

ATR KimEng Money Market Fund

June 29, 2010

Investment Objective

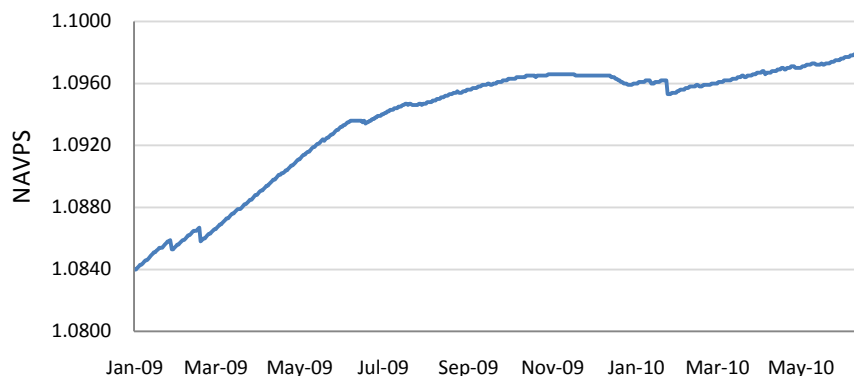
The fund is designed to seek a return through investments in fixed income securities of Philippine and non-Philippine companies and debt obligations of the Government of the Republic of the Philippines and its instrumentalities.

Fund Facts

Fund Manager	Deanno J. Basas
Bloomberg Ticker	ATRKEFI PM
Inception Date*	16 January 2009
Currency	PHP
Fund Size	24 Million
NAVPS	1.0979

*Date of conversion from Fixed Income to Money Market Fund

Performance Overview



Figures as of 6.29.2010

Cumulative Performance %

	1 Mo	1 Yr	3 Yrs	5 Yrs	YTD	Since Incept.
Fund	0.05	0.39	-6.33	3.47	0.14	1.28

Annualized Performance %

	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs
Fund	0.39	n.a.	n.a.	n.a.	n.a.

Calendar Year Performance %

	2005	2006	2007	2008	2009
Fund	n.a.	n.a.	n.a.	n.a.	n.a.

Manager's Report

The local fixed income market saw yields drop as concerns over global growth prevailed in the markets. The US Fed kept rates unchanged at historic lows in its policy meeting for June, convincing Philippine investors to also push back expectations of an overnight rate hike by the BSP.

Data released during the month showed the government's May budget number at a deficit of 30.5 billion, bringing the YTD total to 162.1 billion, already past the 1st half target. This, however, failed to upset sentiment in the local bond market, with the government focusing more on stimulating the economy in the light of higher unemployment with April's data reported at 8% (vs. 7.3% in March).

Also helping the market rally was the release of the 3rd quarter auction schedule, which saw longer term issues favored. With no supply forthcoming, the best gains were seen in the mid-tenor securities with the 5 year yield down about 18 bps to 6.37% while the 7 year yield was down 28 bps to 6.87%. Moving forward, expect market to focus on the new administration's fiscal plans, which has targeted cutting the deficit to 2% of GDP in three years time. The Monetary Board meets mid-July, which could see rates yet unchanged depending on the inflation data that comes out before then.

With official rates unchanged, short-term yields have remained well anchored. Given the expectations of low rates in the near term, we look to invest in slightly longer securities to enhance the yield of the fund, while keeping liquidity adequate.

Portfolio Analysis

Composition of the Fund



- Cash (27%)
- Government Securities (73%)

Top Holdings

Holdings	% of Port.
Republic of the Philippines Tbill 10-6-2010	31%
Republic of the Philippines Tbill 8-11-2010	15%
Republic of the Philippines Tbill 3-9-2011	14%
Republic of the Philippines Tbill 7-14-2010	13%

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