

ODYSSEY PESO MEDIUM TERM BOND FUND

Key Information and Investment Disclosure Statement
As of June 28, 2024

FUND FACTS

| | | | |
|--------------------------------|-------------------|---------------------------------|---------------------|
| Classification: | Fixed Income Fund | NAVPU: | Php 150.63 |
| Launch Date: | October 1, 2007 | Total Fund NAV (Mn): | Php 3,808.27 |
| Minimum Investment: | Php 10,000.00 | Dealing Day: | Daily up to 2:00 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: 0.1230%* 1.50% per annum | Custodianship Fees: 0.0010%** | External Auditor Fees: 0.00%*** | Other Fees: 0% |
| BPI Wealth | HSBC | Isla Lipana | None |

*Monthly rate: billings received for June 2024 divided by the average daily NAV for the same month valued at PHP3,795.17 Mn

**Monthly rate: billings received for May 2024 divided by the average daily NAV for the same month valued at PHP3,761.92 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.

| | |
|------------------------------|---|
| 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. |

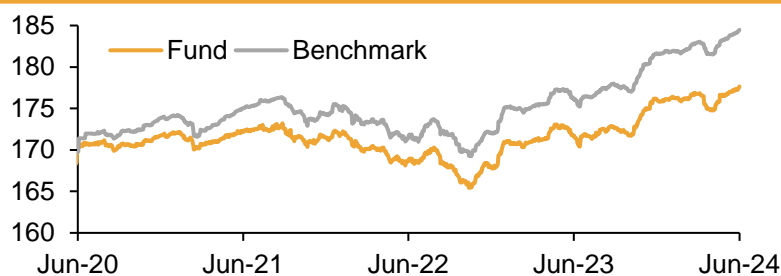
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks.

- **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.**
- **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 JUNE 28, 2024

(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 | 0.46 | 0.48 | 0.92 | 3.58 | 3.05 | 77.63 |
| Benchmark | 0.58 | 0.83 | 1.59 | 4.82 | 5.39 | 94.54 |

ANNUALIZED PERFORMANCE (%)¹

| | 1 YR | 2 YRS | 3 YRS | 4 YRS | 5 YRS | S.I. ² |
|------------------|------|-------|-------|-------|-------|-------------------|
| Fund | 3.58 | 2.53 | 1.01 | 1.06 | 2.56 | 3.49 |
| Benchmark | 4.82 | 3.61 | 1.76 | 1.86 | 3.34 | 4.05 |

CALENDAR YEAR PERFORMANCE (%)¹

| | YTD | 2023 | 2022 | 2021 | 2020 | 2019 |
|------------------|------|------|-------|-------|------|-------|
| Fund | 0.92 | 4.91 | -2.07 | -0.28 | 5.56 | 10.60 |
| Benchmark | 1.59 | 5.58 | -1.26 | 0.15 | 6.59 | 11.27 |

PORTFOLIO COMPOSITION

| Allocation | % of Fund |
|---|-----------|
| Government | 77.80 |
| Corporates | 18.83 |
| Cash | 0.28 |
| Time deposits and money market | 1.94 |
| Other receivables - net of liabilities ⁶ | 1.15 |
| Maturity Profile | |
| Cash and less than 1 year | 10.41 |
| Between 1 and 3 years | 23.64 |
| Between 3 and 5 years | 42.47 |
| Between 5 and 7 years | 20.71 |
| Between 7 and 10 years | 2.76 |
| More than 10 years | - |
| Portfolio Weightings | |
| Philippine Corporate Bonds | 18.83 |
| Philippine Sovereign Bonds | 77.80 |

NAVPU over the past 12 months

| | |
|---------|--------|
| Highest | 150.63 |
| Lowest | 144.50 |

STATISTICS

| | |
|--|-------|
| Weighted Ave Duration (Yrs.) | 3.25 |
| Volatility, Past 1 Year (%) ³ | 1.51 |
| Sharpe Ratio ⁴ | -0.64 |
| Information Ratio ⁵ | -1.31 |
| Portfolio Weighted Yield to Maturity (%) | 5.16 |
| Current Number of Holdings | 29 |

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 | 03/07/2028 | 19.12 |
| Retail Treasury Bond | 02/28/2029 | 10.55 |
| Fixed Rate Treasury Note | 10/13/2029 | 9.52 |
| Fixed Rate Treasury Note | 02/14/2026 | 7.61 |
| Retail Treasury Bond | 08/22/2028 | 7.24 |
| Retail Treasury Bond | 06/02/2027 | 5.85 |
| SM Prime Holdings, Inc. | 03/25/2025 | 5.73 |
| Fixed Rate Treasury Note | 04/27/2030 | 5.10 |
| Fixed Rate Treasury Note | 07/27/2030 | 4.05 |
| Ayala Land, Inc. | 09/29/2025 | 2.56 |

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 19.19 Mn
 Ayala Corp. – Php 29.36 Mn
 Ayala Land, Inc. – Php 97.57 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 rose 0.68% in June as the local yield curve fell by 6 basis points (bps) on average. Average daily trading volume for the month amounted to Php20.86 billion, lower than May's Php23.86 billion with trades mostly seen on the belly of the curve.

The Bureau of the Treasury (BTr) held four FXTN auctions in June. The 7-year FXTN 20-17 and 20-year FXTN 20-27 re-issuances were fully awarded at average yields of 6.624% and 6.860%, respectively. Meanwhile, the 10-year FXTN 10-72 and 15-year FXTN 20-23 re-issuances, were partially awarded at average yields of 6.754% and 6.781%, respectively. The Bureau of Treasury (BTr) announced its borrowing program for the third quarter of 2024, with weekly Treasury bill offers increased to PHP 20 billion. The BTr plans to issue more tenors for the quarter, offering PHP 30 billion each for the 3-, 5-, 7-, and 10- year papers while the 14- and 20-year Treasury bond offers were reduced to PHP 25 billion.

In the local space, May headline inflation accelerated for the fourth straight month by 3.9% year-on-year from the previous month's 3.8%. The main drivers of inflation included housing, water, electricity, and gas while rice prices saw a deceleration from the previous figure of 23.9% to 23%. In an effort to curb elevated rice prices, the National Economic Development Authority (NEDA) Board approved the new Comprehensive tariff program which reduces tariff rates for rice imports alongside other essential commodities effective until 2028. The Bangko Sentral ng Pilipinas (BSP) held its policy rate steady at 6.5% during their Monetary Board meeting in June. Despite the weakening Peso, BSP Governor Eli Remolona had dovish remarks on the possibility of an August rate cut, which is ahead of the market expectations of the Federal Reserve to begin easing in September. The BSP revised both its 2024 and 2025 inflation forecast to 3.1% from 3.8% and 3.7%, respectively.

Fund Performance. The Fund returned 0.46% for the month, below its benchmark by 12 basis points.

Fund Strategy. The Fund looks to maintain its current duration position as interest rates are expected to stabilize over the medium term. While inflation has settled within the BSP's target in the past months, upside risks are still present. The BSP remains vigilant in monitoring supply side pressures and potential second-round effects. The central bank signalled that it is waiting for inflation rates to fall comfortably within the 2-4% target before cutting policy rates. 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>