over the medium term. 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 Wealth is a subsidiary of the Bank of the Philippine Islands. For inquiries and comments, please send us a message through <https://www.bpi.com.ph/contactus> or call our 24-hour BPI Contact Center at (+632) 889-10000.*

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