

# PAMI ASIA BALANCED FUND, INC.

## FUND FACT SHEET

As of July 31, 2024

### FUND OVERVIEW

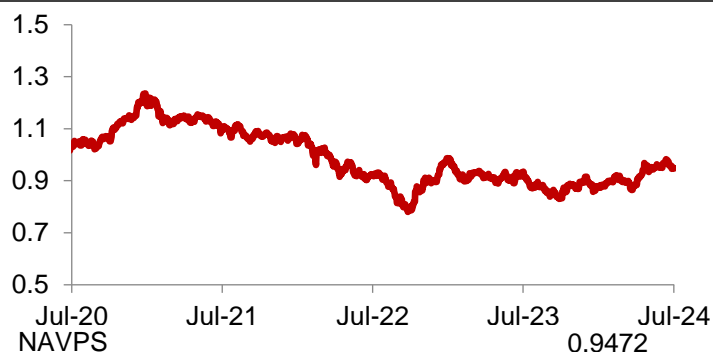
The Fund aims to achieve capital growth and generate steady income by tapping into the growth potential of Asia.

The fund is suitable for investors who:

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

### 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 (%) <sup>5</sup>	11.81
Sharpe Ratio <sup>6</sup>	-0.26
Information Ratio <sup>7</sup>	-0.28
Port. Weighted Yield to Maturity (%)	
Number of Holdings	205

#### PORTFOLIO COMPOSITION

Allocation	% of Fund
Equities	51.50
Fixed Income	43.67
Cash, Cash Equivalents – net of liabilities <sup>8</sup>	4.83

### FUND FACTS

<b>Classification:</b>	Balanced Fund
<b>Launch Date:</b>	October 1, 2011
<b>Dealing Day:</b>	Daily up to 2:00 PM
<b>Minimum Investment:</b> <sup>1</sup>	USD 200.00
<b>Min. Subsequent Order:</b> <sup>1</sup>	USD 50.00
<b>Minimum Holding Period:</b>	180 calendar days
<b>Redemption Settlement:</b>	T+5 End-of-Day
<b>Early Redemption Charge:</b>	1.00%
<b>Total Management Fee:</b> <sup>2</sup>	2.05% per annum
<b>Total Fund NAV (Mn) :</b>	USD 5.44

#### CUMULATIVE PERFORMANCE (%) <sup>3</sup>

	1 mo	6 mos	1 YR	3 YRS	5 YRS	S.I. <sup>4</sup>
<b>Fund</b>	<b>-0.76</b>	<b>8.42</b>	<b>1.27</b>	<b>-13.54</b>	<b>-5.37</b>	<b>5.64</b>
Benchmark	0.83	7.47	2.58	-7.25	11.33	54.32

#### ANNUALIZED PERFORMANCE (%) <sup>3</sup>

	1 YR	2 YRS	3 YRS	4 YRS	5 YRS	S.I. <sup>4</sup>
<b>Fund</b>	<b>1.27</b>	<b>1.31</b>	<b>-4.73</b>	<b>-2.17</b>	<b>-1.10</b>	<b>0.43</b>
Benchmark	2.57	4.10	-2.47	0.68	2.17	3.25

#### CALENDAR YEAR PERFORMANCE (%) <sup>3</sup>

	YTD	2023	2022	2021	2020	2019
<b>Fund</b>	<b>3.51</b>	<b>2.13</b>	<b>-16.21</b>	<b>-7.02</b>	<b>11.33</b>	<b>12.25</b>
Benchmark	3.16	5.65	-12.92	-4.37	16.41	15.22

#### TOP HOLDINGS

Name	Maturity	%
Taiwan Semiconductor		5.86
Fixed Rate Treasury Bond	2029	3.23
Korea Treasury Bond	2032	3.20
Samsung Electronics		2.83
Tencent Holdings Ltd.		2.63

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

<sup>2</sup>Management, Distribution & Transfer Agency Fees

<sup>3</sup>Returns are net of fees.

<sup>4</sup>Since Inception.

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

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

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

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

Fund prospectus is available upon request through BPI Investments, Inc. (BII), 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.

For more information, you can contact us at (02) 8580-0900, email us at [bpi\\_investment@bpi.com.ph](mailto:bpi_investment@bpi.com.ph) or visit our website, [www.pamifunds.com](http://www.pamifunds.com)

## OUTLOOK AND STRATEGY

**Market Review.** July was a month of two halves in terms of financial market performance. The month started with strong performance from equity markets with the S&P 500 hit a succession of record highs, while bond yields tumbled after a good US inflation report sparked speculation that the US Federal Reserve would cut rates at their September meeting. However, significant rotation out of tech stocks into small caps and big declines in energy, industrial metals, and agricultural commodity prices caused a double-digit decline in the S&P 500 index. Some good earnings reports right at month-end calmed nerves and helped markets regain their footing, with a growing focus on central bank actions. Fed Chair Powell appeared to signal that a September cut was on the cards after the Fed meeting at the end of July, and the Bank of England became another one of the G10 countries to join the rate-cutting party. Geopolitics remained in focus with US President Biden's withdrawal from the election and swift replacement by Kamala Harris, while French elections resulted in a stalemate that prevented Marine Le Pen's far-right party from gaining power.

Looking in more detail at the equity side, the MSCI World Equity Index returned +1.8% in USD terms, with the S&P 500 lagging slightly but still rising +1.2%. European markets underperformed slightly due to weaker-than-expected growth and slightly higher-than-expected inflation. The Euro Stoxx 50 depreciated -0.3%, although the MSCI Europe rose by +1.1% in Euro terms. The UK's FTSE 100 gained +2.5% as investors were reassured by the new Labour government's first month in office. The Bank of Japan increased Japanese rates, pushing the Japanese TOPIX index into a -0.5% loss, while the MSCI EM index eked out a small gain of +0.3%, with regional European and Latam EM markets recording the best returns.

As mentioned above, rate cuts and some signs of slowing economic activity allowed bond yields to fall, and bond indices recorded positive returns. US 2-year yields dropped from 4.76% to 4.26%, while US 10-year yields fell 37bps to 4.03%. Europe also witnessed falls, with the 10-year German yield dropping from 2.50% to 2.30%, and 2-year German yields decreasing by 30bps to 2.53%. Overall, the US Treasury index gained +2.2% during July, while in Europe, the Euro Government Bond index appreciated +2.3%, and UK Gilts lagged slightly with a +1.9% gain. Japanese government bond yields remained unchanged (despite higher interest rates), with 10-year JGB yields hovering around the 1.06% level. EM bond returns were in the middle of the pack and increased by +2.0% in July.

On the credit side, there was a tightening of credit spreads. The Itraxx Main credit index saw spreads widen from +61bps to +55bps, while the Itraxx Crossover index saw a reversal of June's performance with a significant tightening in spreads from +319bps to +295bps. Overall, the Bloomberg Euro Agg Corporate Index gained +1.7%, while the Bloomberg US Agg Corporate index rose +2.4%.

Turning to currencies, the US Dollar gave up some of its recent gains, with the Dollar Index depreciating -1.7%, and the Euro rose against the Dollar, gaining +1.1% during the month. The Euro also depreciated -0.6% against the British Pound but lost a whopping -5.8% against the Japanese Yen and declined -1.3% against the Swiss Franc. EM currencies underperformed slightly, with the JP Morgan Emerging Markets Currency Index depreciating -0.1% in July.

**Fund Performance.** The Fund returned -0.76% for the month, underperforming its benchmark by 159 basis points. The fund's underperformance was driven by its security selection. Year-to-Date return amounted to 3.51% for the month, outperforming its

**Fund Strategy.** Equity markets are being driven mainly by rate cut expectations, politics, and economic momentum. The Federal Reserve is expected to cut rates due to slowing inflation, recent mixed economic data, and weakening labor markets. US large caps have remained strong, driven by rate cut expectations and the narrative that bad news is good for the markets. Earnings growth in the mega-caps has likely peaked at a time when earnings for the rest of the market should recover. Geopolitics may also affect sentiment toward tech stocks, which could open opportunities in US value, Europe, the UK, and emerging market stocks. 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 market, the downshifting of the US economy, along with declining price pressures, is indicative of the upcoming Fed pivot. Similarly, inflation is falling in Europe, but some components, such as core and services inflation, remain a bit sticky. While central banks seem to be on the path to cutting policy rates, they remain patient and data dependent. On the fiscal side, deficits are important determinants of the premium for holding government debt in the long term. Given the high deficits in the US and Europe, along with the risks of geopolitical tensions and trade tariffs and barriers (which are inflationary), we think an active stance is crucial for navigating the medium term. Within an active investment strategy, we see opportunities in both US and UK duration. For yield enhancement, selectively attractive options include high-quality corporate credit in DM and EM.