

# Odyssey Peso Income Fund

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



## Investment Objective

The Fund aims to generate income by investing in a diversified portfolio of Peso denominated sovereign and corporate debt securities. The benchmark of the Fund is the HSBC Philippines Local Bond Index (1-5 years) Total Return, which it aims to outperform gross of fees.

### FIGURES AS OF 4/30/2012

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

	1 mo	6 mos	1YR	3YRS	S.I. <sup>2</sup>
<b>Fund</b>	<b>0.23</b>	<b>2.51</b>	<b>6.44</b>	<b>19.77</b>	<b>30.88</b>
Benchmark <sup>3</sup>	0.24	1.76	5.26	19.18	31.98

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

	1YR	2YRS	3YRS	4YRS	S.I. <sup>2</sup>
<b>Fund</b>	<b>6.44</b>	<b>6.93</b>	<b>6.20</b>	<b>6.79</b>	<b>6.05</b>
Benchmark <sup>3</sup>	5.26	6.48	6.02	7.18	6.24

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

	YTD	2011	2010	2009	2008	2007 <sup>4</sup>
<b>Fund</b>	<b>0.74</b>	<b>7.16</b>	<b>7.48</b>	<b>6.30</b>	<b>4.02</b>	<b>2.01</b>
Benchmark <sup>3</sup>	0.56	6.16	8.16	7.09	4.28	7.09

<sup>1</sup> Returns are net of fees. Past performance is not an indication of future returns.  
<sup>2</sup> Since Inception; Total Returns computed by BPI include change in NAV and reinvestment of any income distribution.  
<sup>3</sup> The Fund's benchmark is HSBC Philippines Local Bond Index (1-5 years)  
<sup>4</sup> The Fund was launched on October 1, 2007. Returns are from October 1, 2007 to December 28, 2007

## Key Figures and Statistics

Net Asset Value per Unit (NAVPU) <sup>5</sup>	PHP	110.99
Total Fund NAV (Mn)	PHP	407.30
Portfolio Weighted Yield to Maturity (YTM) % <sup>6</sup> , net <sup>7</sup>		3.13
Current Number of Holdings		10
Information Ratio <sup>8</sup>		0.68
Sharpe Ratio <sup>8</sup>		0.73

Statistics - Past 3 Years	Fund	Benchmark
Annualized Return (net)	6.20%	6.02%
Annualized Volatility	2.46%	2.27%
Duration (Years)	2.73	

## General Information

Launch Date	October 1, 2007
Fund Structure	Unit Investment Trust Fund
Fund Classification	Medium -Term Bond Fund
Fund Currency	Philippine Peso
Minimum Holding Period	5 calendar days
Early Redemption Fee	1.00%
Management/Trust Fee	1.00% per annum/0.25% per quarter <sup>5</sup>
Custodianship Fees	0.003% per quarter <sup>5</sup>
External Audit Fees	0.004% per quarter <sup>5</sup>
Valuation Methodology	Marked-to-Market
External Auditor	Isla Lipana & Co.
Trustee	Bank of the Philippine Islands
Third-Party Custodian	HSBC, Ltd. (Philippines)
Dealing Cut-Off	2:00 PM

## Manager's Report

**Market Review.** The HSBC Local Currency Bond Philippines (1-5 year) Total Return Index (Benchmark) gained 0.24% in the month of April. The local bond yield curve slightly steepened in April especially after the 5- and 7-year tenors went up by 24 and 32 bps, respectively, in anticipation of new supply of debt. The short-end of the curve shifted lower while the longer-end remained flat.

Manageable inflation and strong economic indicators allowed the Bangko Sentral ng Pilipinas (BSP) to keep its key policy rate at 4% during its board meeting in April. Inflation in March slowed to 2.6% from 2.7% despite elevated oil prices and the provisional P50c transport fare hike. The BSP is giving itself more time to assess the effects of its cumulative 50 bps overnight rate cut earlier in the year as inflation in April is expected to fall between 2.1% to 3.0%, way below its target range. It also revised its inflation forecast for next year to 3.3% from 3.4%. However, the BSP noted that risks to inflation now lean toward the upside due to possible second round effects of elevated oil prices.

Meanwhile, the government incurred a budget deficit of P33.9 billion in the first quarter, P48.9 billion below the programmed ceiling. Public spending has increased during the period just as tax collection also improved.

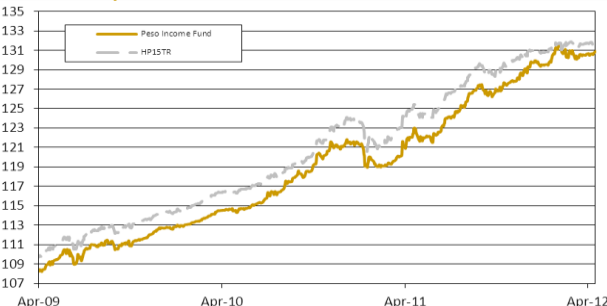
On the supply side, the Bureau of Treasury announced it may not issue more Retail Treasury Bonds (RTB) this year. It had initially planned a second issuance in the second half of the year. Also, the agency is considering a domestic bond swap later this year to exchange for its illiquid issuances.

**Fund Performance.** The Fund gained 0.23% during the month, underperforming its benchmark by 1 basis point. The portfolio has a year-to-date return of 0.74%, 17 bps higher than the benchmark return. Portfolio and benchmark duration ended nearly at the same level at the end of the month.

**Fund Strategy.** The Fund will keep its current duration as policy rate is held steady while risk of inflation could rise.



## NAVPU Graph<sup>7</sup>



## Allocation

Portfolio Composition: Government 46.2%, Corporates 5.4%, Cash 48.4%

## Top Holdings

Name	Yield (%) <sup>8</sup>	Maturity	% of Fund	
BSP Special Deposit Account	3.30%	3.25%	5/8/2012	19.36%
Philippines FXTN 7-48 2016	5.6%	3.31%	1/27/2016	11.91%
Philippines FXTN 5-67 2014	5%	2.20%	1/27/2014	9.34%
Philippines FXTN 5-68 2015	5.1%	2.96%	5/13/2015	8.22%
RCBC 2018	5.6%	6.42%	2/22/2013	5.39%
Philippines FXTN 25-08 2035	6.5%	4.92%	12/16/2035	4.95%
Philippines FXTN 20-17 2031	6.4%	4.67%	7/19/2031	4.71%
Philippines FXTN 7-46 2014	5.2%	2.59%	10/4/2014	3.29%
Philippines FXTN 10-54 2022	5.1%	4.21%	1/19/2022	3.07%

## Maturity Profile

Cash and less than 1 year	61.3%
Between 1 and 3 years	10.6%
Between 3 and 5 years	17.4%
Between 5 and 7 years	0.0%
Between 7 and 10 years	2.6%
More than 10 years	8.1%

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 who take medium to long-term views. The Fund's yield, net asset value, and total return may fall as well as rise as a result of interest rate movements and the changes in credit quality of the investments. On redemption of shares, an investor may receive an amount less than the original amount of the investment.

\*Plan Rules are available upon request.

<sup>5</sup> Trust fees/custodianship fees/audit fees as a percentage of average daily NAV for the quarter.

<sup>6</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>7</sup> The graph reflects NAVPU adjusted for reinvestment of any income distribution

<sup>8</sup> Net of Tax