ALLIANZ PNB LIFE INSURANCE, INC

www.allianzpnblife.pl

PESO EQUITY FUND

Investment Objective

To attain long term capital growth by investing in a concentrated portfolio of stocks listed on the Philippine Stock Exchange.

31 MAY 2018

FUND DETAILS:

Latest NAVPU 3.001283 Inception Date 25 May 2005 1 000000 BPI Asset Management and Trust Corp. Fund Manager Initial NAVPLL Fund Currency Highest NAVPU (01.30.2018) 3.610182 Fund Size Php1.562 Billion Lowest NAVPU (03.08.2009) 0.815298 Pricing / Valuation Daily Management Fee 2.20% p.a.

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.

MARKET COMMENTARY

The PSEi ended May at 7,497, down -4.12% for the month and down -12.40% year-todate. Foreign investors continued to be net sellers amounting to Php9.3Billion or USD170.8Million in May. This brought yearto-date net foreign outflows to Php50.9Billion or USD966.3Million. Several issues remain to be key reasons for foreign investors' risk-off sentiment, these are: a.) continued weakness in the peso; b.) the seemingly contradictory monetary policy action of the BSP (tightening thru a hike in the policy rates vis-a-vis accommodation due to the reduction in the reserves requirements), and c.) inflation touching a five-year high. The continued negative issues market is facing overshadows the strong GDP growth of the economy in the first quarter. The Philippines registered GDP growth of 6.8%, higher than the previous quarter with the help of government's infrastructure spending which doubled to Php65.6Billion.

Amid the persisting market volatility, we remain defensive in our portfolio management strategy. We have a tactical underweight exposure in equities to protect portfolio's fund value from continued market sell-off. This strategy allows us to bottom-pick stocks at lower levels and carefully position the portfolio for 2019.

MARKET OUTLOOK

We remain constructive on the long-term prospect of Philippine equities as the current valuation becomes attractive with P/E ratio now trading at 17x well below the 5-year mean of 19x.

However, we still expect market volatility to continue in the medium term due to: a.) FTSE rebalancing on June 15, 2018 with an estimated outflow of about USD66Milllion across index names with an average value turnover of 2 days; b.) Uncertainty in the direction of monetary policy which for foreign market players are already behind the curve; c.) Continued weakness of the peso versus the US dollar; and d.) Underwhelming first quarter corporate earnings.

Key factors that support our positive longterm view on Philippines equities are: a.) above historical GDP trend (estimated at >+6.5% to 7%, among the highest in Asia); b.) Philippine corporate earnings expansion over time (+8% to 10% CAGR until 2020); and c.) Stable peso movement (2% weakness p.a.)



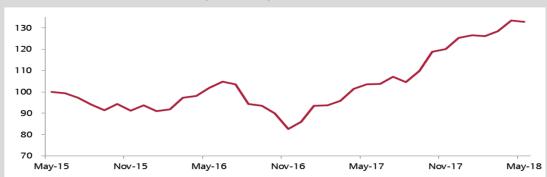


RISK PROFILE • • • •

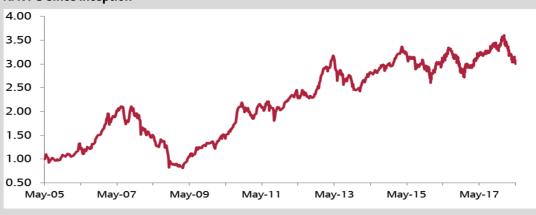
Performance Overview

Performance History	Year To Date	1 Year (YoY)	3 Years (YoY)	5 Years (YoY)	Since Inception
Absolute	-12.78%	-6.14%	-6.60%	-1.94%	200.13%
Annualized	N/A	-6.14%	-2.24%	-0.39%	8.80%

Indexed Performance Over 3 Years (NAV - NAV)



NAVPU Since Inception

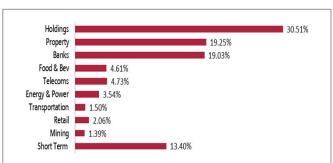


PORTFOLIO ANALYSIS

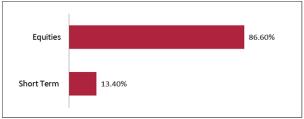
Top 5 Holdings

Securities	%
Short Term Deposits / Cash	13.4
Ayala Land Inc (ALI)	9.2
SM Investments Corp. (SM)	9.1
BDO Unibank, Inc. (BDO)	7.3
SM Prime Holdings. (SMPH)	6.9
Total	45.9

Sector Allocation



Asset Allocation



IMPORTANT NOTICE:

This document is for information purposes only. This does not constitute an offer or a solicitation to buy or sell any investment referred to in this document. The information in this publication is based on carefully selected sources believed to be reliable but we do not make any representation as to its accuracy or completeness. Any opinions herein reflected are good as of this date but may be subject to change without prior notice. Investment or participation in the Fund is subject to risk and possible loss of principal, and is not insured by the Philippine Deposit Insurance Corporation (PDIC). Losses, if any, shall be for the account and risk of the Trustor/Participant. Past performance is not indicative of future performance.

We remain constructive on the long-term prospect of Philippine equities as the current valuation becomes attractive with P/E ratio now trading at 17x.

