

ATR KimEng Total Return Bond Fund

June 30, 2015



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Investment Objective

To provide total returns from income and capital appreciation over the medium term by investing in fixed income securities. The Fund also seeks to protect downside and preserve capital over any one (1) year rolling period.

Fund Facts

Fund Manager	ATR AM
Bloomberg Ticker	ATRTRBF <Equity>
Inception Date	8 March 2010
Currency	USD
Fund Size	4.67 Million
NAVPS	1.0766

Manager's Report

Heightened volatility hit global capital markets in June as the ongoing bailout discussions between Greece and their EU creditors caused wild swings in investor sentiment and risk appetite. In the end, yields closed higher as investors reduced positions with 10-year German yields 27 bps higher at 0.76% (after hitting YTD high of 1.05%) while 10-year US Treasuries were 23 bps higher at 2.35% (YTD high of 2.49%).

Greece took the option to bundle its IMF payments to the end of the June, effectively buying time for a deal on the terms of the bailout fund to be worked out with the so-called troika of lenders: the International Monetary Fund, the European Central Bank, and the European Commission. On June 26, Greek Prime Minister Alexis Tsipras shocked markets by walking away from negotiations and calling for a snap referendum on the cash-for-reforms proposal being demanded by its creditors. The decision effectively disrupted the ongoing talks, killed the hitherto bailout framework, and put Greece in arrears with an International Monetary Fund loan.

Making less of an impact to markets compared to the on-going drama in Europe were the macroeconomic data out of the US. A third reading of first quarter GDP showed the economy contracting at -0.2% instead of an earlier revision of -0.7%. Gains in consumer spending and housing data supported earlier statements from the Fed attributing part of the weakness to 'transitory factors'. Changes in nonfarm payrolls, an important labor market indicator, came in significantly higher in May at 280,000 against market expectations of 226,000 and an April figure that was revised lower to 187,000. The Fed held policy rates steady at the last FOMC meeting, reiterating their data-dependent stance while at the same time attempting to downplay the timing of a policy move. Dovish comments from Fed chair Janet Yellen at the press conference that followed, where she said she wanted "more decisive evidence" that labor markets were healing, and that wages would increase beyond their current "subdued pace" put a cap on US Treasury yields.

Elsewhere, rate cuts continued to be in vogue with India, New Zealand, South Korea, Serbia, Russia, Norway, Hungary all easing monetary policy in June. The People's Bank of China (PBOC) likewise further accelerated its easing bias by simultaneously cutting its 1-year benchmark interest rate (-25bps to 4.85%), 1-year deposit rate (-25bps to 2%) and its reserve requirements (-50bps) for commercial banks in the small business and agricultural sectors to free up more money in a weakening economy. The latest move is their 4th policy adjustment since November.

There will be a Greek referendum to be held on July 5, at which the people will vote on whether or not to accept the latest terms of the bailout set forth by the troika. A 'YES' vote will likely lead to renewed negotiations with creditors and possible wave of resignations from the current government, while a 'NO' vote effectively validates the hard stance on the talks taken by Syrizia and will bring Greece closer than ever to an exit from the Eurogroup. While the fund maintains a low duration strategy with core positions on certain spread products for yield enhancement, it continues to have a good amount of cash for tactical positions to take advantage of the expected volatility in the short-term.

Performance Overview

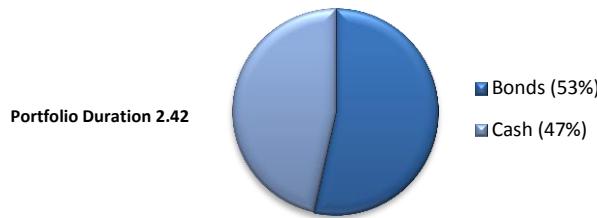


Figures as of 06.30.2015

Cumulative Performance %						
	1 Mo.	1 Yr	3 Yrs	5 Yrs	YTD	Since Incept.
Fund	-0.84	2.64	3.26	8.82	1.31	7.66
Annualized Performance %						
	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	
Fund	2.64	2.42	1.08	1.93	1.71	
NAVs						
	31-Mar-15	30-Apr-15	29-May-15	30-June-15		
Fund	1.0805	1.0840	1.0857	1.0766		

Portfolio Analysis

Composition of the Fund



Portfolio Holdings

Holdings	% of Portfolio
PLDT 3-6-2017 8.350%	7.2%
Security Bank 2-3-2020 3.95%	6.7%
ICTSI Treasury B.V 1-16-2023 4.625%	6.6%
SMIC 10-17-2019 4.25%	6.5%
JGSH Phil. Ltd. 1-23-2023 4.375%	6.2%
ROP 19 1-15-2019 9.875%	5.6%
Export - Import Bank of Korea 1-29-2021 4%	4.6%
RCBC 1-22-2020 4.25%	4.5%
ROP 6-4-2023 2.75%	4.1%
SM Phil 10-13-2017 5.5%	2.3%

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Monthly Performance															
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Year	Cumulative	
2010	-	-	0.01%	-0.27%	-0.37%	-0.44%	0.00%	0.42%	1.42%	0.21%	-0.32%	-0.12%	0.53%	0.53%	
2011	-0.90%	-0.25%	-0.12%	1.07%	-0.22%	-0.38%	1.84%	2.13%	-1.61%	1.00%	-0.73%	0.48%	2.26%	2.80%	
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%							1.31%	7.66%	

Performance		Risk-adjusted Returns & Statistics					Portfolio Analytics*			
2015 YTD	Since launch		1 yr	3 yr	5 yr	Since launch	Percentage of positive months		57.81%	
Fund		1.31%	7.66%	Risk-adjusted return		1.07	0.29	0.48	0.41	Average gain in positive months
				Standard deviation		2.46%	3.90%	3.64%	3.54%	Sharpe ratio

Note: Risk-adjusted returns and statistics are all annualized				*Since Launch			
Asset Class				Fixed Income			
Domicile				Philippines			
Risk & Investor Profile				Low to medium risk			
Reference Benchmark				N.A.			
Management & distribution fee				1.00% p.a. + 10% of excess returns over hurdle			
Type of shares				Common			
Dealing frequency				Daily			
				NAVPS publication			
				Investment Manager			
				Transfer Agent			
				Custodian			
				Fund Accountant			
				Auditor			
				Website			
				Trade date + 2			
				ATR AM			
				ATR AM			
				Deutsche Bank AG, Manila Branch			
				Deutsche Bank AG, Manila Branch			
				SGV & Co.			
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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.

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