

**ODYSSEY DIVERSIFIED BALANCED FUND**Key Information and Investment Disclosure Statement  
As of August 30, 2024**FUND FACTS**

|                                |                  |  |                     |
|--------------------------------|------------------|--|---------------------|
| <b>Classification:</b>         | Multi-Asset Fund | <b>Net Asset Value per Unit (NAVPU):</b> | Php 211.04          |
| <b>Launch Date:</b>            | May 12, 2006     | <b>Total Fund NAV (Mn):</b>              | Php 750.68          |
| <b>Minimum Investment:</b>     | Php 10,000.00    | <b>Dealing Day:</b>                      | Daily up to 2:00 PM |
| <b>Additional Investment:</b>  | Php 5,000.00     | <b>Redemption Settlement:</b>            | T+2 End-of-Day      |
| <b>Minimum Holding Period:</b> | None             | <b>Early Redemption Charge:</b>          | None                |

**FEES\***

|                               |                                      |  |                            |
|-------------------------------|--------------------------------------|--|----------------------------|
| <b>Trustee Fees:</b> 0.1270%* | <b>Custodianship Fees:</b> 0.0021%** | <b>External Auditor Fees:</b> 0.0000%*** | <b>Other Fees:</b> 0.0000% |
|-------------------------------|--------------------------------------|--|----------------------------|

1.50% per annum

|            |      |             |      |
|------------|------|-------------|------|
| BPI Wealth | HSBC | Isla Lipana | None |
|------------|------|-------------|------|

\*Monthly rate: billings received for August 2024 divided by the average daily NAV for the same month valued at Php 750.09 Mn

\*\*Monthly rate: billings received for July 2024 divided by the average daily NAV for the same month valued at Php 744.21 Mn

\*\*\*Billing is received at the last quarter of the year

**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 50% BPI Philippine Government Bond Index and 50% Philippine Stock Exchange Index (PSEi).

**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 Balanced 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** Investors are exposed to adverse changes in the prices of domestic fixed income securities due to a rise in interest

**Rate Risk:** rates, which generally causes fixed income security prices to decline. Factors/ events that may lead to a rise in interest rates include adverse market conditions, issuer-specific factors/ events and/ or negative developments in domestic political and economic conditions..

**Equity** Investors are exposed to adverse changes in the prices of stocks listed in the Philippine Stock Exchange, which

**Price Risk:** 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.**

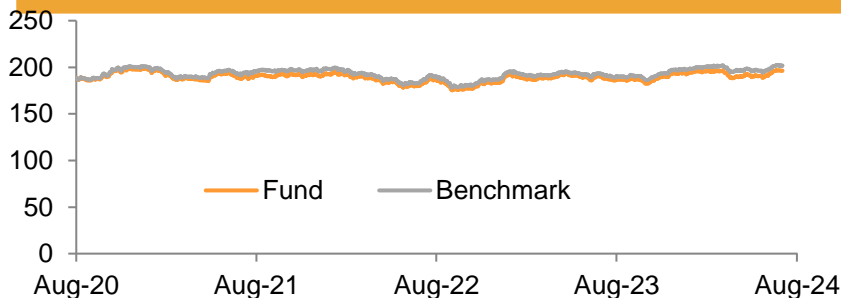
**• THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE.**

**• 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 AUGUST 30, 2024

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

### NAVPU GRAPH



\*Benchmark is 50% BPI Philippine Government Bond Index and 50% Philippine Stock Exchange Index.<sup>1</sup>

### CUMULATIVE PERFORMANCE (%)<sup>2</sup>

|                  | 1 mo        | 3 mos       | 6 mos       | 1 YR        | 3 YRS       | S.I. <sup>3</sup> |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------------|
| <b>Fund</b>      | <b>2.18</b> | <b>5.60</b> | <b>1.04</b> | <b>8.38</b> | <b>5.39</b> | <b>111.04</b>     |
| <b>Benchmark</b> | 2.48        | 5.37        | 1.41        | 9.28        | 3.86        | 198.07            |

### ANNUALIZED PERFORMANCE (%)<sup>2</sup>

|                  | 1 YR        | 2 YRS       | 3 YRS       | 4 YRS       | 5 YRS       | S.I. <sup>3</sup> |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------------|
| <b>Fund</b>      | <b>8.38</b> | <b>3.91</b> | <b>1.76</b> | <b>2.33</b> | <b>0.46</b> | <b>4.16</b>       |
| <b>Benchmark</b> | 9.28        | 3.84        | 1.27        | 2.86        | 0.56        | 6.14              |

### CALENDAR YEAR PERFORMANCE (%)<sup>2</sup>

|                  | YTD         | 2023        | 2022         | 2021         | 2020        | 2019         |
|------------------|-------------|-------------|--------------|--------------|-------------|--------------|
| <b>Fund</b>      | <b>3.99</b> | <b>4.77</b> | <b>-4.43</b> | <b>-3.01</b> | <b>2.95</b> | <b>10.34</b> |
| <b>Benchmark</b> | 5.14        | 3.36        | -5.54        | -1.18        | 1.87        | 12.01        |

### PORTFOLIO COMPOSITION

| Allocation                             | % of Fund |
|--|-----------|
| Equities                               | 47.18     |
| Government Bonds                       | 44.97     |
| Corporate Bonds                        | 4.47      |
| Cash and cash equivalents              | 4.28      |
| Other Receivables – Net of Liabilities | -0.90     |
| <b>Sector Holdings</b>                 |           |
| Holding Firms                          | 13.81     |
| Financials                             | 10.93     |
| Property                               | 6.79      |
| Services                               | 9.19      |
| Industrials                            | 6.46      |
| Mining and Oil                         | 0.00      |

### NAVPU over the past 12 months

|         |        |
|---------|--------|
| Highest | 212.03 |
| Lowest  | 190.56 |

### STATISTICS

|  |       |
|--|-------|
| Weighted Ave Duration (Yrs)              | 6.20  |
| Portfolio Beta                           | 0.99  |
| Volatility, Past 1 Year (%) <sup>4</sup> | 7.34  |
| Sharpe Ratio <sup>5</sup>                | 0.52  |
| Information Ratio <sup>6</sup>           | -0.64 |
| Current Number of Holdings               | 43    |

<sup>1</sup>On November 1, 2012, the bond portion of the Fund's benchmark was changed from HSBC Phil. Liquid Bond Index.

<sup>2</sup>Returns are net of fees.

<sup>3</sup>Since inception.

<sup>4</sup>Measures the degree to which the fund fluctuates vis-à-vis its average return over a period of time. The higher the number, the better.

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

<sup>6</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>7</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                           |            | % of Fund |
|--------------------------------|------------|-----------|
| Fixed Rate Treasury Note       | 11/24/2042 | 8.88      |
| Fixed Rate Treasury Note       | 7/19/2031  | 7.86      |
| Fixed Rate Treasury Note       | 1/25/2034  | 6.47      |
| SM Investments Corporation     |            | 4.98      |
| Retail Treasury Bond           | 2/28/2029  | 4.69      |
| Bank of the Philippine Islands |            | 4.52      |
| SM Prime Holdings, Inc.        |            | 4.30      |
| BDO Unibank, Inc.              |            | 4.13      |
| Fixed Rate Treasury Note       | 10/20/2032 | 3.94      |
| Retail Treasury Bond           | 8/22/2028  | 3.61      |

### 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 Wealth - A Trust Corporation ("BPI Wealth"):

ACEN Corporation – Php 5.07 Million  
 Ayala Corporation – Php 26.69 Million  
 Ayala Land Inc. – Php 20.10 Million  
 Bank of the Philippine Islands – Php 33.97 Million  
 Globe Telecom Inc. – Php 10.89 Million

Investments in the said outlets were approved by the 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 by 0.72% in August as Philippine government bond yields decreased by an average of seven basis points (bps). Average daily trading volume for the month reached Php41.3 billion, up from Php34.5 billion in July, with most trades concentrated in 5- to 10-year securities. The Bureau of the Treasury (BTr) held four FXTN auctions in August, fully awarding the 5-, 7-, 15-, and 20-year tenors. Auction highs generally aligned with, or came in slightly below, secondary market bids at the time, with the BTr awarding at 6.128%, 6.14%, 6.125%, and 6.22%, respectively.

On the domestic front, July headline inflation accelerated to 4.4% from 3.7% in June, exceeding economists' median estimate of 4.0%. The higher-than-expected inflation was driven mainly by increases in housing & utilities (2.3% vs 0.1% in June), education (5.8% vs 3.8%), transport (3.6% vs 3.1%), and food & non-alcoholic beverages (6.4% vs 6.1%). Despite the inflationary pressure, the BSP cut rates by 25 bps in August, marking the first reduction in four years. Economists forecast that inflation may have cooled to 3.7% in August.

Internationally, US inflation decelerated from 3.0% in June to 2.9% in July, slightly below the 3.0% expectation. US Federal Reserve officials highlighted the ongoing moderation in inflation and slowing economic data, supporting the case for eventual policy rate cuts.

The Philippine Stock Exchange Index (PSEi) rallied for the 2nd consecutive month as investors cheered the Bangko Sentral ng Pilipinas' (BSP) decision to cut policy rate by 25 basis points to 6.25%. The local bourse was further buoyed by growing optimism that US Federal Reserve's (The Fed) will likely reduce rates in September. Market sentiment was also supported by improving GDP number and peso rebound. GDP grew by 6.3% year-on-year in 2Q2024 from 5.8% in 1Q2024 propelled by government spending which rose by 10.7% while the Philippine peso strengthened to Php56.15 or 3.98% on a month-on-month basis. The PSEi moved up 4.2% month-on-month to 6,897.54.

For trading activity, the market's daily value turnover improved to Php5.66 billion in August from Php4.35 billion recorded in the prior month. MSCI rebalancing which occurred at the end of the month helped spur market's turnover. In terms of foreign activity, foreign buying was sustained for another month, notching US\$143 million. Top foreign bought stocks were ALI (+US\$40 million), BDO (US\$32.6 million) and ICT (US\$17.6 million). Foreign participation rose to 56%.

On a per stock basis, the top three index gainers for the month included: CNVRG (+29.98%), ALI (+19.66%) and JFC (+12.96%). Meanwhile, the bottom three performers were: URC (-23.53%), JGS (-15.47%) and AEV (-6.35%).

**Fund Performance.** The Fund returned 2.18% in August, underperforming the benchmark by 30 bps. Year-to-date, the Fund registered a gain of 3.99%, behind the benchmark by 115 bps.

**Fund Strategy.** The Fund looks to gradually increase its duration position as interest rates are expected to fall towards year-end. While inflation has settled within the BSP's target in the past months, upside risks are still present. The BSP has already decreased its policy rates by 25 basis points to 6.25%. The central bank remains vigilant in monitoring inflation figures before easing rates further. 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.

For equities: The Fund will accumulate on market dips as volatility from geopolitical risks coupled with thin market liquidity remain. The Fund's preference is still for companies with leading market capitalization and good fundamentals as well as dividend paying stocks.

## 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>*