

PhilEquity Fund



INVESTMENT OBJECTIVES

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

FUND FACTS

Incorporation Date	21 February 1994
Structure	Open-ended
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.

COMMENTARY

At the start of the month, data from the U.S. showed the unemployment rate at its lowest since 2008, dropping from 6.7% to 6.3%. This could be a sign that the U.S. economy is improving to a more sustainable level. However, tensions in Ukraine and the increasing violence in that area pose as threats to these gains. Players in the ASEAN stock market have mixed performances. During the 3rd week of May, India and Indonesia particularly performed well as they are headed towards a pro-reform leadership. But, by the 4th week, political turmoil in Indonesia and Thailand led to a savage correction in the ASEAN market.

For the Philippines, S&P upgraded the country's credit rating from BBB- to BBB; the highest credit rating the country has received in its history. This came with expectations that the Philippine government will have gains in revenue generation, improved fiscal position and a progressing investment environment.

The Philippine Stock Index did well and was back to its May 2013 level, but corrected due to its neighbors' political turmoil. This could also be credited to the announcement of its 1st quarter GDP of 5.7% on May 29, 2014, which was lower than expectations. Many cite typhoon Yolanda as the main culprit of this GDP decline, but Sec. Balisacan assures that GDP will pick up in the succeeding quarters.

The Philippines is not immune to the sharp corrections of its ASEAN neighbors, but with the resiliency of the Philippine stock market, foreign investors viewed the country as a safe haven, with more than \$1 billion foreign inflow (YTD) as of May 30, 2014.

The Fund returned -0.29% for May versus -0.90% for the PSEI. The Fund was also less volatile with a standard deviation of 11.34% versus 13.08% for the PSEI. Year to date, the Fund is outperforming the index at 14.46%.

FEATURES

EXPENSES		
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	%
Philippine Long Distance Telephone Co.	SERVICES	8%
SM Investments Corp.	HOLDING FIRMS	5%
Universal Robina Corp.	INDUSTRIAL	5%
Nickel Asia Corp.	MINING AND OIL	5%
Metropolitan Bank & Trust Co.	FINANCIALS	5%
Ayala Corp.	HOLDING FIRMS	4%
Ayala Land, Inc.	PROPERTY	4%
Jollibee Foods Corp.	INDUSTRIAL	3%
Bank of the Philippine Islands	FINANCIALS	3%
International Container Terminal Services	SERVICES	3%
Total % of Top Holdings		45%

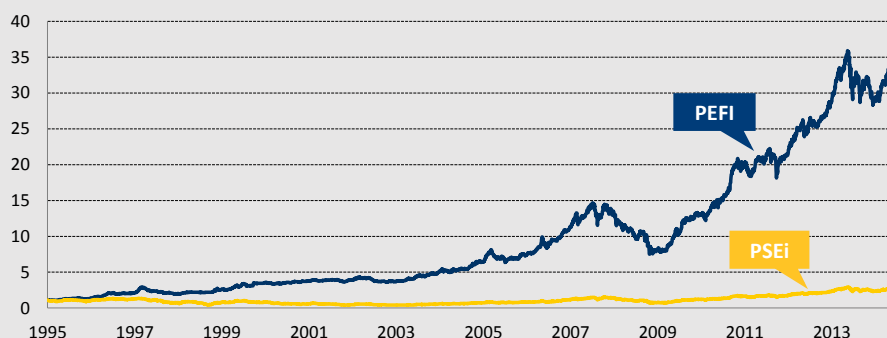
Sector Weightings	
Holding Firms	20.55%
Industrial	20.33%
Services	16.87%
Financials	12.95%
Property	11.96%
Mining and Oil	5.84%

NAVPS as of May 30, 2014	33.0791
--------------------------	---------

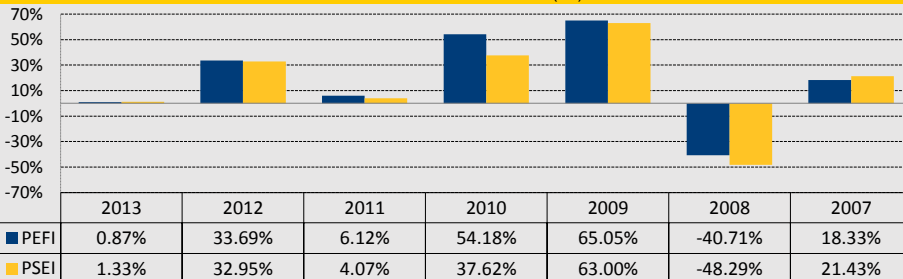
PERFORMANCE ANALYSIS

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	14.46%	-0.29%	9.93%	-2.74%	58.78%	2881.44%	10 years	20.07%	15.92%
PSEi	12.87%	-0.90%	7.07%	-4.40%	54.77%	137.57%	5 years	26.05%	22.71%
*Since Launch date is January 2, 1995, Benchmark is PSEI							3 years	16.66%	15.67%

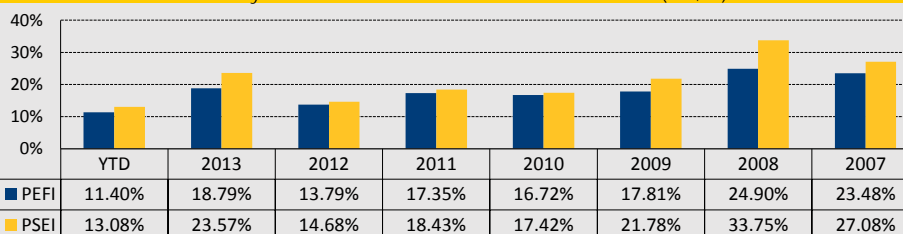
NAVPS Graph



Calendar Year Returns (%)



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



Suite 2104-A, East Tower, Philippine Stock Exchange Centre Exchange Rd., Ortigas Center, Pasig City, Philippines 1605

(+63 2) 689 8080 (+63 2) 706 0795 sales@philequity.net www.philequity.net

Disclaimer: The information contained herein is the property of Philequity Management Inc. and may not be copied or distributed and is not warranted to be accurate, complete or timely. Neither Philequity or its content provider are responsible for any damages and losses arising from any use of this information. Past performance is not a guarantee of future results. Investments in mutual funds are not guaranteed by the Philippine Depositor Insurance Corporation.