



### Investment Objective

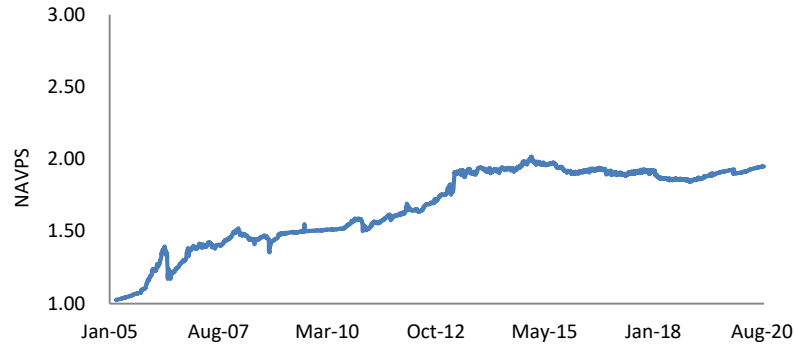
The Fund is designed to generate regular income streams and capital appreciation by investing primarily in Philippine Peso corporate fixed income securities issued by Philippine companies.

<b>Fund Manager</b>	ATRAM
<b>Bloomberg Ticker</b>	PRULFIX PM
<b>Inception Date*</b>	3 January 2005
<b>Currency</b>	PHP
<b>Fund Size</b>	232.68 Million
<b>NAVPS</b>	1.9485
<b>Domicile</b>	Philippines
<b>Asset Class</b>	Fixed Income
<b>Reference Benchmark**</b>	N.A.
<b>Management &amp; Distribution Fee</b>	1.20% p.a.
<b>Risk &amp; Investor Profile</b>	Moderate Risk
<b>Dealing Frequency</b>	Daily

\*ATR Asset Management took over management of the Fund effective January 1, 2012. The change of name was approved by the SEC on October 1, 2015.

Note: \*\*ATRAM has ceased to use the HSBC Philippines Local Currency Bond Index ("HLBI") as its benchmark due to the discontinuation of the index effective May 2, 2016.

### Performance Overview



### Cumulative Performance %

	1 Mo	1 Yr	3 Yrs	5 Yrs	YTD	Since Incept
Fund	0.11%	3.47%	4.91%	2.28%	2.44%	98.31%

### Annualized Performance %

	1 Yr	2 Yr	3 Yrs	4 Yrs	5 Yrs
Fund	3.47%	3.42%	1.61%	1.02%	0.45%

### Calendar Year Performance %

	2015	2016	2017	2018	2019	2020 YTD	Since Incept
Fund	-3.04%	0.34%	-0.40%	-1.10%	3.92%	2.44%	98.31%
BM	0.23%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
+/-	-3.27%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Note: Performance figures are net of fees and taxes.

### Risk Adjusted Returns Statistics

	1 Yr	3 Yr	5 Yr	Since Incept
Risk Adjusted Return	7.18	1.31	0.29	0.85
Information Ratio	n.a.	n.a.	n.a.	n.a.
Standard Deviation	0.48%	1.23%	1.60%	5.29%
Tracking Error	n.a.	n.a.	n.a.	n.a.

### Manager's Review

Philippine bond yields started the month grinding lower on the back of bad economic data. The country's capital region was placed under General Community Quarantine (GCQ) once again due to rising COVID-19 cases. Philippine GDP underperformed market expectations for Q2, contracting 16.5% YoY vs the market's estimate of -9.4%. Bureau of Treasury's (BTR) latest issuance of a retail treasury bond (R513) ballooned to over 516 billion PHP, a historically large issuance. A pause in monetary policy, as well as a less aggressive Bangko Sentral ng Pilipinas (BSP) bond buyback program led long-end bond yields to bounce back off the lows by 2-3 basis points (bps) higher to end the month.

Inflation adjusted higher to 2.7% in July, from last month's 2.5%. This was primarily driven by transportation costs ticking higher, rising by 6.3% YoY. Other notable drivers to this higher print were from alcoholic beverages & tobacco (+19.3%) and health costs (+2.8%).

In August, the BSP continued to pause on its monetary easing measures, particularly on policy rate cuts and reserve requirement ratio reductions. The BSP has also purchased over Php 800 Billion through its open market bond buyback program and has been less aggressive in its buying. The BSP has been adjusting regulations in order to help banks deploy excess liquidity and encourage more lending.

Corporate trading activity slumped to Php 6.0 billion during the month of August, representing a deceleration from the total volume of Php 13.40 billion recorded in July. Most of the trading activity can be found in short-dated instruments, particularly in the 1 to 3-year tenor bucket. Along with BPI (Php 543 million), property heavyweights such as Ayala Land (Php 880 million), Rockwell Land (Php 691 million), and SM Prime Holdings (Php 501 million) were the actively traded issuers for the month.

Over the past month, BPI and Phoenix Petroleum completed their primary offerings of a 1.75-year bond at 3.05% and a one-year commercial paper at a discount rate of 5%, raising a total issue size of Php 21.5 billion and Php 3.08 billion, respectively. The primary market will gain traction once again with several confirmed issuances in the pipeline. For September, SM Investments Corporation will be raising Php 5 billion for its 3.5Y bonds at a spread range of 60 – 110 bps whereas Ayala Land will be issuing a five-year bond at a pricing range of 70 – 120 bps with a total size of Php 6.25 billion. Del Monte Philippines will be tapping the local bourse this October for its maiden issuances of the three- and five-year papers, with respective spreads of 75 – 120 bps and 100 – 150 bps. Likewise, Filinvest Land will be issuing its dual-tranche bonds, with an indicative pricing range of 70 – 130 bps for the three-year, and 90 – 140 bps for the 5.5Y. With rates lower for longer, we expect to see adequate investor demand for these short-dated corporate bonds. Market participants also continue to position in the front-end of the curve amid expectations of continued curve steepening.

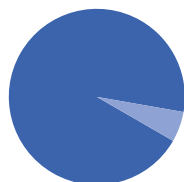
### Fund Attribution & Positioning

The ATRAM Corporate Bond Fund has allocated a significant portion to the new five-year retail treasury bonds in order to complement the income strategy of the fund. It has also reduced its exposure in the education sector which is significantly weighed down by the current pandemic. As of August 28, 2020, the fund's average yield, duration, and tenor is 5.27%, 2.62 years, and 2.86 years, respectively. The fund obtained a return of 11 bps for the month of August, bringing year-to-date performance to 2.44%.

### Market Outlook

Going into September, we see the yield curve consolidating with a slight upward bias. The BSP has already announced a massive borrowing program (over Php 2.5 Trillion) for 2021 to put the country back on track to an economic recovery. Given this view, we expect a significant number of issuers to tap the capital markets to take advantage of low benchmark rates for refinancing opportunities, and to shore up balance sheet liquidity to manage corporate operations through the crisis.

Composition of the Fund



■ Bonds (94.42%)  
■ Cash (5.58%)

Portfolio duration 2.62

Top Ten Holdings

Holdings	Fund %
RTB 5-13 2.625% 12Aug2025	9.45%
NLEX 6.6407% 04Jul2025	5.67%
SMPH 4.5095% 25Feb2021	5.36%
AC 4.82% 10Feb2025	4.84%
FB 5.50% 04Dec2021	4.73%
MER 4.8750% 12Dec2025	4.43%
SM 5.159% 09Dec2023	3.98%
AP 5.205% 10Sep2021	2.80%
NLEX 5.5% 31Mar2024	2.71%
EDC 4.7312% 03May2023	2.50%

Monthly Performance %

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Year	Cumulative
2012	0.42%	1.78%	-0.94%	0.13%	-0.67%	0.92%	2.13%	0.17%	0.43%	0.98%	1.91%	0.35%	7.81%	72.84%
2013	2.29%	1.64%	4.58%	0.04%	-0.78%	-0.89%	2.97%	-1.08%	-0.37%	1.88%	-0.19%	-0.20%	10.18%	90.44%
2014	-0.96%	0.41%	0.31%	-0.21%	0.74%	-0.35%	0.24%	-0.21%	0.16%	0.81%	1.53%	-0.41%	2.06%	94.37%
2015	2.02%	-1.58%	-0.49%	-0.61%	0.30%	0.00%	0.38%	-0.22%	-1.44%	-0.07%	-0.97%	-0.33%	-3.04%	88.47%
2016	-0.31%	0.15%	0.26%	-0.43%	0.89%	0.53%	0.04%	-0.09%	-0.30%	0.17%	-0.98%	0.44%	0.34%	89.11%
2017	-0.98%	0.04%	-0.23%	-0.02%	0.19%	-0.06%	0.91%	0.13%	0.34%	0.10%	-0.35%	-0.45%	-0.40%	88.36%
2018	-0.22%	-0.94%	-0.13%	-0.27%	-0.08%	0.14%	-0.46%	0.37%	-0.21%	0.17%	0.14%	0.38%	-1.10%	86.28%
2019	0.62%	-0.37%	0.69%	0.46%	0.12%	0.63%	0.37%	0.33%	0.20%	0.33%	0.23%	0.24%	3.92%	93.58%
2020	0.17%	0.25%	0.30%	0.67%	0.38%	0.32%	0.22%	0.11%					2.44%	98.31%

Fund Details

NAVPS publication	Trade date + 1
Types of shares	Common
Transfer Agent	ATR AM
Custodian	Citibank N.A. Manila
Fund Accountant	Deutsche Bank AG, Manila Branch
Auditor	SGV & Co.

Portfolio Analytics\*

Percentage of Positive Months	67.02%
Average Gain in Positive Months	0.99%
Sharpe Ratio	-0.18

\*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*.