

PAMI ASIA BALANCED FUND, INC.
FUND FACT SHEET
As of June 28, 2024

FUND OVERVIEW

The Fund aims to achieve capital growth and generate steady income by tapping into the growth potential of Asia.

The fund is suitable for investors who:

- are at least classified as **moderate** based on their risk profile.
- have an investment horizon of **at least five (5) years**.

FUND FACTS

Classification:	Balanced Fund
Launch Date:	October 1, 2011
Dealing Day:	Daily up to 2:00 PM
Minimum Investment:¹	USD 200.00
Min. Subsequent Order:¹	USD 50.00
Minimum Holding Period:	180 calendar days
Redemption Settlement:	T+5 End-of-Day
Early Redemption Charge:	1.00%
Total Management Fee:²	2.05% per annum
Total Fund NAV (Mn) :	USD 5.54

FUND PERFORMANCE AND STATISTICS *(Purely for reference purposes and is not a guarantee of future results)*

NAVPS GRAPH



BENCHMARK

50% Markit IBOXX Asian Local Bond Index (ALBI)
+ 50% MSCI AC Pacific ex Japan

STATISTICS

Portfolio Beta	0.95
Volatility, Past 1 Year (%) ⁵	12.08
Sharpe Ratio ⁶	0.05
Information Ratio ⁷	-0.08
Number of Holdings	205

PORTFOLIO COMPOSITION

Allocation	% of Fund
Equities	51.89
Fixed Income	44.67
Cash, Cash Equivalents – net of liabilities ⁸	3.44

CUMULATIVE PERFORMANCE (%) ³

	1 mo	6 mos	1 YR	3 YRS	5 YRS	S.I. ⁴
Fund	2.23	4.31	5.97	-16.16	-4.05	6.46
Benchmark	1.98	2.32	5.93	-11.34	10.38	53.05

ANNUALIZED PERFORMANCE (%) ³

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. ⁴
Fund	5.97	1.55	-5.71	-0.74	-0.82	0.49
Benchmark	5.95	3.68	-3.94	1.63	1.99	3.21

CALENDAR YEAR PERFORMANCE(%) ³

	YTD	2023	2022	2021	2020	2019
Fund	4.31	2.13	-16.21	-7.02	11.33	12.25
Benchmark	2.32	5.65	-12.92	-4.37	16.41	15.22

TOP HOLDINGS

Name	Maturity	%
Taiwan Semiconductor		6.04
Fixed Rate Treasury Bond	2029	3.22
Korea Treasury Bond	2032	3.08
Samsung Electronics		2.87
Tencent Holdings Ltd.		2.83

¹Contribution rounded down/redemption rounded off to the nearest whole share. Mutual Fund shares do not issue fractional shares.

²Management, Distribution & Transfer Agency Fees

³Returns are net of fees.

⁴Since Inception.

⁵Measures the degree to which the Fund fluctuates vis-à-vis its average return over a period of time.

⁶Used to characterize how well the return of a Fund compensates the investor for the level of risk taken.

⁷Measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

⁸Includes time deposits, other receivables (accrued income, investment securities purchased, accrued expenses, etc.) Net of Liabilities

Fund prospectus is available upon request through BPI Investment Management Inc. (BIMI), authorized distributors and sales agents.

- **THE MUTUAL FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORP. (PDIC).**
- **RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPS IS FOR ILLUSTRATION OF NAVPS 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 FUND MANAGER IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE.**

OUTLOOK AND STRATEGY

Market Review. In June, monetary policy and geopolitics drove market performance, resulting in significant variations in returns across different markets and even within markets. The Magnificent Seven experienced a substantial 9% increase in June. In contrast, the equally-weighted S&P 500 showed a modest decline of -0.5%, while the small-cap Russell 2000 was down -1.1%.

Rate cuts were a key focus in June, with the ECB delivering their first rate cut since the pandemic, reducing their deposit rate by 25 basis points (bps) to 3.75%. The Bank of Canada Bank also cut rates during June, bringing the total number of G10 countries that have cut rates in 2024 to four. Notably absent from this trend was the US Federal Reserve. However, favourable CPI and PCE data suggest that the Fed is likely to consider lower rates in the future, though this is expected to occur later in the year.

The geopolitical landscape was significantly impacted by French President Macron's unexpected announcement to call for snap elections after experiencing substantial in the European elections at the beginning of June. This development triggered a noticeable selloff in French assets, resulting in a widening of the Franco-German 10-year bond spread by +29bps in the week following the election announcement. This widening was the most significant weekly increase in the spread since the sovereign debt crisis of 2011. The initial round of election results aligned with poll predictions, indicating that Marine Le Pen's far-right party may not secure a majority in the upcoming second round of elections; however, the situation remains highly dynamic.

Taking a closer look at the equity market, the MSCI World Equity Index returned +2.0% in US terms, with the S&P 500 outperforming and rising +3.6%. European markets underperformed due to the aforementioned geopolitical concerns, leading to a depreciation of -1.7% in the Euro Stoxx 50, dragged down by the French CAC40 index falling -6.4%. Meanwhile, the UK's FTSE 100 saw a small decline of -1.1% ahead of the country's general election scheduled for the first week of July. Contrarily, the Japanese TOPIX performed well, recording a gain of +1.4%. The standout performer was the MSCI EM index, which surged by +3.9%, with regional Asian markets delivering the strongest returns.

As mentioned previously, the combination of rate cuts and favorable inflationary data led to a decrease in bond yields, resulting in positive returns for bond indices. In the US, 2-year yields declined from 4.87% to 4.76%, while 10-year yields dropped by 10bps to 4.40%. Similarly, European bond yields fell, with the 10-year German yield declining from 2.66% to 2.50% and 2-year German yields decreasing by 27bps to 2.83%. The US Treasury index recorded a gain of +1.0% in June. In Europe, the Euro Government Bond index saw a modest appreciation of +0.3%, while UK Gilts outperformed with a gain of +1.3%. Japanese government bond yields remained relatively stable, with 10-year JGB yields remaining around the 1.07% mark. Emerging market bond returns were in the middle range, increasing by +0.6% in June.

In the credit front, there was a slight widening of credit spreads. The Itraxx Main credit index saw spreads widen from +53bps to +61ps, while the Itraxx Crossover index experienced a notable widening of spreads from +296bps to +319bps, reversing the trend seen in May. Despite this, the decrease in underlying government bond yields resulted in the Bloomberg Euro Agg Corporate Index posting a gain of +0.7%, and the Bloomberg US Agg Corporate index rising by +0.6%. In the High Yield segment, the Bank of America US High Yield Index slightly outperformed, registering a gain of +1.0%, while its European counterpart, the Bank of America Euro High Yield Index, lagged slightly behind with a gain of +0.5% for the month.

Finally, regarding currencies, the US Dollar recovered from May's losses, with the Dollar Index appreciating by +1.1%. In contrast, the Euro weakened against the Dollar, declining by -1.2% over the month. Emerging market currencies faced challenges, with the JP Morgan Emerging Markets Currency Index depreciating -2.0% in June.

Fund Performance. The Fund returned 2.23% for the month, outperforming its benchmark by 25 basis points. Outperformance was driven by a rally in the EM equity market.

Fund Strategy. In the equities space, US markets recently reached record highs on expectations that artificial intelligence (AI) will enhance earnings at both corporate and macro levels. Across Europe, equities showed signs of recovery following earlier declines, supported by a stabilizing political landscape. Looking forward, it appears that markets have already factored in many potential gains in productivity and economic resilience. We continue to identify substantial potential for quality and value especially in the US. We hold a positive outlook on Emerging markets driven by robust demand and economic expansion. Countries like South Korea Indonesia, and India are poised for growth.

In the bond markets, the decelerating inflation figures suggest that the earlier-year data anomalies may have been outliers in an overarching disinflationary narrative. The Fed's decision-making process is likely to take into account the slowdown in economic activity, employment indicators, and wage growth, all of which are pivotal for services inflation. Consequently, government bonds present compelling value from a strategic long-term perspective, especially as central banks, like the ECB has started its easing cycle. Within an active investment strategy, we see opportunities in both US and UK duration. Additionally, for enhanced yield potential, selectively attractive options include high-quality corporate credit in DM and EM.