



Investment Objective

The Fund is designed to seek total returns through current income and long-term capital growth through investment in listed and non-listed fixed income and equity securities of Philippine companies and debt obligations of the Government of the Republic of the Philippines and its instrumentalities.

Fund Manager	ATRAM
Bloomberg Ticker	KABUHAY PM <Equity>
Inception Date*	5 December 1995
Currency	PHP
Fund Size	438.84 Million
NAVPS	2.1244
Domicile	Philippines
Asset Class	Phil. Fixed Income & Equities
Reference Benchmark	50% PSEi & 50% BPI Philippine Government Bond Index
Management & Distribution Fee	1.75% p.a.
Risk & Investor Profile	Moderate Risk
Dealing Frequency	Daily

*ATRAM assumed control of the fund on August 31, 2003. Formerly The Mutual Fund Company of the Philippines, Inc.
Note: ATRAM has changed its benchmark from HSBC Phil. Local Bond Index to Bloomberg Philippine Sovereign Bond Index as of May 1, 2016.

Performance Overview



Cumulative Performance %

	1 Mo	1 Yr	3 Yrs	5 Yrs	YTD	Since TO
Fund	2.51%	-1.65%	0.82%	-9.53%	-4.03%	277.62%

Annualized Performance %

	1 Yr	2 Yr	3 Yrs	4 Yrs	5 Yrs
Fund	-1.65%	-0.04%	0.27%	1.01%	-1.98%

Calendar Year Performance %

	2019	2020	2021	2022	2023	2024 YTD	Since TO
Fund	-1.27%	4.78%	-1.78%	-6.21%	5.15%	-4.03%	277.62%
BM	11.80%	1.47%	-1.20%	-5.51%	3.26%	2.53%	391.33%
+/-	-13.07%	3.32%	-0.58%	-0.70%	1.89%	-6.56%	-113.71%

Note: Prelim figures as of October 26, 2018 for Philippine Fixed Income benchmark. Index-related issues due to the shift in platform/pricing from PDEX to Bloomberg still being resolved. Performance figures are net of fees and taxes.

Risk Adjusted Returns Statistics

	1 Yr	3 Yr	5 Yr	Since TO
Risk Adjusted Return	-0.14	0.08	-0.15	0.65
Information Ratio	-1.42	-0.39	-0.50	-0.30
Standard Deviation	9.07%	8.64%	10.10%	10.63%
Tracking Error	3.50%	4.30%	4.32%	4.31%

Note: Fund returns adjusted for dividends declared. Risk-adjusted returns and risk statistics are all annualized.

Manager's Review

The Philippine Stock Exchange Index (PSEi) rebounded strongly in July, gaining 3.23% month-on-month (MoM) to close at 6,619.09. This snapped a four-month losing streak, driven primarily by positive market sentiment fueled by lower-than-expected inflation and the prospect of potential interest rate cuts. The main index rallied for the first three weeks, averaging a gain of 1.94%. Domestically, June's inflation rate of 3.7% came in below expectations and within the target range of the Bangko Sentral ng Pilipinas (BSP) of 2-4%, increasing hopes for a rate cut in the second half of the year. Moreover, attractive stock valuations contributed to the market's upward trajectory. Globally, similar trends of easing inflation have positioned the US Federal Reserve for potential rate cuts starting in September. This outlook further boosted investor confidence. However, the market experienced a sharp reversal in the final week of July following President Marcos' announcement of a POGO ban during his State of the Nation Address. The property sector was particularly hard hit by this news. Despite the late-month selloff, the PSEi managed to hold above the critical 6,600 level and maintain its position above the 100-day moving average.

The local bond market performed strongly in July. Bond gains were buoyed primarily by BSP officials' sounding off that rate cuts could start as early as August, a sizeable drop in global yields, and the lower-than-expected inflation result for June. The appetite for duration was strong for most of the month as investors were keen on taking positions in the 15+ years space. Investors then locked in gains in the latter part of the month in anticipation of perceived headwinds, which is the higher YOY inflation as estimated by the BSP. For July, the 1-3- and 3-5-year tenor buckets decreased by an average of 15 basis points (bps) and 29 bps respectively. The 5-7 and 7-10 years both declined by 34 bps and 43 bps. The long ends were the outperformers this month as bonds with 10+ years remaining maturity sank by 49 bps on average.

For our outlook, we expect that inflation will start its downward trend by the second half of 2024 as base effects wane off. This may then prompt the BSP to start cutting rates in the latter part of the year. The recent statements made by BSP officials coupled with the increasing possibility of a rate cut by the Fed anchor our positive outlook for 2H2024. We continue to be highly agile in our fund management and will continue to adjust our strategies given the changes in the current environment.

Fund Attribution & Positioning

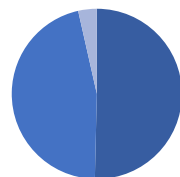
The ATRAM Philippine Balanced Fund was up 2.51% MoM in July. In terms of asset allocation, we were on average 0.30% overweight equities and 0.53% underweight fixed income excluding cash.

Market Outlook

The month of August may show volatility in the equities space. Empirically, August has been a tough month for markets in the past years. This may prove to be true again this month given the risk of recession in the US impacting overall sentiment for global equities including the Philippines. Locally, the news flows are also not providing relief with the second quarter earnings print showing weakness in the consumer sector and the July inflation print being above consensus estimates. Despite the anticipated short-term volatility, the sustained improvement in sequential inflation prints should set up the Philippine equities space on a better footing as we enter the tail-end of the year. We favor deep-value and high-quality cyclical in the property, consumer, and conglomerate space that can benefit from the continued recovery of the Philippine economy.

JULY 31, 2024

Composition of the Fund



- Equities (50.37%)
- Government Bonds and Cash (46.10%)
- Corporate Bonds (3.53%)

Equity Sector Exposure

Property	13.64	Consumer	3.11
Holding Firms	12.18	Utilities	2.39
Banks	11.52	Gaming	1.24
Transportation	6.29		

Top Ten Holdings

Holdings	Asset Class	Fund %
PH GOV 6.875% 23May2044	Fixed Income	22.48
PH GOV 6.25% 28Feb2029	Fixed Income	12.64
SM Investments Corporation	Equity	7.55
International Container Terminal Services, Inc.	Equity	6.29
SM Prime Holdings Inc.	Equity	6.19
Ayala Land Inc.	Equity	5.98
Bank of the Philippine Islands	Equity	4.93
BDO Unibank Inc.	Equity	4.11
Ayala Corporation	Equity	3.50
PH GOV 3.75% 12Aug2028	Fixed Income	3.32

Monthly Performance %

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Year	Cumulative
2012	3.73%	3.46%	4.53%	2.85%	-1.93%	0.78%	0.68%	-2.46%	3.12%	1.74%	2.91%	2.03%	23.36%	246.71%
2013	4.34%	3.68%	3.72%	3.18%	-0.61%	-3.95%	2.92%	-3.62%	-0.51%	3.05%	-2.09%	-2.07%	7.78%	273.67%
2014	0.33%	2.75%	0.23%	2.72%	-0.30%	0.81%	0.53%	0.64%	1.79%	0.90%	0.86%	-0.05%	11.75%	317.58%
2015	2.28%	-0.62%	-0.59%	-1.23%	-1.31%	-1.75%	1.92%	-4.16%	-3.04%	3.70%	-3.32%	-1.16%	-9.19%	279.22%
2016	-2.59%	1.43%	5.87%	-0.56%	2.09%	3.11%	2.70%	-0.48%	-1.19%	-2.26%	-4.27%	0.44%	3.90%	294.03%
2017	2.93%	-0.64%	0.44%	2.19%	1.26%	0.28%	0.94%	-0.33%	0.98%	1.18%	-0.73%	1.91%	10.84%	336.74%
2018	0.84%	-2.00%	-2.95%	-0.78%	-2.13%	-2.96%	3.25%	0.96%	-5.48%	-1.37%	1.42%	0.94%	-10.09%	292.69%
2019	4.39%	-1.51%	2.27%	-0.01%	-0.09%	0.30%	0.89%	-1.17%	-2.00%	0.11%	-2.97%	-1.26%	-1.27%	287.70%
2020	-5.23%	-1.32%	-8.47%	5.16%	2.43%	3.08%	-1.55%	0.05%	-0.83%	3.13%	5.66%	3.58%	4.79%	306.27%
2021	-3.82%	0.30%	-2.87%	-0.42%	2.23%	2.78%	-5.95%	4.43%	0.62%	0.29%	1.48%	-0.39%	-1.78%	299.00%
2022	2.37%	-1.24%	-1.60%	-2.88%	-0.58%	-4.46%	3.20%	0.57%	-6.61%	0.98%	3.41%	0.98%	-6.21%	274.23%
2023	0.24%	0.27%	1.36%	1.73%	-1.65%	-1.25%	1.93%	-2.50%	0.65%	-3.33%	5.07%	2.81%	5.15%	293.49%
2024	0.95%	0.13%	-2.05%	-3.48%	-2.67%	0.65%	2.51%						-4.03%	277.62%

Fund Details

NAVPS publication
Types of shares
Transfer Agent
Custodian
Fund Accountant
Auditor

Trade date + 1
Common
ATR AM
Standard Chartered Bank, Philippine Branch
Standard Chartered Bank, Philippine Branch
SGV & Co.

Portfolio Analytics*

Percentage of Positive Months
Average Gain in Positive Months
Sharpe Ratio
Correlation with Reference BM
Beta (relative to reference BM)
Jensen's Alpha (relative to reference BM)

*Since ATRAM took over management of the fund

Definitions

Beta of a fund measures its relationship with the benchmark. A beta of exactly 1 means that the fund's returns generally mirror the pattern of its benchmark's returns. A beta of greater than 1 means the fund will move in the same direction as the benchmark but by a greater amount. A beta of between zero and 1.0 implies that the fund's NAVps should generally move in the same direction as the benchmark, although in lesser magnitude. A beta of exactly zero implies that the fund's pattern of returns is completely unrelated to the movement of the benchmark's returns. A negative beta indicates that the choice of benchmark may be inappropriate, and that a different benchmark should be selected.

Correlation measures how closely the movements of two variables are synchronized with each other. The maximum attainable correlation of 1.0 means that a pair of variables moves in perfect lockstep, in the same direction and magnitude; at the other extreme, the minimum possible correlation of -1.0 denotes that a pair of variables moves as perfect mirror images; meanwhile a correlation of exactly zero implies that the variables behave completely independently of each other. In the analysis of investments, correlation compares the direction and magnitude of a fund's returns with the direction and magnitude of a reference benchmark's returns.

Information Ratio measures how much excess return over a reference benchmark's returns an investment has yielded relative to the variability of said excess returns over benchmark returns. Information ratio is computed as the ratio of the mean of the fund's excess returns over benchmark returns (i.e., the *relative return*) to the fund's tracking error (i.e., the *relative risk*).

Jensen's alpha is a measure of a fund's excess return over its expected return as computed using CAPM (Capital Asset Pricing Model). The expected return considers the benchmark return, the fund's beta and the risk-free rate of return. A value of 1% indicates that the fund beat its expected return by 1%.

Risk-adjusted Return measures how much *absolute return* an investment has yielded relative to the amount of *absolute risk* taken. Risk-adjusted return is calculated by dividing the mean (average) of a fund's return by the standard deviation of the fund's returns.

Sharpe Ratio is a measure of risk-adjusted performance and is defined as the ratio of excess return over the volatility of an investment. Excess return refers to the return of the investment over the risk-free rate of return. A higher ratio means better risk-adjusted performance.

Standard Deviation is a measure of how widely dispersed the fund's returns are away from the mean of the fund's returns. A basic and widely-used statistical concept, standard deviation is often employed as a measure of *absolute risk* in the analysis of investments.

Tracking Error is a measure of how widely dispersed the fund's excess returns over the reference benchmark's returns were with respect to the mean of the fund's excess returns over benchmark returns. Tracking error is computed as the standard deviation of the fund's excess returns over benchmark returns. Tracking error is a measure of *relative risk*.