



Investment Objective

The Fund investment objective is to invest and reinvest mainly in a diversified portfolio of high-quality long-term and short-term debt instruments and securities available in the Philippines and other countries, and in high-quality offshore-domiciled funds invested in high-quality long-term and short-term debt instruments and securities available in other countries.

Fund Manager	ATRAM
Bloomberg Ticker	ATRTRBF <Equity>
Inception Date	8 March 2010
Currency	USD
Fund Size	6.68 Million
NAVPS	1.1268
Domicile	Philippines
Asset Class	Fixed Income
Reference Benchmark	N.A.
Management & Distribution Fee	1.00% p.a.
Risk & Investor Profile	Moderate to high risk
Dealing Frequency	Daily

Performance Overview



Cumulative Performance %

	1 Mo	1 Yr	3 Yrs	5 Yrs	YTD	Since TO
Fund	-0.65%	1.93%	3.99%	6.12%	-0.65%	12.68%

Annualized Performance %

	1 Yr	2 Yr	3 Yrs	4 Yrs	5 Yrs
Fund	1.93%	1.10%	1.31%	2.39%	1.20%

Calendar Year Performance %

	2013	2014	2015	2016	2017	2018 YTD	Since TO
Fund	-4.56%	3.78%	2.97%	0.25%	3.39%	-0.65%	12.68%
BM	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
+/-	n.a.	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 TO
Risk Adjusted Return	1.71	0.73	0.39	0.50
Information Ratio	(1.74)	(0.85)	(1.15)	(1.46)
Standard Deviation	1.12%	1.82%	3.16%	3.08%
Tracking Error	1.28%	2.37%	2.59%	3.77%

Note: Risk-adjusted returns and risk statistics are all annualized.

Manager's Review

Expectations of higher inflation in 2018 were validated in January amid hawkish rhetoric from the US Federal Reserve (Fed) and the European Central Bank (ECB). Strong macro data across the board also contributed to a proliferation of global risk-on sentiment, which tends to detract from bond returns. Developed market bond yields surged markedly in January, with the 10-year yields of Treasuries, German Bunds, and British Gilts each adding around 30 bps for the month from December's close.

Bond markets began the steep sell-off after the Bank of Japan (BOJ), perceived as the most dovish of the DM central banks, cut their purchases of long-dated JGBs and signaled a slowdown in stimulus. Additionally, China had also been rumored to be cutting back on US Treasury purchases. Furthermore, solid macro data releases painted a convincing narrative of global economic recovery in 2018. This has led to the Fed maintaining their guidance of three expected hikes this year in addition to reducing their balance sheet. Even the ECB expressed some hawkish guidance, indicating that accommodative monetary policy could be reigned in to better reflect the Eurozone's robust economic recovery. To top it off, the first round of US labor data for January showed all signs that point to a tighter labor market and higher productivity.

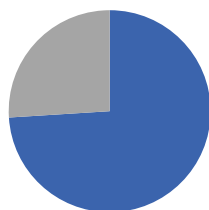
Fund Attribution & Positioning

The ATRAM Total Return Dollar Bond Fund fell 65 basis points month-on-month (MoM) in January as yields surged higher. The top contributors to return were dollar-denominated corporate issues from International Container Terminal Services (ICT), Megaworld (MEG), and First Pacific (FIRPAC). On the other hand, the negative contributors to return were our dollar-denominated Philippine sovereign bonds (ROP), which typically maintains a stable spread over US Treasuries and were heavily affected by the sharp uptick in yields.

Market Outlook

Although we expected global bond yields to adjust higher this year, the pace of the move was surprising. The 10-year US Treasury yield closed the month at 2.71%, which marks its highest level since 2014. Despite the sharp move, we don't see any immediate catalysts that may cause a significant retracement lower. We do agree with consensus expectations of higher US CPI, but we expect some headwinds for the Eurozone and Japan still. We maintain our defensive position in anticipation of further weakness in global bonds.

Composition of the Fund



■ Fixed Income (74%)

■ Cash (26%)

Portfolio duration 2.8

Top Ten Holdings

Holdings	Fund %
JGSH Phil. Ltd. 4.375% 23Jan2023	12.2%
ROP 24 9.5% 21Oct2024	10.7%
SMIC 4.25% 17Oct2019	9.3%
Filinvst Dvp Cay Islands 4.25% 02Apr2020	7.7%
ICTSI Treasury B.V 4.625% 16Jan2023	7.7%
Security Bank 3.95% 03Feb2020	4.7%
First Pacific 6.0% 28Jun2019	4.7%
Megaworld Corp 4.25% 17Apr2023	4.6%
EDC Bonds 6.50% 20Jan2021	3.3%
Union Bank of the Philippines 3.369% 29Nov2022	3.0%

Monthly Performance %

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Year	Cumulative
2012	0.33%	1.27%	-0.49%	0.21%	-1.10%	1.21%	1.36%	0.14%	1.02%	0.22%	0.56%	-0.42%	4.37%	7.29%
2013	-1.03%	0.71%	-0.62%	1.02%	-1.70%	-2.74%	0.97%	-2.83%	1.66%	1.65%	-1.63%	0.03%	-4.56%	2.40%
2014	0.12%	1.33%	0.32%	-0.11%	1.67%	-0.90%	0.22%	1.01%	-0.47%	0.36%	0.08%	0.11%	3.78%	6.27%
2015	1.97%	-0.63%	0.34%	0.32%	0.16%	-0.84%	0.59%	-0.11%	0.39%	0.92%	-0.05%	-0.10%	2.97%	9.43%
2016	0.74%	-0.01%	0.80%	0.05%	0.22%	0.72%	0.20%	0.21%	0.03%	-0.59%	-1.79%	-0.30%	0.25%	9.70%
2017	0.77%	0.59%	0.30%	0.21%	0.31%	0.12%	0.42%	0.55%	-0.15%	0.23%	-0.01%	0.01%	3.39%	13.42%
2018	-0.65%												-0.65%	12.68%

Fund Details

NAVPS publication
Types of shares
Transfer Agent
Custodian
Fund Accountant
Auditor

Trade date + 2
Common
ATR AM
Deutsche Bank AG, Manila Branch
Deutsche Bank AG, Manila Branch
SGV & Co.

Portfolio Analytics

Percentage of Positive Months 61.05%
Average Gain in Positive Months 0.64%
Sharpe Ratio 0.18

Definitions

Duration is a measure of a bond portfolio's sensitivity to interest rate changes. The longer the duration, the more the portfolio's value will go up (or down) when interest rates move down (or up).

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.