

EXPLANATORY MEMORANDUM

The **Odyssey Asia Pacific High Dividend Equity Fund** (the “Fund”) is a Unit Investment Trust Fund (UITF) established under the authority of the Bangko Sentral ng Pilipinas (BSP). The following is a summary of the Fund’s plan rules and regulations and the terms and conditions governing the investments in the Fund:

- 1 Trustee**
BPI Asset Management and Trust Group
- 2 Fund Manager**
ING Investment Management Asia Pacific (Hong Kong) Ltd.
- 3 Classification of the Fund**
Equity Fund

4 Description of the Fund

<i>Name of Fund:</i>	Odyssey Asia Pacific High Dividend Equity Fund
<i>Currency:</i>	US Dollars
<i>Minimum Participation Amount:</i>	USD 5,000.00*
<i>Minimum Additional Participation Amount:</i>	USD 1,000.00*
<i>Initial NAVPu:</i>	USD 10.00
<i>Trust Fee:</i>	1.75% p.a.
<i>Launch Date:</i>	May 20, 2008
<i>Minimum Holding Period:</i>	20 calendar days
<i>Recommended Investment Horizon:</i>	At least 3 years
<i>Early Redemption Penalty:</i>	1% of the redemption amount
<i>Redemption Notice Period:</i>	7 banking days
<i>Trade Date:</i>	Banking Day when a redemption or subscription order is received before cut-off time.
<i>Investment Objective:</i>	The objective of the Fund is to pursue long-term capital appreciation by investing in a diversified portfolio of attractively priced stocks with high dividend yields in the Asia Pacific region.
<i>Return Objective:</i>	The Fund aims to outperform its benchmark (gross of fees) which is the MSCI AC Asia Pacific ex-Japan Total Return Index.
<i>Valuation Methodology:</i>	Marked-to-Market
<i>3rd Party Custodian:</i>	HSBC, Ltd. (Philippines)

** Subscriptions to the Fund may be subject to handling or administrative fee which are charged upfront. Distribution agents appointed by the Trustee including the Bank’s own branch network shall be entitled to such fee which shall be covered by a separate Agreement and shall not be an additional charge against the Fund.*

5 Investment Guidelines of the Fund

5.1 Allowable Investments

The permitted investments of the Fund are as follows:

- a) Bank Deposits;
- b) Primarily short-term securities issued by or guaranteed by the Philippine government, or by the BSP;
- c) Primarily short-term tradable securities issued or guaranteed by multilateral institutions such as the Asian Development Bank (ADB), International Monetary Fund (IMF) and World Bank;
- d) Primarily short-term tradable securities issued by the government of a foreign country, any political subdivision of a foreign country or any supranational entity;

The participation in the Fund is a trust product, not a bank deposit and nor an obligation of, nor guaranteed, nor issued, nor insured by IBPI Asset Management or its affiliates or subsidiaries and therefore is not insured or governed by the Philippine Deposit Insurance Corporation (PDIC).

Investment or participation in the Fund is subject to risk and possible loss of principal. The Trustee is not liable for losses unless upon willful default, bad faith or gross negligence. Losses, if any, shall be for the account and risk of the Trustor/Participant. Past performance is not indicative of future performance. Value of the Fund can go up and down. Any quoted “income expectation” or like terms is neither assured nor guaranteed by Trustee and does not therefore entitle Trustor to a fixed interest or return on its investments. Units of participation in the Fund, when redeemed, may be worth more or less than the original contribution amount.

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- e) Common shares, preferred shares, and convertible preferred shares listed on the Philippine Stock Exchange or any organized stock exchange;
- f) Shares offered in an Initial Public Offering, provided that the company will be listed on the Philippine Stock Exchange or any organized stock exchange within the normal listing period (approximately 30 days from start of the offer period);
- g) Primarily short-term exchange-listed securities and warrants of such securities;
- h) Primarily short-term marketable instruments that are traded in an organized exchange;
- i) Primarily short-term loans traded in an organized market; and
- j) Such other tradable investments outlets/categories as may be approved by the relevant authority and allowed by the BSP.
- k) The Trustee may invest in allowable investments denominated in any acceptable foreign currency.
- l) The Trustee may use financial derivative instruments to hedge market risk exposure provided that it is in accordance with the risk management and hedging policy duly approved by the Trustee's Trust Committee and disclosed to the Participants.

5.2 Restrictions (as a percentage of the entire portfolio)

- 5.2.1 Maximum exposure of the Fund to any single issuer and its parties is 15% or as prescribed by the BSP.
- 5.2.2 Maximum exposure of the Fund to an issuer is 15%.
- 5.2.3 The amount of any issue held may not exceed 15% of the issue size.
- 5.2.4 There is no exposure limit for Philippine sovereign issues and non-risk assets as defined by the BSP.

- 6 Client and Product Suitability** – Prior to investment in the Fund, a client shall undergo a client profiling process to guide the client in choosing investment outlets that are best suited to his objectives, risk tolerance, preferences and experience. The Fund is suitable for investors with at least an aggressive risk profile.
- 7 Purchase/Admission of Units of Participation in the Fund** – Investments in the Fund shall be made by purchasing units of the Fund at the prevailing Net Asset Value per Unit (NAVPU) of the Fund and shall not be less than the Fund's Minimum Participation Amount. Admission of participation shall commence upon execution of a Participation Trust Agreement and the receipt by the Trustee of cleared funds from the Trustor/Participant. The participation of each Trustor/Participant in the Fund shall be designated in terms of the number of participating units in the Fund. Each unit of participation in the Fund shall have uniform rights and privileges as any other units in the Fund. The Trustee has sole discretion to accept participations and expressly reserves its right to reject or refuse any participation, contribution, or investment in the Fund by any person or entity for any reason whatsoever.

Subsequent contributions of a Trustor/Participant in the Fund shall result to the Trustor's/Participant's additional proportionate interest in the Fund.

- 8 Subscription and Redemption Cut-off Times for the Fund** – Subscriptions and Redemptions must be received by the Operations Group of the Trustee by 2:00 pm of each Trade Date. Subscriptions and Redemptions received on or before the cut-off time shall receive the NAVPU of the same Trade Date.
- 9 Redemption of Units of Participation in the Fund** – Redemption from the Fund shall be done through a notice to the Trustee. Redemption of units of participation in the Fund will be based on the applicable NAVPU. Proceeds from redemption of units shall be remitted to the Trustor/Participant by end of day on Trade Date + 6 days.

Redemptions from the Fund shall result in the reduction of the Trustor's/Participant's proportionate interest in the Fund. Such reductions shall be expressed in units of participation based on the NAVPU.

A Confirmation of Redemption shall be issued to the Participant for every redemption as evidence of the partial or full redemption of Units. The price of the unredeemed Units is not revalued, i.e. the original subscription price applies to the unredeemed Units. The outstanding unredeemed Units, as well as subscription/ redemption transactions for the relevant period, shall be reflected in a quarterly statement to be sent to the Participant.

The Trustee may not allow on one single day redemptions from the Fund of more than 10% of the value of the total number of units outstanding for the Fund at the start of the day. The Trustee shall be able to defer any request in whole or in part so that the 10% level is not exceeded.

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- 10 Units of the Fund** – The total number of outstanding units of the Fund is expanded whenever a Trustor/Participant makes a new or additional purchase of units of participation in the Fund.

The Net Asset Value Per Unit (NAVPu) of the Fund shall be the total net asset value of the Fund divided by the total number of outstanding units of the Fund. In no case will a participation be admitted or redeemed from the Fund except on the basis of the foregoing valuation.

- 11 Distribution of Income** – A Participant shall be entitled to a pro-rata distribution of income, profits and losses in respect of their participation in the Fund, upon the redemption of, and corresponding to, its units of participation based on the NAVPu.
- 12 Valuation of the Fund** – All assets of the Fund shall be marked to market daily in accordance with applicable rules and regulations of the BSP. The Net Asset Value (NAV) of the Fund shall be computed daily starting 4:00 pm Manila Time.

The determination of the market value of the Fund's investments shall be based on the following:

Asset Class	Valuation
Cash deposits	Valued at cost plus accrued interest
US Treasuries	Prices quoted on Bloomberg as of 4:00 p.m. Manila Time
Other Foreign Currency-denominated Securities	Bid prices/rates to be requested from 3 accredited dealers, an average bid price/rate will be computed
Equities	Equities will be valued at market using the same day closing prices quoted at the organized exchange where the stocks are traded

- 13 Suspension of NAV calculation** – The Trustee may temporarily suspend calculation of the NAV of the Fund as well as subscriptions and redemptions in the following instances: (1) due to closure of exchanges or regulated markets for periods other than holidays; (2) when the value of an investment of the Fund cannot be determined with the desirable speed and accuracy; (3) when exchange rate or capital transfer restrictions prevent execution of transactions for the account of the Fund; (4) when factors due to political, economic, military or monetary climate which are outside the control, liability and operational scope of the Trustee shall prevent the same from transacting assets and determining the net asset value thereof in a reasonable manner; and (5) when the market of a currency in which a significant portion of the Fund is invested in shall be closed for periods other than normal holidays, or when transactions thereon are suspended or subject to restrictions.

- 14 Amendments** – The Plan Rules of the Fund may be amended from time to time by the Trustee and the amendments shall be submitted to the BSP within the period prescribed by the applicable rules and regulations of the BSP. Trustor/Participants in the Fund shall be immediately notified and shall be allowed to withdraw their participations if they are not in conformity with the amendments made.

A copy of the Fund's Plan Rules is available at the principal office of the Trustee during regular office hours on any Banking Day upon request of the client.

- 15 Tax Considerations** – Under existing tax laws and regulations, the Trustee as Fund Manager may be required to withhold tax on income from investments of the Fund. Based on legal opinion from an external counsel, the Trustee is not obligated and therefore will not withhold tax on yield/gain from offshore investments of this Fund. It will be the Trustor's responsibility to pay appropriate taxes for which he/she may consult his/her own tax counsel/accountant for advice. If a new rule or interpretation of applicable law by the Bureau of Internal Revenue ("BIR") shall state otherwise, the Trustee shall not be precluded from collecting the entire amount of taxes, interest and other charges from the Trustor/Participant. Trustee shall be released from any liability resulting from its interpretation of tax laws/rulings as may be applicable on this investment transaction.

- 16 Trust Fee, Other Expenses and Taxes** – In consideration of the Trustee's services, the Trustee shall be entitled to collect a Trust Fee for the Fund based on the NAV of the Fund. The Trust Fee shall be payable monthly or at such periodic intervals as the Trustee may determine.

The Trustee may, as allowed by the BSP, charge the Fund for special expenses incurred by it in the management of the Fund, including custody fees, attorney's fees, external audit fees, cost of research, and other similar expenses as it may in its sole discretion determine to be necessary to preserve or enhance the value of the Fund, provided such special expense shall be payable to a third party, covered by a separate contract, and disclosed to Participants.

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Distribution agents appointed by the Trustee including the Bank's own branch network, when allowed by the BSP, shall be entitled to distribution/handling/administrative fees which shall be covered by a separate agreement and shall not be an additional charge against the Fund.

- 17 **Audit** – There shall be conducted an audit of the Fund at least once a year by an independent accounting firm. The Trustee shall periodically prepare a financial report of the Fund, which shall be made available for inspection by the Participants during business hours on any Banking Day.
- 18 **Termination** – The Fund may be terminated or discontinued upon resolution of the Trustee's Board of Directors. The Participants and the BSP shall be duly notified of such termination and its effectivity.
- 19 **Risk Disclosure** – Before investing into any of the Odyssey Funds, the investor should read the complete details of the Fund/s in the Plan Rules, make his/her own risk assessment, and when necessary, he/she must seek independent/professional opinion. The Trustor/s shall have read and acknowledged the Risk Disclosure Statement to signify that he/she is aware of the different risks involved when investing in the Odyssey Funds.

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