



**Investment Objective**

The Fund is invested in selected fixed income and stocks, actively managed for maximum growth and designed for those who seek an investment with a moderate risk. It is designed to provide total returns consisting of current income and capital growth through investments in a diversified portfolio of debt and equity securities from domestic issuer.

<b>Fund Manager</b>	ATRAM
<b>Bloomberg Ticker</b>	PROPBAL PM
<b>Inception Date*</b>	16 July 2007
<b>Currency</b>	PHP
<b>Fund Size</b>	48.50 Million
<b>NAVPS</b>	1.8202
<b>Domicile</b>	Philippines
<b>Asset Class</b>	Phil. Fixed Income & Equities
<b>Reference Benchmark</b>	50% PSEi & 50% Bloomberg Phil. Sovereign Bond Index
<b>Management &amp; Distribution Fee</b>	1.75% p.a.
<b>Risk &amp; Investor Profile</b>	Moderate Risk
<b>Dealing Frequency</b>	Daily

\* ATR Asset Management (ATRAM) took over management of the Fund effective January 1, 2012. ATRAM renamed the fund on January 15, 2015. Formerly the Optima Balanced Fund, Inc.

**Performance Overview**



**Cumulative Performance %**

	1 Mo	1 Yr	3 Yrs	5 Yrs	YTD	Since TO
Fund	-3.09%	6.39%	-6.88%	3.51%	-2.32%	76.10%

**Annualized Performance %**

	1 Yr	2 Yr	3 Yrs	4 Yrs	5 Yrs
Fund	6.39%	4.27%	-2.35%	0.45%	0.69%

**Calendar Year Performance %**

	2013	2014	2015	2016	2017	2018 YTD	Since TO
Fund	8.30%	10.95%	-10.10%	-4.13%	11.86%	-2.32%	76.10%
BM	3.50%	14.69%	-1.70%	0.63%	12.22%	-2.34%	108.71%
+/-	4.80%	-3.74%	-8.40%	-4.76%	-0.35%	0.02%	-32.61%

Note: Performance figures are net of fees and taxes.

**Risk Adjusted Returns Statistics**

	1 Yr	3 Yr	5 Yr	Since TO
Risk Adjusted Return	1.24	(0.28)	0.13	0.59
Information Ratio	0.66	(1.73)	(0.79)	(0.42)
Standard Deviation	5.12%	7.40%	7.48%	9.82%
Tracking Error	1.26%	2.11%	3.12%	4.06%

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

**Manager's Review**

Philippine Stock Exchange Index (PSEi) corrected by 3.29% month-on-month (MoM) pushing year-to-date performance into negative territory. The index consolidated within the lower range between 8,400 and the 8,700 throughout the month before finally closing at 8,457.29. There was no significant catalyst to push the market higher as global risk sentiment remained muted while foreign funds consistently unloaded stocks. Foreign funds were net sellers of about USD295.60 million worth of stocks, reversing the net inflow in January and driving 2018 flows to a net outflow of USD250.40 million. The Philippine Peso (PHP) further weakened and ended the month at PHP52.10 per USD which was 1.57% and 4.35% weaker compared to the end of January and 2017, respectively. The USD return of the PSEi was -4.81% MoM.

The Philippine Sovereign Bond Index dropped another 2.96% in February as a combination of higher global yields, further depreciation of the USD/PHP exchange rate, higher yields from auctions, overall hawkish sentiment, and higher inflation expectations all fed into the risk-off sentiment in the local Government Securities market. Yields on Philippine Government Securities (GS) continue to trend higher as the sell-off continues while investors remain cautious during this period of rising interest rates.

**Fund Attribution & Positioning**

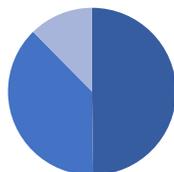
The ATRAM Dynamic Allocation Fund was down by 3.09% and outperformed its benchmark 4 basis points (bps) in February. In terms of asset allocation, fixed income outperformed equities though both asset classes moved lower for the month. The underweight allocation and selection within the fixed income space boosted the relative outperformance. On the other hand, the overweight equity allocation slightly dragged on the portfolio performance.

**Market Outlook**

Investors' focus turns to the benefits (i.e. higher government and discretionary consumer spending) and costs (i.e. inflationary) of the recently passed tax reform package (1A). Policy divergence between major central banks (and the Bangko Sentral ng Pilipinas) and the changing country preferences have made the market more volatile than ever. Add the PSEi's premium over its ASEAN peers, and the ongoing company earnings releases and the picture has become more ambiguous compared to a year ago. The fund's strategy is to remain neutral against the benchmark while at the same time shifting our equities strategy to a PSEi tracker to better reflect the exposure in the fund. Depending on the market movements, we may increase the equities allocation if the PSEi hits the main support at 8,100 to 8,200 as we believe that the risk-reward ratio at that level is already attractive.

We expect the BSP to raise rates during their MB meeting this March. We feel that this rate hike has been largely priced in and that we could see some buying interest after the fact. We intend to reduce duration further on pockets of strength in the market given our view that the weakness in the GS market is expected to continue due to higher inflation, higher global bond yields and additional policy rate hikes in 2018.

Composition of the Fund



- Equities (50%)
- Bonds (38%)
- Cash (12%)

Equity Sector Exposure

Holding Firms	19%	Communications	4%
Financials	10%	Power & Utilities	2%
Property	9%	Transportation	1%
Consumer	3%	Others	2%

Top Ten Holdings

Holdings	Asset Class	Fund %
FXTN 756 3.875% 22Nov2019	Fixed Income	15.8%
Phil. RTB 4.25% 11Apr2020	Fixed Income	10.1%
Phil. RTB 4.625% 04Dec2022	Fixed Income	6.3%
SM Investments Corporation	Equity	6.2%
SM Prime Holdings, Inc.	Equity	4.0%
Ayala Land, Inc.	Equity	3.9%
BDO Unibank, Inc.	Equity	3.8%
Ayala Corporation	Equity	3.4%
Bank of the Phil. Islands	Equity	2.9%
JG Summit Holdings, Inc.	Equity	2.6%

Monthly Performance %

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Year	Cumulative
2012	2.77%	3.53%	4.78%	3.14%	-1.76%	1.00%	0.39%	-2.90%	3.73%	2.05%	3.61%	2.40%	24.90%	55.63%
2013	4.97%	4.14%	4.09%	2.96%	-0.65%	-4.02%	3.04%	-3.88%	-0.66%	3.25%	-2.31%	-2.31%	8.30%	68.55%
2014	0.13%	2.48%	0.26%	3.16%	-0.42%	0.75%	0.42%	1.00%	1.80%	0.24%	0.76%	-0.09%	10.95%	87.00%
2015	1.98%	-0.83%	-0.03%	-1.65%	-1.13%	-1.34%	0.96%	-3.39%	-3.37%	0.94%	-2.91%	0.35%	-10.10%	68.11%
2016	-3.35%	-0.30%	4.38%	-0.74%	1.91%	3.45%	1.49%	-1.71%	-1.51%	-2.55%	-4.95%	0.10%	-4.13%	61.17%
2017	3.37%	-0.66%	0.43%	2.12%	1.24%	0.12%	0.75%	-0.27%	1.68%	1.21%	-1.23%	2.59%	11.86%	80.29%
2018	0.79%	-3.09%											-2.32%	76.10%

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	60.16%
Average Gain in Positive Months	2.28%
Sharpe Ratio	0.09
Correlation with Reference BM	0.93
Beta (relative to reference BM)	0.84
Jensen's Alpha (relative to reference BM)	-1.30%

\*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*.