

**ODYSSEY PHILIPPINE DOLLAR  
BOND FUND**Key Information and Investment Disclosure Statement  
As of September 29, 2023**FUND FACTS**

<b>Classification:</b>	Fixed Income Fund	<b>NAVPU:</b>	USD 29.21
<b>Launch Date:</b>	May 5, 2003	<b>Total Fund NAV (Mn):</b>	USD 10.10
<b>Minimum Investment:</b>	USD 1,000.00	<b>Dealing Day:</b>	Daily up to 2:00 PM
<b>Additional Investment:</b>	USD 100.00	<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> 0.1028%	<b>Custodianship Fees**:</b> 0.0012%	<b>External Auditor Fees***:</b> 0.00419%	<b>Other Fees:</b> 0.00%
BPI Asset Management	HSBC	Isla Lipana	None

\*Monthly rate: billings received for September 2023 divided by the average daily NAV for the same month valued at USD 10.30 Mn

\*\*Monthly rate: billings received for August 2023 divided by the average daily NAV for the same month valued at USD 10.44 Mn

\*\*\*2023 Audit Fees over average daily NAV for the month of September

**INVESTMENT OBJECTIVE AND STRATEGY**

The Fund is for US Dollar investors who want to achieve capital appreciation and income growth over a period of time. To achieve this, the Fund will be invested in a diversified portfolio of US dollar-denominated fixed income instruments issued by the Philippine government, corporations, & financial institutions. The Fund aims to outperform its benchmark, the JP Morgan Chase Asia Total Return Philippines 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 Philippine Dollar Bond Fund is suitable only for investors who:

- Are at least classified as aggressive based on their risk profile
- Have an investment horizon of 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.

<b>Interest Rate Risk:</b>	The fund invests in a long-term portfolio of US Dollar denominated Philippine sovereign 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 and global 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>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.
<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 and global political and economic conditions.

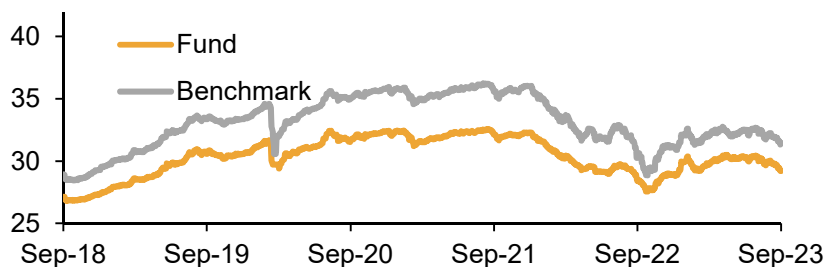
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks.

- **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 SEPTEMBER 29, 2023

(Purely for reference purposes and is not a guarantee of future results)

### NAVPU GRAPH



\*Benchmark: JP Morgan Chase Asia Total Return Philippines Index

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

	1 mo	3 mos	6 mos	1 YR	3 YRS	S.I. <sup>5</sup>
<b>Fund</b>	-2.67	-3.41	-1.85	2.71	-7.91	192.10
<b>Benchmark</b>	-2.46	-2.99	-1.97	2.85	-10.38	278.93

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

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. <sup>5</sup>
<b>Fund</b>	2.71	-4.61	-2.71	-1.18	1.50	5.39
<b>Benchmark</b>	2.85	-6.01	-3.59	-1.48	1.69	6.74

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

	YTD	2022	2021	2020	2019	2018
<b>Fund</b>	0.97	-10.35	-0.28	5.89	11.86	-2.01
<b>Benchmark</b>	0.86	-13.46	0.58	7.30	13.95	-0.61

### PORTFOLIO COMPOSITION

Allocation	% of Fund
Government	46.45
Corporates	41.54
Cash	3.24
Time Deposits and Money Market	1.86
Other Receivables, Net of Liabilities <sup>6</sup>	6.90
<b>Maturity Profile</b>	
Cash and less than 1 year	12.00
Between 1 and 3 years	7.13
Between 3 and 5 years	-
Between 5 and 7 years	35.49
Between 7 and 10 years	3.93
More than 10 years	41.44
<b>Portfolio Weightings</b>	
Philippine Corporate Bonds	41.54
Philippine Sovereign Bonds	46.45

### NAVPU over the past 12 months

Highest	30.50
Lowest	27.55

### STATISTICS

Weighted Average Duration	6.83
Volatility, Past 1 Year (%) <sup>1</sup>	4.59
Sharpe Ratio <sup>3</sup>	-0.45
Information Ratio <sup>4</sup>	-0.04
Portfolio Weighted Yield to Maturity (%)	5.84
Current Number of Holdings	13

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

<sup>2</sup>Measures the degree to which the Fund fluctuates vis-à-vis its average return over a period of time

<sup>3</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>4</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>5</sup>Since inception.

<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
RoP Bonds	01/17/2048	11.80
Aboitiz Equity Ventures, Inc.	01/16/2030	11.00
Int'l Container Terminal Services, Inc.	06/17/2030	10.78
RoP Bonds	10/23/2034	10.44
RoP Bonds	02/02/2030	10.14
RoP Bonds	10/13/2047	7.85
Globe Telecom, Inc.	07/23/2035	7.51
Jollibee Foods Corp.	01/24/2026	7.13
RoP Bonds	03/29/2047	3.84
Manila Water Company, Inc.	07/30/2030	3.56

### RELATED PARTY TRANSACTIONS

The Fund has investments and trade transactions with Bank of the Philippine Islands, its subsidiaries and related parties:

Globe Telecom, Inc. – USD0.76 Mn; Manila Water Company, Inc. – USD 0.36 Mn

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

## OUTLOOK AND STRATEGY

**Market Review.** The JP Morgan Asia Credit Index (JACI) Philippines lost 2.46% in September as Philippine dollar-denominated bonds tracked US Treasuries.

Global bonds continued to experience volatility in September as rising oil prices (Brent crude oil prices rising +9.7% MoM) caused speculation that the “higher for longer” rate rhetoric was likely to happen. During their Federal Open Market Committee meeting held mid-month, the US Federal Reserve kept interest rates steady but indicated that another hike was to be expected before end-2023. Furthermore, the Committee saw fewer cuts in for both 2024 and 2025. Some analysts took these changes to mean a more “hawkish” stance, causing a sell-off in US Treasuries. Consequently, the 10-year US Treasury benchmark yield spiked to as high as 4.61% before ending 46 basis points higher month-on-month at 4.57%.

Towards end September, the Bureau of the Treasury announced a 5.5year Retail Dollar Bond (RDB) issuance. The Bond was priced on September 27 at a coupon rate of 5.75%, with an initial issue size of US\$611.2 million. At issuance, the RDBs were priced around 113 basis points higher than US Treasuries and 50 basis points higher than the closest liquid ROPs and Indonesian Dollar Sovereigns.

In the local space, inflation for the month of August bounced back to 5.3% year-on-year from the 4.7% print in July. The figure was higher than market expectations (consensus estimate: +4.8% YoY), and was brought about by rising food and fuel prices. It also marked the first inflation uptick in seven months, causing some speculation that the Bangko Sentral ng Pilipinas (BSP) could be more hawkish moving forward. During its Monetary Policy meeting held mid-month, the BSP kept its overnight benchmark rate steady but hiked its inflation forecasts for both 2023 and 2024. Furthermore, BSP Governor Eli Remolona stated during an interview that rate cuts for 2023 were off the table while rate hikes were not. The BSP noted that it would remain vigilant of its inflation target and stood ready to adjust policy rates as necessary moving forward.

**Fund Performance.** The Fund returned -2.67% for the month, underperforming its benchmark by 21 bps. Year to date, the fund returned 0.97%, above the benchmark by 11 bps.

**Fund Strategy.** The Fund looks to gradually increase its duration position as yields are seen to peak in the near term. Global events remain likely to add volatility. 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;
- h) Such other tradable investments outlets/categories as may be approved by the relevant authority and allowed by the BSP; and
- i) The Trustee may invest in allowable investments denominated in any acceptable foreign currency.

BPI Wealth is a subsidiary of the Bank of the Philippine Islands. For inquiries and comments, please send us a message through [bpiwealth@bpi.com.ph](mailto:bpiwealth@bpi.com.ph) or by visiting [www.bpi.com.ph/contactus](http://www.bpi.com.ph/contactus). You may also call our 24-hour BPI Contact Center at (+632) 889 10000.

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