

Investment Objective

To achieve long term capital appreciation by investing in a customized basket of companies listed on the Philippine Stock Exchange (PSE) that are highly liquid, actively traded and among the top companies in their respective sectors as classified in the PSE. The six sectors are: Financials, Industrials, Holdings, Property, Services, and, Mining and Oil.

31 JANUARY 2019

PESO MULTI SECTOR EQUITY FUND

FUND DETAILS:

| | | | |
|----------------|---------------------------|----------------------------|----------|
| Inception Date | 01-Jul-15 | Latest NAVPU | 0.974923 |
| Fund Manager | PNB - Trust Banking Group | Initial NAVPU | 0.950000 |
| Fund Currency | Peso | Highest NAVPU (01.30.2018) | 1.122841 |
| Fund Size | Php2.949 Billion | Lowest NAVPU (01.22.2016) | 0.736114 |
| Management Fee | 2.00% p.a. | Pricing / Valuation | Daily |

RISK CLASSIFICATION

The Fund is suitable for investors with a very aggressive profile or for those who take medium to long - term views. As a marked -to-market Fund, its net asset value and total return may fall or rise as a result of stock prices movements. On redemption of units, a policyholder may receive an amount less than the original amount invested. Prior to investment in the Fund, the policyholder shall undergo a client suitability assessment procedure to determine whether the Fund is appropriate for him considering his investment objective, risk tolerance, preferences and experience.

December CPI slowed down to 5.10% from 6.00% in November and below consensus estimate of 5.60% as gains in food and transport prices eased. This brought the 2018 average inflation to 5.20%. For 2019, the BSP expects inflation to return to the 2.00% -4.00% target range.

MARKET OUTLOOK

As of end of January, the PSEi is at key resistance levels. As mentioned previously, the PSEi was locked in a trading band of 7,500 to 8,000 level. A break above such level accompanied with significant volume may point to a retest of 8,500 level. In terms of valuation, at 8,500 points to a PER of 17.5X, it is still an acceptable level given market's recent peak of 19.1X, then an all-time high.

MARKET COMMENTARY

The PSEi was off to a strong start as December inflation reading of 5.10% was enough to spark interest in the market. The PSEi ended at 8,007.48 from December 2018's close of 7,466.02 for a year to date gain of 7.25%. Foreign flows reversed gears to register a net buy of Php18.70B. A significant amount as the January flows represent 30% of 2018's net foreign outflow of Php61.66B. Value turnover also improved from December's Php7.53B to Php8.67B. As of January, the PSEi traded at 16.7X 2019E PE.

The US Fed's recent decision to pause rate increases was certainly a welcome development. Dovish statements from the US Fed have also reinforced the view that the BSP may cut policy rates starting 2H19. A cut in reserve requirements is also expected as early as 1Q19. Continuing trade negotiations between US and China is another key risk that bears monitoring.

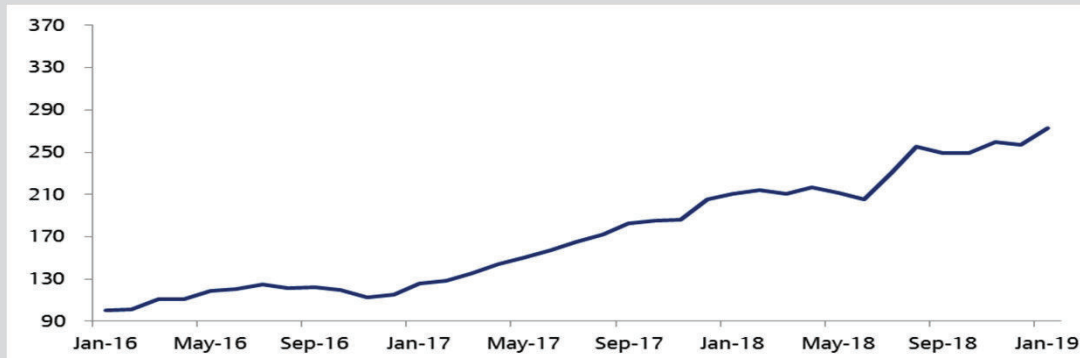


RISK PROFILE ●●●●●

Performance Overview

| Performance History | Year To Date | 3 Months | 1 Years (YoY) | 3 Years (YoY) | Since Inception |
|---------------------|--------------|----------|---------------|---------------|-----------------|
| Absolute | 4.94% | 8.14% | -11.73% | 19.42% | 2.62% |
| Annualized | N/A | N/A | -11.73% | 6.09% | 0.72% |

Indexed Performance Over 3 Years (NAV - NAV)



NAVPU Since Inception

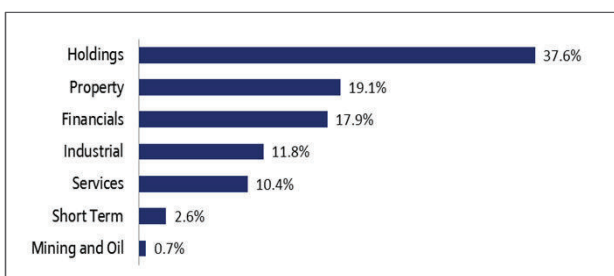


PORTFOLIO ANALYSIS

Top 5 Holdings

| Securities | % |
|--------------------------------|------|
| SM Investments Corp. (SM) | 12.6 |
| Ayala Corp. (AC) | 12.5 |
| JG Summit Holdings, Inc. (JGS) | 12.5 |
| Ayala Land Inc. (ALI) | 6.5 |
| Megaworld Corp. (MEG) | 6.4 |
| Total | 50.4 |

Sector Allocation



| Securities (Ticker) | Sector | 2019 Weight* (%) | 2018 Weight** (%) |
|---|----------------|------------------|-------------------------|
| BDO Unibank, Inc. (BDO) | Financials | 6.04 | 6.24 |
| Bank of the Phil. Islands (BPI) | Financials | 6.04 | 6.24 |
| Metrobank (MBT) | Financials | 6.04 | 6.24 |
| Ayala Corp. (AC) | Holdings | 12.58 | 12.62 |
| JG Summit Holdings, Inc. (JGS) | Holdings | 12.58 | 12.62 |
| SM Investments Corp. (SM) | Holdings | 12.58 | 12.62 |
| Jollibee Foods Corp. (JFC) | Industrial | 4.13 | 4.15 |
| Manila Electric Co. (MER) | Industrial | 4.13 | 4.15 |
| San Miguel Food and Beverage, Inc. (FB) | Industrial | 4.13 | (not in basket in 2018) |
| PXP Energy Corp. (PXP) | Mining and Oil | 0.33 | 0.34 |
| Semirara Mining Corp (SCC) | Mining and Oil | 0.33 | 0.34 |
| Ayala Land Inc. (ALI) | Property | 6.87 | 6.67 |
| Megaworld Corp. (MEG) | Property | 6.87 | 6.67 |
| SM Prime Holdings (SMPH) | Property | 6.87 | 6.67 |
| Globe Telecoms (GLO) | Services | 3.49 | 3.43 |
| Int'l. Cont. Terminal Services (ICT) | Services | 3.49 | 3.43 |
| PLDT (TEL) | Services | 3.49 | 3.43 |
| TOTAL*** | | 100.00 | 100.00 |

*2019 Weights based on rebalancing as of January 25, 2019.

**2018 Weights based on rebalancing as of December 21, 2018.

*** Totals may not equal to 100.00 due to rounding-off.

IMPORTANT NOTICE:

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