# **PhilEquity Fund**

# **INVESTMENT OBJECTIVES**

To seek long-term capital appreciation through investing primarily in equity securities of listed Philippine companies while considering the liquidity and safety to manage risk.

#### **FUND FACTS**

Incorporation Date 21 February 1994 Structure Open-ended mutual fund . Philippine Peso Currency Valuation method Marked-to-market Type Equity Fund Sales Load Max of 3.5% Exit fee Max of 2% Annual Management fee 1.5% p.a. of total funds under management Hold period to waive exit fees More than 2 years Redemption Period Max of 7 banking days Fund Manager Philequity Management Inc.

# MARKET COMMENTARY

After rallying 3.29% last month, the Philippine Stock Exchange Index (PSEi) lost 0.92% for the month, closing at 7.215.73 on Oct 31.

The PSEi suffered a correction losing as much as 400 points from the all-time high last Sep 24. Global economic growth was the main driver of selloffs in the market. Multiple reports for global growth including the IMF pointed to a weaker global market moving forward. Fears from the epidemic of ebola as well as terrorist related attacks only exacerbated volatility and the US dollar strength also pushed markets lower. Fed Chair Janet Yellen also noted that a sustained strong dollar may lead to negative growth for global economies

The BSP kept interest rates on hold amid benign inflation. September CPI came in at 4.4%, within the 4.1%-4.9% targeted range. The BSP increased its forecast for 2014 to 4.0% from 3.9% but decreased its forecast for 2015 to 3.4%

The US Fed announced the end to its two year asset purchase program as data in the labor market continued to pick up. The Fed however pledged to keep interest rates low for a "considerable time" pending improving economic data. However, the Fed mentioned that rates could rise sooner if they anticipate faster progress towards full employment and stable prices and "conversely, if progress proves slower than expected, then increases in the target range are likely to occur later than currently anticipated".

Towards the end of the month, volatility dissipated as reports of ebola cases died down. As the Fed ended its QE, the Bank of Japan on the other hand announced a significant increase of its own QE program, taking economists by surprise sending global markets higher. We look to 3Q14 earnings moving forward as well as the ECB's press conference for any signal of stimulus efforts

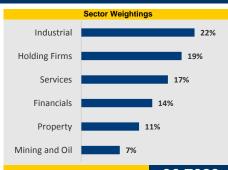
The Fund lost 0.88% for the month versus -0.92% for the PSEi. Year to date, the Fund has outperformed the benchmark 27.02% versus 22.51%. We reiterate our long term bullish outlook on Philippine equities and advise our clients to use these pullbacks as opportunities to increase exposure.

FEATURES		
Initial Investment	PhP 5,000	
Additional Investment	PhP 1,000	
	5k - 99k	3.50%
	100k - 249k	3.25%
Sales Load	250k - 499k	3.00%
	500k - 999k	2.75%
	1M - 1.9M	2.50%
	2M - 4.9M	2.00%
	5M - 9.9M	1.50%
	10M - 19.9M	1.00%
	20M - 49.9M	0.50%
	50M+	0.25%
	< 1 Year	2.00%
Exit Fees	1 - 2 Years	1.50%
	> 2 Years	0.00%

### PORTFOLIO ANALYSIS

Top Ten Holdings							
Issue	Industry	%					
Nickel Asia Corp.	MINING AND OIL	7%					
Philippine Long Distance Telephone Co.	SERVICES	7%					
Universal Robina Corp.	INDUSTRIAL	6%					
SM Investments Corp.	HOLDING FIRMS	5%					
BDO Unibank, Inc.	FINANCIALS	4%					
Ayala Corp.	HOLDING FIRMS	4%					
Metropolitan Bank & Trust Co.	FINANCIALS	4%					
Ayala Land, Inc.	PROPERTY	3%					
Bank of the Philippine Islands	FINANCIALS	3%					
Energy Development Corp.	INDUSTRIAL	3%					

**Total % of Top Holdings** 



NAVPS as of Oct 31, 2014

36.7080

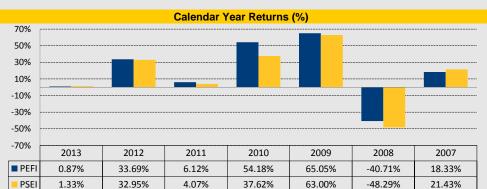
# PERFORMANCE ANALYSIS

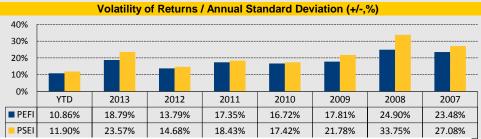
Actual Returns (%) before sales charges, after mgmt fees						Compounded Annual Growth rates (%)				
	YTD	1 mo	6 mos	YoY	3 Yrs	Since Launch			PEFI	PSEi
PEFI	27.02%	-0.88%	10.65%	14.35%	74.82%	3208.52%		10 years	19.11%	14.77%
PSEi	22.51%	-0.92%	7.57%	9.57%	66.50%	157.87%		5 years	23.92%	19.93%
*Since L	Since Launch date is January 2, 1995, Benchmark is Philippine Stock Exchar							3 years	20.47%	18.52%

47%

#### **NAVPS Graph**







change Centre Exchange Rd., Ortigas Center,
sales@philequity.net www.philequity.net Suite 2104-A. East Tower, Philippine Stock E

(1) (+63 2) 689 8080 (1) (+63 2) 706 0795 (2) sale

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