



AB CAPITAL AND INVESTMENT CORPORATION
 AB CAPITAL BALANCED FUND
 KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
 As Of June 30, 2024

FUND FACTS

Classification:	Balanced Fund	Net Asset Value per Unit (NAVPU):	1.2185
Launch Date:	March 20, 2013	Total Fund NAV:	612,451,325.47
Min. Investment:	Php25,000	Dealing:	Daily up to 12:00 noon
Add'l Investment:	Php10,000	Redemption Settlement:	T + 3 days
Min. Holding Period:	30 days	Early Redemption Charge:	1.00% of principal

FEES*

Trustee Fees: 0.316% AB Capital - Trust and Investments Division	Custodianship Fees: 0.003% Phil. Depository & Trust Corp.	External Auditors Fees: 0.003% SGV & Co.
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*As a percentage of average daily NAV for the quarter valued at Php 599,365,714.24.

INVESTMENT OBJECTIVE AND STRATEGY

The Fund Intends to achieve for its participants long-term capital growth and income by investing in a diversified portfolio of high-grade marketable securities allocated in fixed income and equity securities listed in the Philippine Stock Exchange. The allocation for equity securities shall be between 40% to 60% of the portfolio or any other allocation range that may be prescribed by the Trust Association of the Philippines (TOAP) in consultation with the regulatory authorities. The Fund aims to surpass its composite benchmark of 60% Bloomberg Philippine Sovereign Bond Index 1 to 5 Year (BPHIL15) and 40% Philippine Stock Exchange Index (PSEI).

BPHIL15 is a market value weighted index based on PHP government bond issuances of the Bureau of Treasury. Its qualified constituents are securities with at least one year of maturity, but not longer than five years. For additional information on benchmark construction, please contact Bloomberg.

The PSEI is the main index of the Philippine Stock Exchange. It is used to measure the performance of equity securities that represent the Philippine stock market. The Bloomberg and the PSE Website provide additional information on the benchmarks.

CLIENT SUITABILITY

- A client profiling process should be performed prior to participating in the Fund to guide the prospective investor if the Fund is suited to his/her investment objectives and risk tolerance. Clients are advised to read the Declaration of Trust/Plan Rules of the Fund, which may be obtained from the Trustee, before deciding to invest.
- The AB CAPITAL BALANCED FUND is suitable for individual and corporate investors who are at least classified as balanced based on their risk profile and who are aware of the opportunity for high yields that portfolios with stock market investments may provide but are also knowledgeable of the possibility of capital losses that such investments may entail.
- In order to minimize risks and maximize returns, the participants are recommended to stay invested in the Fund for more than three (3) years.

KEY RISKS AND RISK MANAGEMENT

You should not invest in this Fund if you do not understand or are not comfortable with the accompanying risks.

Interest Rate Risk	Possibility for an investor to experience losses due to the changes in interest rate. The purchase and sale of a debt instrument may result in profit or loss because the value of a debt instrument changes inversely with prevailing interest rates.
Market/Price Risk	This is the possibility for an investor to experience losses due to the changes in market prices of securities (e.g., bonds and equities). It is the exposure to the uncertain market value of a portfolio due to price fluctuations. It is the risk of the UITF to lose value due to a decline in securities prices, which may sometimes happen rapidly or unpredictably. The value of investments fluctuate over a given time period because of general market conditions, economic changes or other events that impact large portions of the market such as political events, natural calamities, etc. As a result, the Net Asset Value per Unit (NAVPU) may increase to make profit or decrease to incur loss.

Liquidity Risk	This is the possibility for an investor to experience losses due to the inability to sell or convert assets into cash immediately or in instances where conversion to cash is possible but at a loss. These may be caused by different reasons such as trading in securities with small or few outstanding issues, absence of buyers, limited buy/sell activity or underdeveloped capital market. Liquidity risk occurs when certain securities in the UITF portfolio may be difficult or impossible to sell at a particular time which may prevent the redemption of investment in UITF until assets can be converted to cash. Even government securities which are the most liquid of fixed income securities may be subjected to liquidity risk particularly if a sizeable volume is involved.
Credit/Default Risk	Possibility for an investor to experience losses due to borrower's failure to pay principal and/or interest in a timely manner on instruments such as bonds, loans, or other forms of security which the borrower issued. Inability of the borrower to make good on its financial obligations may have resulted from adverse changes in its financial condition thus, lowering credit quality of the security, and consequently lowering the price (market/price risk) which contributes to the difficulty in selling such security. It also includes risk on a counterparty (a party the UITF Fund Manager trades with) defaulting on a contract to deliver its obligation either in cash or securities. This is the risk of losing value in the UITF portfolio in the event the borrower defaults on his obligation or in the case of a counterparty, when it fails to deliver on the agreed trade. This decline in the value of the UITF happens because the default/failure would make the price of the security go down and may make the security difficult to sell. As these happen, the UITF's NAVPU will be affected by a decline in value.

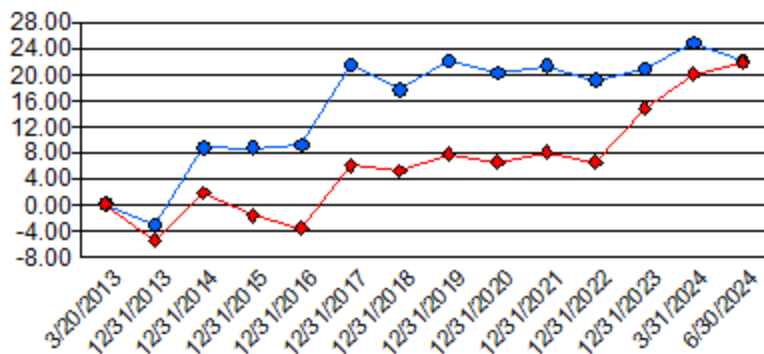
- * **THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORP. (PDIC).**
- * **IT IS A TRUST PRODUCT AND IS NOT AN OBLIGATION OF THE TRUSTEE, ITS AFFILIATES AND SUBSIDIARIES.**
- * **RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/ 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 TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE.**
- * **THE TRUSTOR MUST READ THE UITF'S DECLARATION OF TRUST, MAKE HIS/HER OWN RISK ASSESSMENT AND IF NEEDED, SEEK AN INDEPENDENT /PROFESSIONAL OPINION BEFORE MAKING AN INVESTMENT.**

(Purely for reference purposes and is not a guarantee of future results)

NAVPU GRAPH

NAVPU over the past 12 months

Balanced Fund vs Benchmark ²



◆ Balanced Fund Return ¹ ● Benchmark Return

Source: Bloomberg and AB Capital and Investment Corp.

Highest	1.2207
Lowest	1.0871

STATISTICS

Volatility, Past 1 Year (%) ³	6.23
Sharpe Ratio ⁴	0.6962
Information Ratio ⁵	2.5392
Weighted Ave. Duration	4.45

¹ Returns are net of fees

² Since Inception

³ Measures the degree to which the Fund fluctuates vis-a-vis its average return over a period of time

⁴ Used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better.

⁵ Measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

CUMULATIVE PERFORMANCE						TOP TEN HOLDINGS (%)	
						RTB 05-18	8.72
	1 mo	3 mos	6 mos	1 yr	3 yrs	FXTN 20-26	7.03
Fund	0.94	1.47	6.15	10.92	15.64	INTERNATIONAL CONTAINER TERMINA	6.21
Benchmark	0.04	-2.37	0.86	1.88	2.31	SM PRIME HOLDINGS, INC.	5.53
PORTFOLIO COMPOSITION						BDO UNIBANK, INC.	4.87
Allocation			% Of Fund			FXTN 10-72	4.70
Equities			54.64			FXTN 10-70	4.32
Fixed Income Securities			44.18			FXTN 07-70	4.29
Time Deposits			0.98			FXTN 15-01	4.29
Cash and Other Receivables (Payables)			0.20			PHILIPPINE SEVEN CORP.	3.85
SECTOR HOLDING							
SERVICES			17.73				
INDUSTRIAL			10.47				
FINANCIALS			10.02				
PROPERTY			8.89				
HOLDING FIRMS			4.98				
MINING AND OIL			2.55				

RELATED PARTY TRANSACTIONS

The Fund has transactions and outstanding investments in fixed income and in shares of stocks with related parties of AB Capital and Investment Corporation - Trust and Investments Division (ABCIC -TID).

OUTLOOK AND STRATEGY

Stock Market

The PSEi returned all of its first quarter gains after a dismal showing in the second quarter which registered 7.1% in losses. This brought first half 2024 returns of the PSEi down to a small decline of 0.6%.

Global markets were jittery after statements from Fed officials put in doubt the timing of the first rate cut. Investors scaled back on bets for a second quarter rate cut from the Fed in the second quarter as officials, including Fed Chair Powell, stressed the need to see better progress on inflation before cutting rates.

Domestic inflation remained below 4% during the second quarter, prompting BSP Gov. Remolona to take a more dovish stance and hinted that the BSP may cut as early as August. The BSP also lowered its risk-adjusted inflation forecast for 2024 to 3.8% from the previous 4.0%. However, the prospects of the BSP cutting ahead of the US Fed did not bode well for the Philippine Peso and opened it up to speculation, sending the exchange rate to just below the 59 level. Local stocks were sold down heavily by foreign investors amid the depreciation of the Peso.

Fixed-Income Market

Philippine government bonds saw strong demand over the quarter as inflation stabilized within the BSP's target level. Supply for long term securities was reduced for the upcoming quarter; as a result, leading to increased demand for duration, pushing medium to long term yields lower by 30 to 55 basis points (bps).

With inflation set to resume a downtrend and interest rate cuts around the corner, we retain our overweight position in duration.

AB Capital Balanced Fund Performance

The AB Capital Balanced Fund posted an increase of 1.47% in the second quarter of 2024. The Net Asset Value Per Unit (NAVPU) increased to 1.2185 as of June 30, 2024, from 1.2008 as of March 31, 2024.

Balanced Fund Strategy

Although the strategy maintained its overweight stance on equities by the end of the quarter, the fund tactically held cash and short-term securities to mitigate losses from market corrections. We emphasize highly active positioning in companies with clear competitive advantages, high earnings quality, and attractive valuations as these companies may benefit the most from the improving market conditions.

The fund has scaled down its fixed income weight due to prospects of better relative returns on equities. However, the fixed income section of balanced fund remains overweight on duration.

LIST OF PROSPECTIVE INVESTMENTS

Pursuant to the foregoing objectives, the Fund may be invested and reinvested in:

- a) Listed and soon to be listed (Initial Public Offering) common stocks, preferred stocks, and securities convertible into or exchangeable to common stocks;
- b) Fixed-income securities issued by the government and corporations such as but not limited to, commercial papers, bonds, exchange-traded fixed income securities; and other marketable securities that are traded in an organized exchange or market; and
- c) Other investments allowed under regulations issued by the BSP. which are applicable to the Fund.

The combined exposure of the Fund to any entity and its related parties shall not exceed fifteen percent (15%) of the market value of the Fund. Provided, that Fund investments, partially or substantially, in exchange traded equity securities shall be subject to the fifteen percent (15%) exposure limit to single entity/issuer. This limit, however, shall not apply to non-risk assets as defined by the Bangko Sentral.

AB Capital is regulated by the Bangko Sentral ng Pilipinas (BSP). For any inquiries and concerns relating to our services and products you may call our hotline: 8898-7555, or send an email at trust@abcapitalonline.com or write a letter addressed to AB Capital-TID, Units 1210-1212, 12th Floor, PSE Tower, 5th Ave., cor. 28th St., Bonifacio Global City, Taguig City, Philippines 1634. You may also file your inquiries and concerns through the BSP's various Consumer Assistance Channels via this link <https://www.bsp.gov.ph/Pages/InclusiveFinance/ConsumerAssistanceChannelsChatbot.aspx>. To know your rights under BSP Circular No.857 and as revised by Circular 1048 (regulations on Financial Consumer Protection), and under Circular 1169 (Rules of Procedure for the Consumer Assistance Mechanism, Mediation and Adjudication of Cases in the Bangko Sentral ng Pilipinas) , please access copies of these issuances at the BSP website(www.bsp.gov.ph).