

Odyssey Tax-Exempt Peso Fixed Income Fund

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



Investment Objective

The Fund aims to achieve capital appreciation and income growth in Philippine Peso terms over a period of time for institutions certified tax-exempt by the BIR, by investing in a diversified portfolio of Philippine Peso denominated fixed income instruments. The benchmark of the Fund is the HSBC Philippines Local Bond Index, which it aims to outperform gross of fees.

FIGURES AS OF 4/30/2012

Cumulative Performance (%)¹

	1 mo	1YR	3YRS	5YRS	S.I. ²
Fund	0.18	16.69	39.53	49.98	134.39
Benchmark ³	0.16	12.80	33.85	48.93	119.27

Annualized Performance (%)

	1YR	2YRS	3YRS	4YRS	5YRS	S.I. ²
Fund	16.69	14.85	11.74	11.35	8.44	107.8
Benchmark ³	12.80	12.19	10.20	10.19	8.29	9.90

Calendar Year Performance (%)

	YTD	2011	2010	2009	2008	2007
Fund	2.70	14.44	14.72	7.25	-0.59	5.01
Benchmark ³	1.57	12.81	12.09	8.31	1.52	5.76

¹Returns are net of fees. Past performance is not an indication of future returns.

²The Fund was launched on January 7, 2004. Returns are from January 7, 2004 to December 29, 2004

³The Benchmark adjusted for CTF reserve requirement of the BSP prior to the conversion to UITF in December of 2004. Effective January 1, 2007, the Fund's benchmark was changed from the HSBC Local Bond Index to the HSBC Philippine Liquid Bond Index.

Key Figures and Statistics

Net Asset Value per Unit (NAVPU) ⁴	PHP	234.39
Total Fund NAV (Mn)	PHP	3,019.59
Portfolio Weighted Yield to Maturity (YTM) % , net ⁵		4.40
Current Number of Holdings		23
Information Ratio ⁶		1.89
Sharpe Ratio ⁶		2.11

Statistics - Past 5 Years	Fund	Benchmark
Annualized Return (net)	8.44%	8.29%
Annualized Volatility	6.74%	5.45%
Duration (Years)	7.32	

General Information

Launch Date	January 7, 2004
Fund Structure	Unit Investment Trust Fund
Fund Classification	Long-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 ⁴
Custodianship Fees	0.007% per quarter ⁵
External Audit Fees	0.001% per quarter ⁵
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 Philippine Local Currency Bond Index (Benchmark) gained 0.16% 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.

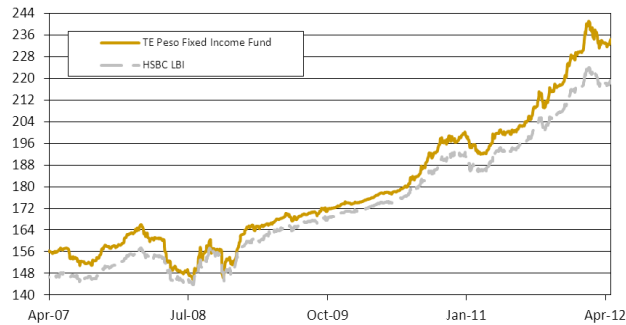
Meanwhile, the government incurred a budget deficit of P33.9 billion in the first quarter, P48.9 billion below the programmed ceiling. Public spending has increased during the period just as tax collection also improved.

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 0.18% during the month, outperforming its benchmark by 2 bps. The portfolio has a year-to-date return of 2.70%, outperforming the benchmark by 113 bps. Portfolio duration ended slightly higher than the benchmark's duration 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



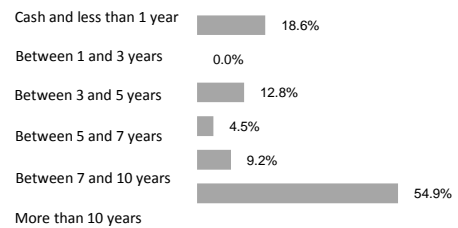
Allocation

Portfolio Composition: Government 72.9%, Corporates 10.4%, Cash 16.7%

Top 10 Holdings

Name	Yield (%) [*]	Maturity	% of Fund	
Philippines FXTN 25-8 2035	6.5%	4.90%	12/16/2035	22.68%
Philippines FXTN 20-17 2031	6.4%	4.68%	7/19/2031	16.00%
Philippines FXTN 10-42 2016	9.13%	4.32%	9/4/2016	7.31%
Philippines FXTN 20-17 2031	8%	5.84%	7/19/2031	6.97%
Philippines RTB 2032	4.7%	4.70%	3/1/2032	4.93%
Philippines 2036	6.25%	5.83%	1/14/2036	4.33%
Philippines RTB 10-2N 2021	5.9%	4.07%	3/3/2021	3.01%
Philippines RTB 7-17 2016	7%	4.33%	9/24/2016	2.95%
Philippines FXTN 10-54 2022	5.1%	4.22%	1/19/2022	2.54%
Petron Corporation 2017	7%	6.59%	11/10/2017	1.80%

Maturity Profile



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. 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.

^{*}Plan Rules are available upon request.

⁴ Trust fees/custodianship fees/audit fees as a percentage of average daily NAV for the quarter.

⁵ 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.

