

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
Currency	Philippine Peso
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% from 3.5%.

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	
Sales Load	5k - 99k	3.50%
	100k - 249k	3.25%
	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%
Exit Fees	< 1 Year	2.00%
	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		47%

Sector Weightings	
Industrial	22%
Holding Firms	19%
Services	17%
Financials	14%
Property	11%
Mining and Oil	7%
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	27.02%	-0.88%	10.65%	14.35%	74.82%	3208.52%	PEFI
PSEi	22.51%	-0.92%	7.57%	9.57%	66.50%	157.87%	PSEi
*Since Launch date is January 2, 1995, Benchmark is Philippine Stock Exchange						10 years	19.11% 14.77%
						5 years	23.92% 19.93%
						3 years	20.47% 18.52%

NAVPS Graph



Calendar Year Returns (%)

	2013	2012	2011	2010	2009	2008	2007
PEFI	0.87%	33.69%	6.12%	54.18%	65.05%	-40.71%	18.33%
PSEI	1.33%	32.95%	4.07%	37.62%	63.00%	-48.29%	21.43%

Volatility of Returns / Annual Standard Deviation (+/-,%)

	YTD	2013	2012	2011	2010	2009	2008	2007
PEFI	10.86%	18.79%	13.79%	17.35%	16.72%	17.81%	24.90%	23.48%
PSEI	11.90%	23.57%	14.68%	18.43%	17.42%	21.78%	33.75%	27.08%

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