

ODYSSEY DIVERSIFIED CAPITAL FUND
FUND FACTS

Classification:	Balanced Fund	Net Asset Value per Unit (NAVPU):	Php 188.59
Launch Date:	December 4, 2006	Total Fund NAV (Mn):	Php 1,628.22
Minimum Investment:	Php 10,000.00	Dealing Day:	Daily up to 2:30 PM
Additional Investment:	Php 5,000.00	Redemption Settlement:	T+3 End-of-Day
Minimum Holding Period:	None	Early Redemption Charge:	None

FEES*

Trustee Fees: 1.500%	Custodianship Fees: 0.0140%	External Auditor Fees: 0.0178%	Other Fees: 0.00%
BPI Asset Management	HSBC	Isla Lipana	None

* As a percentage of average daily NAV for the quarter valued at Php 1,659.54 Million

*Billings received in 2017 divided by the average daily NAV

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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 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.

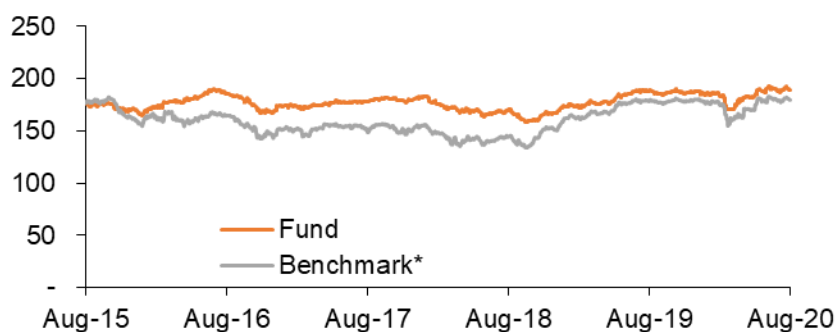
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks.

• 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.

FUND PERFORMANCE AND STATISTICS AS OF August 28, 2020

(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	192.43
Lowest	170.24

STATISTICS

Portfolio Beta	0.99
Volatility, Past 1 Year (%) ⁴	11.54
Sharpe Ratio ⁵	-0.22
Information Ratio ⁶	0.27
Current Number of Holdings	42

CUMULATIVE PERFORMANCE (%)¹

	1 mo	3 mos	6 mos	1 YR	3 YRS	S.I. ²
Fund	0.19	1.75	3.02	-0.34	5.91	88.59
Benchmark	-0.06	2.45	2.75	-0.39	7.52	143.01

ANNUALIZED PERFORMANCE (%)¹

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. ²
Fund	-0.34	5.25	1.93	0.41	1.34	4.72
Benchmark	-0.39	5.60	2.45	1.32	2.58	6.67

CALENDAR YEAR PERFORMANCE (%)¹

	YTD	2019	2018	2017	2016	2015
Fund	0.52	12.54	-7.65	6.54	-1.28	-2.03
Benchmark	-0.51	14.92	-6.65	7.61	1.67	-0.59

PORTFOLIO COMPOSITION

Allocation	% of Fund
Equities	29.55
Government Bonds	48.03
Corporate Bonds	11.98
Cash	0.31
Time deposit and Money Market	10.26
Other receivables – net of liabilities ⁷	-0.12

Sector Holdings

Holding Firms	10.45
Property	6.20
Financials	5.18
Industrials	3.35
Services	4.36
Mining and Oil	0.00

¹On October 1 2012, the bond portion of the Fund's benchmark was changed from HSBC Phil. Liquid Bond Index.

²Returns are net of fees.

³Since inception.

⁴Measures the degree to which the fund fluctuates vis-à-vis its average return over a period of time.

The higher the number, the better.

⁵Used to characterize how well the return of a Fund compensates the investor for the level of risk taken.

⁶Measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

⁷Includes accrued income, investment securities purchased, accrued expenses, etc.

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

TOP TEN HOLDINGS

Name	%
Fixed Rate Treasury Note 7/19/2031	24.90
Fixed Rate Treasury Note 1/10/2029	10.60
Time Deposit	6.57
Fixed Rate Treasury Note 1/24/2039	6.36
Cyberzone Properties, Inc. 1/7/2023	4.77
Retail Treasury Bond 8/12/2021	4.29
SM Investments Corporation	4.03
Time Deposit	3.69
SM Prime Holdings, Inc.	2.84
Ayala Land, Inc.	2.63

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 Asset Management and Trust Corporation (BPI AMTC):

Ayala Corporation – Php 32.14 Million, Ayala Land, Inc. – Php 42.79 Million, Bank of the Philippine Islands – Php 28.74 Million, Globe Telecom – Php 13.21 Million

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 and best execution basis and within established limits.

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

OUTLOOK AND STRATEGY

Market Review. The BPI Government Bond Index returned 0.19% for the month of August with benchmark government yields flat, rising an average of 1 basis point (bp). The yield curve flattened, with benchmark yields in the long end of the curve falling with greater magnitude than the coincident increase in short-term benchmark yields. Daily trading volumes rose to PHP29.4bn, with the new 5-year RTB5-13 and 10-year FXTN10-65 securities seeing the highest trading volumes over the month.

The Bureau of the Treasury (BTr) held two FXTN auctions in August, with PHP30bn on offer for each of the new 10-year FXTN10-65 security, first issued in July, and a reissuance of the 13-year FXTN20-20. The reissuance of FXTN10-65 saw moderate demand, with bids totaling PHP54.73bn, and was fully awarded at an average yield of 2.724%—3bps lower than the average yield it was awarded at in its July issuance, with a PHP10-bn tap opened and fully awarded in the afternoon of the auction. However, the second auction saw all bids for the FXTN20-20 reissuance rejected, despite receiving PHP46.92bn-worth of bids. Additionally, mid-month, the BTr issued a new 5-year retail treasury bond, RTB5-13. The issuance was one of the largest local single-security issuances in history; with the BTr raising PHP516.31 bn from the offering, awarded at a yield of 2.625%.

In the local economic space, July inflation came in at 2.7% year-on-year, above market expectations of 2.5% and continuing to rise from June's 2.5% figure. The increase was mainly due to a rise in oil prices, which drove transportation and other related prices higher. Risk sentiment was driven by local developments in the COVID-19 pandemic, with the reimposition of stricter local quarantine measures in the country's economic center in the first half of the month dampening risk appetites across the local allocation universe. The release of lower than expected second-quarter GDP (-16.5% year-on-year versus expectations of -9.4%) and poor company second-quarter earnings also drove asset prices lower. In comments made over the course of the month, Bangko Sentral ng Pilipinas (BSP) Governor Diokno suggested a pause to monetary policy cuts by the central bank, and called for fiscal policy to take up the stimulative role played by monetary policy over the first half of the year.

The local equities market sank as another round of tighter quarantine measures clamps down on the country's economic recovery. The government reimposed the so-called "Modified Enhanced Community Quarantine" or MECQ for two weeks in August in response to the medical community's plea brought about by mounting cases of COVID-19, particularly in Metro Manila. The Philippine Stock Exchange Index or PSEi declined by 0.75% to close at 5,884.18. The exchange also conducted the semi-annual review which saw the entry of Emperador in the bell-weather index, replacing Semirara. Volume was light at US\$168 million average daily turnover which was bloated by SM Group crosses. Foreign selling increased further at US\$261 million for the month.

Macroeconomic news for the month are as follows: 1) 2Q GDP sank by 16.5% Year-on Year, a historic low of a contraction. Sharp declines were seen in most segments. 2) Inflation rose to 2.7% in July brought about by increases in transport, alcohol and tobacco. 3) Bangko Sentral ng Pilipinas (BSP) maintained key policy rates, citing a within-range inflation and an improvement in domestic economic activity.

In terms of individual stock performance, the main advancers were RRHI (+13.52%), DMC (+12.68%) and URC (+12.58%). Meanwhile the biggest decliners were ALI (-13.51%), FGEN (-9.65%) and GTCAP (-8.88%).

Fund Performance. The Fund registered a gain of 0.19% in August, outperforming the benchmark by 25 bps. YTD performance of the Fund posted a gain of 0.52%, outperforming the benchmark by 103 bps.

Fund Strategy. The Fund looks to maintain a neutral duration position given expectations of accelerating local inflation amid higher food prices and dwindling base effects compared to prior months. 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.

We will continue to adopt a defensive stance on the view of a slower economic recovery. We will be selective in buying names on market dips but the preference is on large quality names—those that will be resilient during this pandemic.

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 investment 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 any inquiries and complaints relating to our services and products you may call our hotline: 889-10000, or send an email at bpi_asset_management@bpi.com.ph or write a letter addressed to BPI Asset Management and Trust Corporation - Consumer Assistance Office, 7/F, BPI Buendia Center, Sen. Gil J. Puyat Avenue, Makati City 1209.

BPI AMTC as Trustee / Investment Manager is supervised by the Bangko Sentral ng Pilipinas (BSP) with telephone number (632) 8708-7087 and e-mail address: consumeraffairs@bsp.gov.ph.