

# ATRAM TOTAL RETURN PESO BOND FUND

## KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT



As of November 30, 2023

www.atram.com.ph

### FUND FACTS

<b>Classification</b>	Medium-Term Fixed Income Fund	<b>Net Asset Value per Unit (NAVPU)</b>	Php 131.072897
<b>Launch Date</b>	28 October 2014	<b>Total Fund NAV</b>	Php 1,389.82 M
<b>Minimum Investment</b>	Php 1.0	<b>Dealing Day</b>	Daily
<b>Additional Investment</b>	Php 1.0	<b>Redemption Settlement</b>	Trade Date + 1 Business Day
<b>Minimum Holding Period</b>	none	<b>Early Redemption Charge</b>	none

### FEES<sup>1</sup>

<b>Trustee Fees</b> 1.10%	<b>Custodianship Fees</b> 0.02%	<b>External Auditor Fees</b> 0.01%	<b>Other Fees</b> 0.00%
ATRAM Trust	Citibank	SGV and Co.	(Transaction Fees)

<sup>1</sup> as a percentage of average daily NAV for the month valued at Php 1,390,884,307.76

### INVESTMENT OBJECTIVE AND STRATEGY

The objective of the fund is to maximize total return of a fixed income portfolio, that is, to achieve capital gains while maintaining a level of current income consistent with the maintenance of principal and meeting of liquidity requirements.

### 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 Total Return Peso Bond Fund is suitable only for investors who:

- have a moderate risk appetite
- give prime consideration to high liquidity and capital security
- have a long term investment horizon
- are seeking returns of that of a fixed income security

### 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.

**Credit Risk.** An investor is exposed to credit risk as there is a possibility that a borrower may fail to pay the principal and/or interest in a timely manner on instruments such as bonds, loans, or other form of debt securities which the borrower issued. ATRAM Trust conducts a robust credit analysis for effective investment decision making.

**Interest Rate Risk.** The purchase and sale of a debt instrument may result in profit or loss because the value of a debt instrument changes inversely with prevailing interest rates. As the prices of bond investments of a fund adjust to a rise in interest rates, the Fund's unit price may decline. Active duration management is undertaken to mitigate interest rate risk.

**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.

**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.

#### ATRAM Trust Corporation

8th Floor, 8 Rockwell Building, Hidalgo Drive, Rockwell Center, Makati City, 1210 Philippines  
Trunkline: +632 8814-7800 | Fax: +632 8841-0315 | Email: customercare\_trust@atram.com.ph

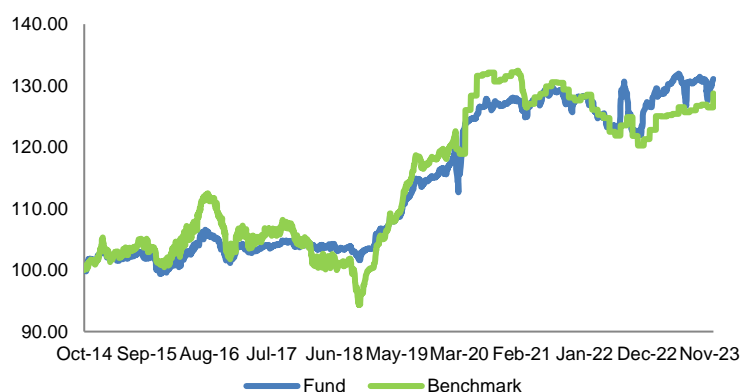
**Liquidity Risk.** Liquidity risk occurs when certain securities in a fund's portfolio may be difficult or impossible to sell at a particular time which may prevent the redemption of investment in a fund until its assets can be converted to cash. ATRAM Trusts invests the portfolio in very liquid securities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

**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 November 30, 2023

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



### NAVPU over the past 12 months

Highest	131.446591
Lowest	127.616190

### Statistics over the past 12 months

Standard Deviation	5.17%
Duration (as of 11/30/2023)	3.17
Information Ratio	-0.56

### Cumulative Performance (%)

	1 Mo	3 mos	6 mos	1 Yr	3 yrs
Fund	2.71	0.1	-0.67	4.05	3.14
Benchmark*	1.83	1.59	1.77	6.12	-2.14

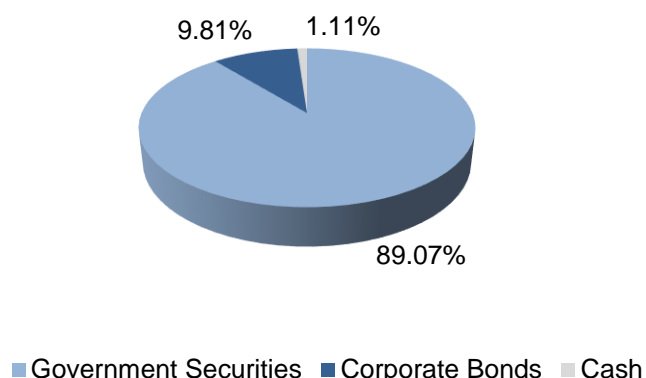
\*ATRAM has changed its benchmark from the "BPI Philippine Government Bond Index" to the "BPI Philippine Government Bond 1-5 Year Index" as of January 1, 2023.

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

**Duration** is a measure of a fixed income portfolio's sensitivity to interest rate changes. The longer the duration, the more the portfolio's value will fluctuate with interest rate movements.

**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

FXTN 07-68 7% 13Oct2029	12.5%
FXTN 10-61 4.75% 04May2027	10.5%
FXTN 10-60 3.625% 09Sep2025	7.0%
RTB 05-13 2.625% 12Aug2025	6.9%
FXTN 05-77 3.375% 08Apr2026	6.9%
FXTN 07-64 3.625% 22Apr2028	6.3%
FXTN 07-62 6.25% 14Feb2026	5.5%
FXTN 10-63 6.25% 22Mar2028	5.1%
RTB 05-15 4.875% 04Mar2027	4.9%
RTB 05-16 5.75% 07Mar2028	4.7%

#### ATRAM Trust Corporation

8th Floor, 8 Rockwell Building, Hidalgo Drive, Rockwell Center, Makati City, 1210 Philippines  
 Trunkline: +632 8814-7800 | Fax: +632 8841-0315 | Email: [customercare\\_trust@atram.com.ph](mailto:customercare_trust@atram.com.ph)

## OTHER DISCLOSURES

The Fund may invest in time deposit or deposit products offered by the following banks:

- Australia and New Zealand Banking Group Ltd. – Phil. Branch
- BDO Unibank, Inc.
- Bank of the Philippine Islands
- China Banking Corporation
- Citigroup, Inc.
- Deutsche Bank AG
- East West Banking Corp.
- First Metro Investment Corp.
- ING Group NV.
- JPMorgan Chase & Co.
- MarketAxess Capital Ltd.
- Maybank Philippines, Inc.
- Metropolitan Bank & Trust Co.
- Philippine National Bank
- Rizal Commercial Banking Corp.
- Robinsons Bank Corporation
- Security Bank Corporation
- Standard Chartered PLC
- Union Bank of the Philippines

or other banks that may be approved by the Board of Directors of ATRAM Trust Corporation.

The Fund may invest in securities issued or guaranteed by the Bangko Sentral ng Pilipinas or the Republic of the Philippines.

The Fund may invest in corporate debt securities issued by the following:

• Aboitiz Equity Ventures, Inc.	• NLEX Corporation
• Aboitiz Power Corporation	• Orix Metro Leasing and Finance Corporation
• AC Energy Financial International Ltd.	• Petron Corporation
• Ayala Corporation	• Philippine National Bank
• Ayala Land, Inc.	• Philippine Savings Bank
• Bank of the Philippine Islands	• Phinma Corporation
• BDO Unibank, Inc.	• PLDT, Inc.
• Cebu Holdings, Inc.	• Power Sector Assets and Liabilities Management Corporation
• Converge ICT Solutions	• Rizal Commercial Banking Corporation
• Development Bank of the Philippines	• Robinsons Bank Corporation
• DNL Industries	• Robinsons Land Corporation
• Energy Development Corporation	• Royal Capital B.V. <sup>1</sup>
• Filinvest Development Corporation	• San Miguel Brewery, Inc.
• Filinvest Land, Inc.	• San Miguel Corporation
• First Gen Corporation	• San Miguel Food and Beverage, Inc.
• First Metro Investment Corporation	• Security Bank Corporation
• Globe Telecom, Inc.	• SM Investments Corporation
• Global Dominion Financing	• SM Prime Holdings, Inc.
• GT Capital Holdings, Inc.	• South Luzon Tollway Corporation
• International Container Terminal Services, Inc.	• STI Education Systems Holdings, Inc.
• JG Summit Holdings, Inc.	• Union Bank of the Philippines, Inc.
• Jollibee Foods Corp	• Forest Lake Development
• Land Bank of the Philippines	• South Asialink Finance Corporation
• Manila Electric Company	• Batulao Bio-Loop Farms
• Megaworld Corporation	
• Metropolitan Bank & Trust Company	
• Manila Water Corporation	

<sup>1</sup>) Note: Royal Capital B.V. is a majority owned subsidiary of locally registered International Container Terminal Services, Inc. (ICTSI) and acts only as a special purpose entity primarily for issuing debt.

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,

### ATRAM Trust Corporation

8th Floor, 8 Rockwell Building, Hidalgo Drive, Rockwell Center, Makati City, 1210 Philippines  
Trunkline: +632 8814-7800 | Fax: +632 8841-0315 | Email: [customercare\\_trust@atram.com.ph](mailto:customercare_trust@atram.com.ph)

---

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**

---

In November, local bond yields experienced a downward trend, influenced by key factors such as the steady local policy rates maintained by the Bangko Sentral ng Pilipinas (BSP), a rally observed in US Treasuries, and an unexpected drop in headline inflation. Across the curve, yields saw a decline ranging from 55 to 115 basis points (bps). Notably, the front end of the curve outperformed, witnessing gains of 75 to 115 bps, as investors anticipated a potential dovish pivot from the BSP. Total traded volume for Government Securities (GS) surged to 600 billion, a significant increase from the 211 billion traded in October, reflecting heightened market activity and investor engagement.

In the offshore landscape, the US economy witnessed a slowdown following lower inflation and favorable job data, leading to a decline in US Treasury yields. Investors speculated on a potential earlier policy rate cut by the US Federal Reserve in 2024. On the local side, the BSP decided to hold its local policy rate at 6.50% after local developments emerged (cooler inflation and stronger Peso). However, BSP Governor Remolona Jr. telegraphed that they may continue to raise rates if deemed necessary since inflation remains elevated and beyond their target band of 2-4% in the final quarter.

The released headline inflation data for October cleared at 4.9%, way below the market's expectation of 5.6%. The unexpected decline in headline inflation was mainly attributed to slower food inflation month-on-month (MoM), at the same time, restaurant and accommodation services contributed to the decline. However, the BSP Governor still keeps the door open for holding the local policy rate this high before implementing rate cuts by next year.

The BPI Philippine Government Bond Index registered a MoM gain of 1.83% in November. The ATRAM Total Return Peso Bond Fund outperformed by 88 bps, as gains reached 2.71% for the month. The outperformance was attributable to the fund's exposure to long government securities.

Recognizing local yields at elevated levels, our recent shift to an overweight position against the benchmark proved advantageous. Seizing the opportunity presented by the sell-off, the fund was able to capitalize on the rally we saw in November. Likewise, the medium-term view of the deceleration of inflation by year-end still holds therefore, the fund's strategic positioning and proactive measures aim to capitalize on emerging opportunities while navigating potential risks in the evolving market conditions.

---

## **DISCLAIMERS**

---

- THE TRUSTEE DOES NOT AND SHALL NOT GUARANTEE A FIXED RATE OF RETURN OR INCOME TO THE PARTICIPANTS. LOSSES, IF ANY, SHALL BE FOR THE ACCOUNT AND RISK OF THE PARTICIPANTS.
- PARTICIPATION IN THE FUND IS A TRUST ARRANGEMENT AND IS NOT A DEPOSIT ACCOUNT. AS SUCH, THE PARTICIPATION IN THE FUND IS NOT COVERED OR INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION ("PDIC"). ANY INCOME OR LOSS OF THE FUND (WHETHER REALIZED OR UNREALIZED) WILL IMPACT THE NAVPU AND SHALL BE FOR THE ACCOUNT AND RISK OF THE PARTICIPANT. AS SUCH, THE UNITS OF PARTICIPATION OF THE INVESTOR IN THE UITF, WHEN REDEEMED, MAY BE WORTH MORE OR BE WORTH LESS THAN HIS/HER INITIAL INVESTMENT CONTRIBUTIONS. HISTORICAL PERFORMANCE, WHEN PRESENTED, IS PURELY FOR REFERENCE PURPOSES AND IS NOT A GUARANTEE OF SIMILAR FUTURE RESULT.
- THE UITF IS A TRUST PRODUCT AND NOT A DEPOSIT ACCOUNT, AND IS NOT INSURED NOR GOVERNED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC).
- THE UITF IS NOT AN OBLIGATION OF, NOR GUARANTEED, NOR INSURED BY ATRAM TRUST CORPORATION OR ITS AFFILIATES OR SUBSIDIARIES.
- DUE TO THE NATURE OF INVESTMENTS OF A UITF, THE RETURNS/YIELDS CANNOT BE GUARANTEED. HISTORICAL PERFORMANCE, WHEN PRESENTED, IS PURELY FOR REFERENCE PURPOSES AND IS NOT A GUARANTEE OF SIMILAR FUTURE PERFORMANCE.
- ANY LOSSES AND INCOME ARISING FROM MARKET FLUCTUATIONS AND PRICE VOLATILITY OF THE SECURITIES HELD BY THE UITF, EVEN IF INVESTED IN GOVERNMENT SECURITIES, ARE FOR THE ACCOUNT OF THE CLIENT. AS SUCH, THE UNITS OF PARTICIPATION OF THE CLIENT IN

---

### **ATRAM Trust Corporation**

8th Floor, 8 Rockwell Building, Hidalgo Drive, Rockwell Center, Makati City, 1210 Philippines  
Trunkline: +632 8814-7800 | Fax: +632 8841-0315 | Email: [customercare\\_trust@atram.com.ph](mailto:customercare_trust@atram.com.ph)

THE UITF, WHEN REDEEMED, MAY BE WORTH MORE OR WORTH LESS THAN HIS/HER INITIAL INVESTMENT/CONTRIBUTION.

- THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE.
- THE INVESTOR MUST READ THE COMPLETE DETAILS OF THE FUND IN THE UITF'S PLAN, MAKE HIS/HER OWN RISK ASSESSMENT, AND WHEN NECESSARY, SEEK AN INDEPENDENT/PROFESSIONAL OPINION BEFORE MAKING AN INVESTMENT.

ATRAM Trust Corporation is regulated by the Bangko Sentral ng Pilipinas with email address at [consumeraffairs@bsp.gov.ph](mailto:consumeraffairs@bsp.gov.ph).

For inquiries, you may also email us at [customercare\\_trust@atram.com.ph](mailto:customercare_trust@atram.com.ph)