

# Odyssey Asia Pacific High Dividend Equity Fund

## A Unit Investment Trust Fund of the Bank of the Philippine Islands



### Investment Objective

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. The Fund aims to outperform its benchmark, the MSCI AC Asia Pacific ex-Japan Total Return Index.

### Figures as of 07/31/2014

#### Cumulative Performance (%)<sup>1</sup>

	1 mo	1YR	3YRS	5YRS	S.I. <sup>2</sup>
Fund	3.38	11.20	4.38	35.54	7.20
Benchmark <sup>3</sup>	3.51	19.19	15.75	62.14	22.95

#### Annualized Performance (%)<sup>1</sup>

	1YR	2YRS	3YRS	4YRS	5YRS	S.I. <sup>2</sup>
Fund	11.20	8.36	1.44	4.80	6.27	1.13
Benchmark <sup>3</sup>	19.19	13.23	5.00	8.78	10.15	3.39

#### Calendar Year Performance (%)<sup>1</sup>

	YTD	2013	2012	2011	2010	2009
Fund	11.55	-5.41	21.10	-18.24	15.46	62.90
Benchmark <sup>3</sup>	11.60	2.65	22.75	-15.59	19.24	76.77

<sup>1</sup> Returns are net of fees. Past performance is not an indication of future returns.

<sup>2</sup> Since Inception

<sup>3</sup> The Benchmark of the Fund is the MSCI AC Asia Pacific ex-Japan Total Return Index.

<sup>4</sup> Average daily NAV for the last three months.

### Key Figures and Statistics

Net Asset Value per Unit (NAVPU)	USD	10.72
Total Fund NAV (Mn)	USD	25.96
Average Daily NAV for the Quarter (Mn) <sup>4</sup>	USD	29.54
Current Number of Holdings		81
Information Ratio <sup>5</sup>		-1.80
Sharpe Ratio <sup>5</sup>		1.16
<b>Statistics (Past 5 Years)</b>	<b>Fund</b>	<b>Benchmark</b>
Annualized Return (% net)	6.27	10.15
Annualized Volatility (%)	18.30	18.36
Portfolio beta	0.90	

### General Information

Launch Date	May 20, 2008	
Fund Structure	Unit Investment Trust Fund	
Fund Classification	Equity Fund	
Fund Currency	US Dollar	
Minimum Initial Investment	USD	5,000.00
Minimum Transaction	USD	1,000.00
Minimum Holding Period	None	
Days to Settlement (Contribution)	Day 2 End-of-Day	
Days to Settlement (Redemption)	Day 7 1:00 PM	
Trust Fee <sup>6</sup>	1.75% per annum/0.44% per quarter	
Custodianship Fee <sup>6</sup>	0.009% per quarter	
External Audit Fee <sup>7</sup>	0.008%	
Valuation Methodology	Marked-to-Market	
External Auditor	Isla Lipana & Co.	
Available Through	BPI Branches and <a href="http://www.bpiexpressonline.com">www.bpiexpressonline.com</a>	
Trustee	Bank of the Philippine Islands	
Third Party Custodian	HSBC, Ltd. (Philippines)	
Sub-advisor	JP Morgan Asset Management	
Dealing Cut-Off	2:00 PM	

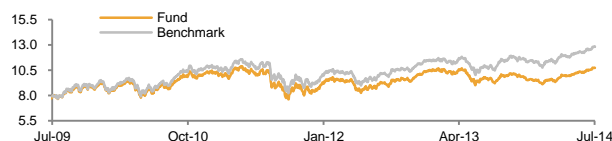
### Manager's Report

**Market Review:** Asian markets continued their positive momentum in July despite geopolitical tensions in the Middle East and Argentina default. Indonesia was the best performing market after Joko Widodo was officially confirmed as the President. China came as the runner up on a combination of continued loosening of property tightening measures and better macro numbers due to minor stimulus. Hong Kong rallied in sympathy as the territory is the primary beneficiary of better sentiment about the mainland. The pending start of the Hong Kong-Shanghai Connect, which allows investors to buy mainland stocks without the need for QFII or RQFII quota, also boosted sentiment. Elsewhere, Australia had a strong start to its financial year with both banks and miners moving higher, despite some mixed domestic data. Korea gained as the government unveiled its stimulus package and measures to support the property market. The potential dividend reform also attracted a lot of attention.

**Fund Performance:** The portfolio recorded another month of positive return and also managed to keep up with the index. On the positive side, the overweight in Hong Kong helped as it outperformed on improving sentiment towards China. Stock selection in Korea also contributed as staples name like Dongshuh outperformed, with a gain of 15% in Korean Won, on potential dividend reform. At the same time, we did not own high growth and low yielding stocks like Naver and Hynix which corrected. Not owning Samsung also helped. In Singapore, our banking positions added value as they announced good results. On the negative side, in July, China was the second best performing market in Asia led by telecom, materials and properties. In this income portfolio, while we also owned cyclical yield names like oil plays, our overall exposures were relatively defensive and did not manage to catch up with the broader market, hence stock selection in China dragged slightly. Our positions in Indian equities also suffered as our one and only one holding NTPC consolidated after rallying hard earlier this year. We believe the company would be a major beneficiary of better economic growth ahead and therefore will hold onto the position. The stock is yielding over 4%, so it is suitable for this portfolio.

**Fund Strategy:** Recently we started to see Asian export growth showing a more synchronized recovery. The stabilization in China growth trajectory coupled with the pending launch of mutual market access in Shanghai/ Hong Kong have also improved market sentiment. That said, earnings in Asia remain mixed and hence adopting a value dividend strategy makes sense to weather the potential volatilities. The portfolio has an attractive yield of around 5%, and is well balanced with both cyclical yield stocks and defensive yield names. On the country level, we have added to Korea earlier. The Korean government recently announced measures to push for higher dividend payout from Korean corporates. With its current payout ratio being the lowest in Asia, an improvement will be welcomed by investors. Meanwhile, we have trimmed stocks that have done well, including selective technology names in Taiwan.

### NAVPU Graph



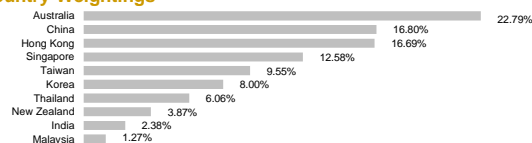
### Allocation

Portfolio Allocation: Equities 96.63%, Cash and Other Receivables 3.37%

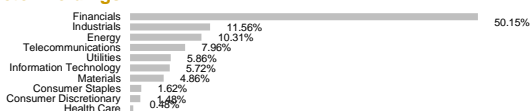
### Top Holdings

Name	Main Business	% of Fund
BOC Hong Kong (Holdings)	Financials	5.39
HSBC Holdings	Financials	5.28
China Petroleum & Chemical	Energy	4.49
Australia & New Zealand Banking Group	Financials	2.84
Telecom Corp Of New Zealand	Telecommunications	2.80
DBS Group Holdings	Financials	2.76
Mirvac Group Stapled Securities Unit	Financials	2.35
NTPC	Utilities	2.30
China Construction Bank	Financials	2.23
Mega Financial Holding	Financials	2.10

### Country Weightings



### Sector Holdings



Any prospective investment shall be limited to the type of investments described in the Declaration of Trust for the Fund.

### Risk Disclosure

The Fund is suitable for investors with an aggressive profile or for those who take long-term views. As a marked-to-market UITF, the Fund's net asset value and total return may fall as well as rise as a result of stock prices and interest rates movements. On redemption of units, an investor may receive an amount less than the original amount of investment. Prior to investment in the Fund, the investor shall undergo a client suitability assessment procedure to determine whether the Fund is appropriate for him considering his investment objective, risk tolerance, preferences and experience.

\*\*By subscribing to this Fund, you agree that in case your holdings exceed 25% of the net asset value of the Fund, the Trustee shall provide the following customer details to the investment manager: name of customer, date of birth, nationality, ID type and number and residential address. Based on this information, when the investment manager considers, in its reasonable opinion, that your investment violates any applicable laws and regulations or the investment manager's internal policies and guidelines, then you will be required to redeem all your investments in the fund. This is in compliance with JP Morgan Asset Management's global compliance policy. JP Morgan Asset Management is the appointed investment manager.

<sup>5</sup> The Information Ratio evaluates reward-to-risk efficiency relative to the benchmark, while the Sharpe Ratio evaluates reward-to-risk efficiency relative to the risk free rate. The higher the number, the higher the reward per unit of risk. Sharpe and Information Ratios between funds of different classifications are non-comparable.

<sup>6</sup> Trust fee/custodianship fee as a percentage of average daily NAV for the quarter

<sup>7</sup> External Audit Fees as a percentage of 2011 end-year NAV

\*Plan Rules are available upon request.