

ATRAM PHILIPPINE EQUITY SMART INDEX FUND

KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT



As of September 30, 2020

www.atram.com.ph

FUND FACTS

Classification	Equity Fund	Net Asset Value per Unit (NAVPU)	Php 87.748103
Launch Date	1 March 2016	Total Fund NAV	Php 310.72 M
Minimum Investment	Php 50	Dealing Day	Daily
Additional Investment	Php 50	Redemption Settlement	Trade Date + 3 Business Days
Minimum Holding Period	None	Early Redemption Charge	None

FEES¹

Trustee Fees 1.50%	Custodianship Fees 0.03%	External Auditor Fees 0.01%	Other Fees 0.10%
ATRAM Trust	Citibank	SGV and Co.	(Transaction Fees)

¹ As a percentage of average daily NAV for the quarter valued at Php 275,304,330.86

INVESTMENT OBJECTIVE AND STRATEGY

The Fund is designed to generate excess returns compared to its benchmark through an enhanced index approach, combining the elements of passive and active management.

CLIENT SUITABILITY

A client suitability 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 ATRAM Philippine Equity Smart Index Fund is suitable only for investors who:

- have a high risk appetite
- are comfortable with the volatility and risks of an equity fund
- have a long-term investment horizon
- are seeking to invest in Philippine equity securities

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.

Market Risk. Factors (e.g. macroeconomic developments, political conditions) that affect the overall performance of financial markets may lead to lower prices of securities and losses for investors. ATRAM Trust adopts an active investment management strategy which incorporates market and fundamental research to help mitigate market risk.

Equity Risk. The Fund investments mainly in equity securities, the prices of which fluctuate daily, sometimes dramatically, which could result in significant losses. ATRAM Trust takes into account fundamentals, diversification, investment correlation, macroeconomic and sector outlook when constructing portfolios.

Counterparty Risk. The Fund is exposed to risks arising from solvency of its counterparties (e.g. custodian, broker, banks) and their ability to respect the conditions of contracts or transactions. ATRAM Trust only deals with reputable and financially stable accredited counterparties.

Liquidity Risk. Liquidity risk occurs when certain securities in a fund's portfolio may be difficult or impossible to sell at a particular time which may prevent the redemption of investment in a fund until its assets can be converted to cash. ATRAM Trusts invests the portfolio in very liquid securities in order to minimize liquidity risk.

Reinvestment Risk. When income is received from the investments, or when the investments are sold and reinvested, there is a risk that the return would be lower than the return realized previously.

- THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (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 WILL 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.

ATRAM Trust Corporation

8th Floor, 8 Rockwell Building, Hidalgo Drive, Rockwell Center, Makati City, 1210

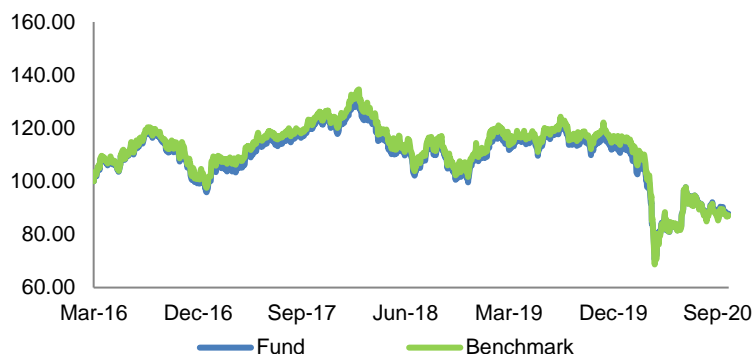
Trunkline: +632 8814-7800 | Fax: +632 8841-0315 | Email: customercare_trust@atram.com.ph

Legal and Tax Risk. The interpretation and implementation of laws and regulations are constantly changing and they may change with retroactive effect. There is no certainty that investors will be compensated for any damage or loss incurred as a result of legal or regulatory changes. ATRAM Trust keeps up to date on regulatory developments and consults tax and legal professionals on the interpretation of new laws and regulations.

Investors should be aware and understand that all investments involve risk and that there is no guarantee against losses on investments made in the Fund. The Fund Manager employs strategies to mitigate risks, however, there is no assurance that no loss will be incurred.

FUND PERFORMANCE AND STATISTICS as of September 30, 2020

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



NAVPU over the past 12 months

Highest	118.992565
Lowest	70.453972

Statistics over the past 12 months

Standard Deviation	22.28%
Beta	0.87
Information Ratio	0.41

Cumulative Performance (%)

	1 Mo	3 mos	6 mos	1yr	3 yrs
Fund	-0.82	-4.90	9.70	-22.61	-26.86
Benchmark*	-0.34	-5.53	10.20	-24.62	-28.23

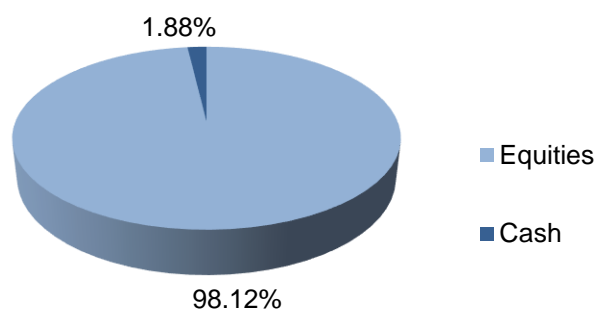
*Philippine Stock Exchange Index (PSEi)

Standard Deviation measures how widely dispersed the fund's returns are away from the average return of the fund.

Beta of a fund measures its relationship with the benchmark. A beta of 1 means the fund's returns generally mirror the pattern of its benchmark's return. A zero beta means that the fund's pattern of return is completely unrelated with the benchmark; a negative beta indicates the choice of benchmark may be inappropriate.

Information ratio measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

Portfolio Composition



Top Holdings

SM Investments Corp.	15.6%
SM Prime Holdings Inc.	10.4%
Ayala Land Inc.	8.3%
Ayala Corp.	7.1%
Universal Robina Corp.	5.4%
JG Summit Holdings Inc.	4.7%
Int'l Container Terminal Services, Inc.	4.6%
Philippine Long Distance Tel. Co	4.1%
BDO Unibank Inc.	4.0%
Aboitiz Equity Ventures Inc.	3.1%

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OTHER DISCLOSURES

The Fund shall invest primarily in equity securities included in the Philippine Stock Exchange Index. The Fund may invest in exchange-listed equities and fixed income securities, securities issued or guaranteed by the Philippine Government or the BSP, tradable securities issued by any supranational entity, and deposit products. Subject to BSP guidelines, the Fund may also avail of financial derivative instruments solely for the purpose of hedging risk exposures.

Participation in the Fund may be further exposed to the risk of potential or actual conflicts of interest in the handling of in-house or related party transactions by ATRAM Trust. These transactions may include: deposits with affiliates; purchase of own-institution or affiliate obligations (e.g. stocks); purchase of assets from or sales to own institutions, directors, officers, subsidiaries, affiliates or other related interests/parties; or purchases or sales between fiduciary/managed accounts. All transactions with related parties, if any, are conducted on an arm's length basis.

OUTLOOK AND STRATEGY

The Philippine Stock Exchange Index (PSEi) was down 34 basis points (bps) month-on-month (MoM) to end the month at 5,864.23. The index floated listlessly for most of the month as investors awaited more catalysts in the market. On the ground, investors anticipated a shift to a less restrictive lockdown from the current General Community Quarantine (GCQ); however, President Duterte announced that Metro Manila and surrounding areas will remain under GCQ for the rest of October. The possibility of gradual reopening caused investors to flock to companies that would benefit from improved mobility such as Bloomberry Resorts Corporation (BLOOM) and Jollibee Foods Corporation (JFC). Rotation out of defensives such as PLDT Inc. (TEL) and Puregold Price Club Inc. (PGOLD) continued as they were the main laggards for the month. In other news, Philippine Offshore Gaming Operators (POGO) concerns resurfaced, as reports emerged that some POGO franchises have left the country following a clampdown in China, increased franchise tax and continued travel bans. Note that POGOs currently occupy around 11% of Metro Manila office space. Thin volumes, quarterly FTSE rebalancing and foreign selling continued to weigh the market down. Foreign investors were net sellers for the 11th month in a row at \$US305.96m worth of stock; bringing year-to-date net outflows to \$US2,017.00m. As for foreign exchange, the USD closed the month at PHP 48.495, up 2 bps MoM. The USD return on the PSEi year-to-date is -21.31%.

The ATRAM Philippine Equity Smart Index Fund was down 82 bps and underperformed its benchmark by 34 bps. An underweight in Metropolitan Bank and Trust Company (MBT +14.03% MoM) and overweight in Puregold Price Club Inc. (PGOLD -9.26% MoM) were the main drags for the month. MBT outperformed the market as it recovered from the previous two months, with the stock being one of the top foreign bought names in September. PGOLD corrected after rallying the previous month, as investors rotated out of lockdown outperforming defensive plays.

In the past two months, we saw sequential improvements on the health and macro data, i.e., better-than-expected unemployment and remittances prints. Combined with an expected potential relaxation of the quarantine status of Metro Manila by end of October and less heavy foreign selling pressure versus the previous months, the market might see further support. Uncertainties still linger as to whether the COVID-19 cases could sustainably be flattened, as some workers go home to spend the holidays with their families in December. Moreover, the moratorium on debt payments is massively masking the level of economic feasibility of some businesses with their subdued revenues, with some struggling to even reach 50% of pre-COVID levels. While the unemployment rate has recently shown a steep decline, we have yet to see more sequential data points to gauge its sustainability. The net effect will be a market that, though may have a better support than before, might likely still struggle to break out.
