

PAMI ASIA BALANCED FUND, INC.
FUND FACT SHEET
As of May 31, 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 5.45

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	0.96
Volatility, Past 1 Year (%) ⁵	12.19
Sharpe Ratio ⁶	-0.03
Information Ratio ⁷	-0.03
Number of Holdings	189

PORTFOLIO COMPOSITION

Allocation	% of Fund
Equities	51.70
Fixed Income	45.37
Cash, Cash Equivalents – net of liabilities ⁸	2.93

CUMULATIVE PERFORMANCE (%) ³

	1 mo	6 mos	1 YR	3 YRS	5 YRS	S.I. ⁴
Fund	5.63	5.51	4.99	-18.82	-1.43	4.14
Benchmark	1.60	3.66	5.00	-13.66	13.83	50.09

ANNUALIZED PERFORMANCE (%) ³

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. ⁴
Fund	4.99	-2.08	-6.72	-0.11	-0.29	0.32
Benchmark	4.98	0.48	-4.77	2.38	2.62	3.08

CALENDAR YEAR PERFORMANCE(%) ³

	YTD	2023	2022	2021	2020	2019
Fund	2.03	2.13	-16.21	-7.02	11.33	12.25
Benchmark	0.33	5.65	-12.92	-4.37	16.41	15.22

TOP HOLDINGS

Name	Maturity	%
Taiwan Semiconductor		5.69
Fixed Rate Treasury Bond	2029	3.26
Korea Treasury Bond	2032	3.14
Tencent Holdings Ltd.		2.78
Samsung Electronics		2.65

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 May, markets were on a steadier footing, recording significant gains despite a slight dip in performance towards month-end. Both the S&P 500 and Euro Stoxx 600 reached new record highs amidst a calmer geopolitical backdrop, a dovish US Federal Reserve meeting stance, and declining oil prices.

The month began with Fed Chair Powell pushing back on the possibility of rate hikes, adopting a notably more dovish tone than expected by markets. The April US Non-Farm Payroll report displayed a slow employment growth of 175,000, the slowest in six months, alleviating concerns about the US economy overheating and creating room for potential rate cuts. US inflation data for April remained stable, and Sweden became the second G10 country to cut rates after Switzerland. However, around mid-month, market momentum stalled due to strong economic data and slightly higher-than-anticipated inflation levels, prompting investors to anticipate a more gradual cycle of global rate cuts. Bond markets faced pressure, and equities retraced some of the gains made in the first half of the month.

Delving deeper into equities, the MSCI World Equity Index returned +4.5% in US terms, with the S&P 500 slightly outperforming, rising by +5.0%. Other markets saw gains ranging from 1% to 3% - the Euro Stoxx 50 appreciated by +2.1%, the UK's FTSE 100 saw a similar increase, while the Japanese TOPIX underperformed, gaining a more modest +1.1%. The MSCI EM index posted a disappointing gain of only +0.6%, with Asian markets experiencing losses.

Regarding bonds, markets experienced some pressure towards the end of the month. However, yields ended May lower than their starting levels in the US and the UK. US 2-year yields dropped from 5.01% to 4.89%, while US 10-year yields decreased by 15bps to 4.51%. In Europe, yields saw an increase, with 10-year German yields rising from 2.58% to 2.66%, and 2-year German yields gaining 6bps to 3.09%. The US Treasury index gained +1.5% in May, emerging as the top-performing major global bond market. On the other hand, the Euro Government Bond index depreciated by -0.2%, while UK Gilts outperformed with a gain of +0.8%. Japanese government bond yields rose, with 10-year JGB yields climbing from 0.88% to 1.07%. For the first time since 2012, 10-year Japanese Government bond yields closed above 1%. EM bonds matched the gains seen in the US Treasury market, appreciating by +1.5% in May.

On the credit front, there was a notable contraction in credit spreads. The Itraxx Main credit index witnessed a slight tightening of spreads from +56bps to +53bps, while the Itraxx Crossover index also saw spreads narrow from +318bps to +296bps. Overall, the Bloomberg Euro Agg Corporate Index gained +0.3%, while the Bloomberg US Agg Corporate index significantly outperformed, rising by +1.9%. In the High Yield segment, the Bank of America US High Yield Index slightly outperformed, with a gain of +1.1%, whereas its Euro counterpart (Bank of America Euro High Yield Index) trailed slightly, recording a gain of +1.0% for the month.

Finally, on the currency side, the US Dollar gave up some recent gains, with the Dollar Index depreciating by -1.5%. The Euro strengthened against the Dollar, rallying by +1.7% throughout the month. The Euro exhibited mixed performance against other currencies, depreciating by -0.3% against the British Pound, but gaining an impressive +1.4% against the Japanese Yen and slightly falling by -0.2% against the Swiss Franc. EM currencies fared well in the context of the 'rates higher for longer' narrative, with the JP Morgan Emerging Markets Currency Index rallying by +0.9% in May.

Fund Performance. The Fund returned 5.63% for the month, outperforming its benchmark by 403 basis points. The outperformance may be attributed to the security selection in both fixed income and equities, specifically coming from the overweight exposure in Indonesian Sovereign bonds, and overweight allocation in AI related stocks.

Fund Strategy. In equities, market shifts are emerging in favor of sectors that have trailed behind in this year's rally, notably value and small-cap stocks. To gauge the sustainability of these shifts, we scrutinize the broader economic landscape, company earnings robustness, and corporate insights, particularly those pertaining to inflation, expenses, and the impact of artificial intelligence (AI). Fundamental analysis remains a key pillar in our decisions, with a keen focus on strategic positioning, product uniqueness, and companies' intellectual property. We continue to identify substantial potential for quality and value in the US and Europe. 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 fixed income, US economic data has shown signs of moderating inflation and easing labor market conditions, paving way for potential rate cuts. Similarly, the ECB and the BoE are closely monitoring developments in wage growth and inflationary pressures. However, the divergence from the Fed lies in the extent of anticipated monetary policy loosening. While nuances persist in global bond markets, we believe it is an opportune moment to explore US and UK duration strategies within an actively managed portfolio. Furthermore, corporate credit opportunities in Europe and emerging market bonds continue to present attractive prospect.