

Investment Objective

To achieve dividend income and long term capital appreciation by investing in a customized basket of no more than twenty (20) companies listed on the Philippine Stock Exchange with a history of regular declaration of dividends; that have recently provided the highest dividend yields; and are considered very liquid and are actively traded.

31 MAY 2018

PESO OPTIMIZED DIVIDEND EQUITY FUND

FUND DETAILS:

Inception Date	17-Sep-14	Latest NAVPU	0.909914
Fund Manager	PNB - Trust Banking Group	Initial NAVPU	1.000000
Fund Currency	Peso	Highest NAVPU (09.22.2017)	1.102789
Fund Size	Php2.19 Billion	Lowest NAVPU (01.22.2016)	0.834893
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.

During the Monetary Board meeting last May 10, the BSP finally increased its policy rates by 0.25% from 3.00% to 3.25%. After the decision, BSP Governor Espenilla mentioned that the central bank stands ready to undertake further policy action to rein in inflation. In a related development, the BSP also lowered the reserve requirements (RR) for banks by 1.0% from 19% to 18% effective June 1, 2018. The reduction in RR is expected to release around Php85B – Php100B into the financial system.

MARKET COMMENTARY

The first quarter 2018 Gross Domestic Product growth of 6.80% and the anticipated policy rate hike from the Bangko Sentral ng Pilipinas (BSP) failed to improve market sentiment as market players continued to focus on inflation, geopolitical concerns and the weakening Peso Foreign funds continued to be net sellers, net foreign selling has amounted Php50.4B since the start of the year. The 1Q18 GDP is 0.30% higher than 6.50% growth that was posted last 4Q17.

The PSEi declined by 322.08 points or 4.12% month-on-month to close at 7,497.17. It ended the month at 16.8x PE and still the 3rd most expensive in the region behind Vietnam and India and just a few points above its 10-yr mean PE. Average value turnover was at Php9.1Bn.

MARKET OUTLOOK

For June, we may see further index consolidation. Technicals signal a short term rally in June with support at 7,480 and 7,100; resistance at 7,890 and 8,288. Investors are may adopt a sell-on strength approach in the market.

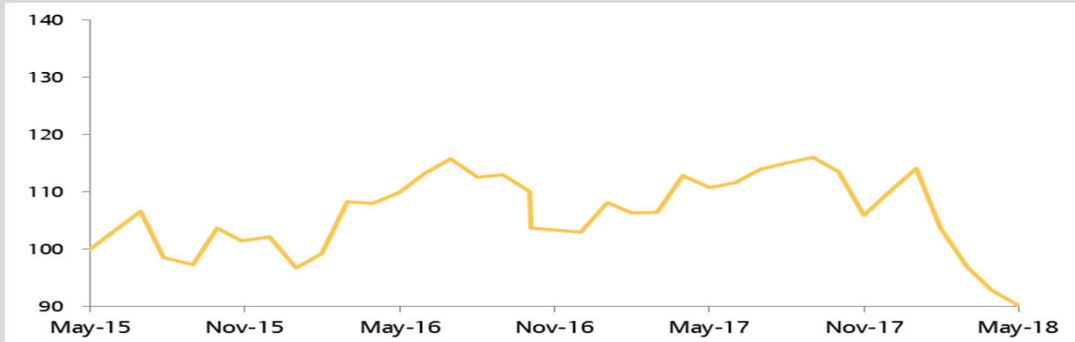


RISK PROFILE ● ● ● ● ●

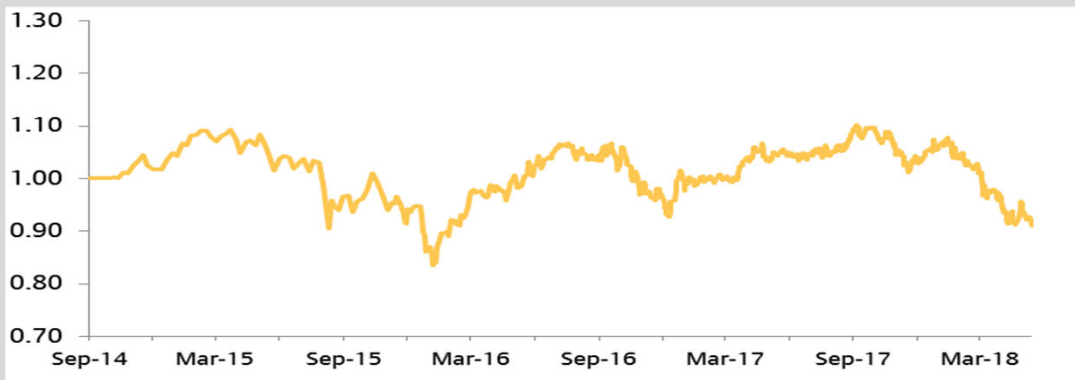
Performance Overview

Performance History	Year To Date	3 Months	1 Years (YoY)	3 Years (YoY)	Since Inception
Absolute	-13.45%	-11.95%	-12.80%	-14.36%	-9.01%
Annualized	N/A	N/A	-12.80%	-5.01%	-2.52%

Indexed Performance Over 3 Years (NAV - NAV)



NAVPU Since Inception

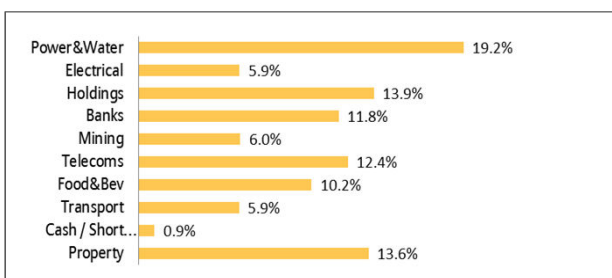


PORTFOLIO ANALYSIS

Top 5 Holdings

Securities	%
Manila Water Corp (MWC)	6.5
Aboitiz Power (AP)	6.3
D&L Industries, Inc. (DNL)	6.2
DMCI Holdings, Inc. (DMC)	6.1
Globe Telecoms (GLO)	6.0
Total	31.0

Sub-Sector Allocation



Securities (Ticker)	Sub-Sector	2018 YTD Dividend Yield*	2017 Dividend Yield**
Aboitiz Equity Ventures (AEV)	Holdings	2.21%	1.80%
Aboitiz Power (AP)	Power&Water	3.54%	3.27%
Ayala Land, Inc. (ALI)	Property	0.63%	0.31%
Bank of the Phil. Islands (BPI)	Banks	0.95%	1.67%
Cebu Air (CEB)	Transport	0.00%	2.75%
D&L Industries (DNL)	Food&Bev	0.00%	2.12%
DMCI Holdings, Inc. (DMC)	Holdings	4.44%	3.33%
Globe Telecoms (GLO)	Telecoms	1.41%	4.79%
Integrated Micro-Electronics (IMI)***	Electrical	1.52%	(not in basket in 2017, replaced BDO)
Int'l. Cont. Terminal Services (ICT)***	Transport	2.96%	(not in basket in 2017, replaced AGI)
Manila Electric Co. (MER)	Power&Water	2.50%	5.55%
Manila Water Corp (MWC)	Power&Water	1.52%	1.69%
Megaworld Corp. (MEG)***	Property	0.00%	(not in basket in 2017, replaced NIKL)
Metro Pacific Inv. Corp. (MPI)	Holdings	1.63%	1.50%
Metrobank and Trust Corp. (MBT)	Banks	1.26%	(not in basket in 2017)
PLDT, Inc. (TEL)	Telecoms	2.16%	5.14%
Puregold Priceclub (PGOLD)***	Retail	0.86%	(not in basket in 2017, replaced FGEN)
Robinsons Land Corp. (RLC)	Property	1.63%	1.69%
Security Bank (SECB)	Banks	0.77%	0.60%
Semirara Mining Corp (SCC)	Mining	4.37%	9.06%
Universal Robina (URC)	Food&Bev	2.46%	2.09%

*2018 Calculated using May 31, 2018 closing prices

**2017 Calculated using Dec 29, 2017 closing prices

***not in basket as of Dec 2017

IMPORTANT NOTICE:

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