

# VIP SUMMIT PESO

Performance Report as of August 9, 2017

VIP Summit Peso is single-pay 5-year unit-linked life insurance plan offered in August 2013, that provided the opportunity to participate in a risk-managed portfolio of six (6) equally-weighted Exchange Traded Funds (ETFs) of ASEAN member countries.

It offered a life insurance coverage of 150% of the single premium for ages 0-40, and 125% of the single premium for ages 41-70.

The fund was invested in a 5-Year structured note issued by ING Bank N.V., that provides a minimum redemption value equivalent to 80% of the Investment, if held to maturity, and provided that ING Bank N.V. fully meets its obligations. It aimed to provide additional returns calculated at the Maturity Date, based on the highest recorded performance of the ING ASEAN Equities VT 10% Index (the Index) on any annual observation date.

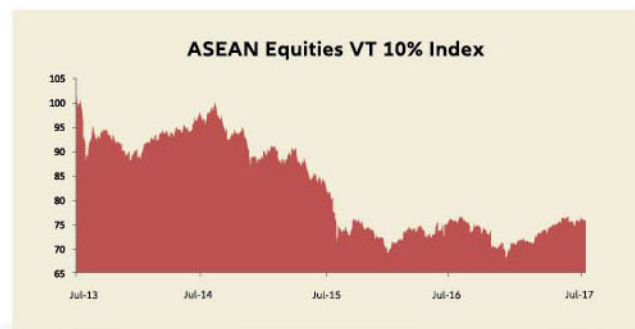
The fund’s strategy incorporated an automatic lock-in mechanism, an approach where the return of the underlying Index relative to initial price is recorded at the end of each annual observation. The highest positive return from among the five (5) annual observations will be locked-in.

## Fund Performance

VIP Summit Peso	
Latest NAVPU (as of August 9, 2017)	<b>0.818465</b>
Since Inception	<b>-18.15%</b>

## ING ASEAN Equities VT 10% Index

### Performance



### Composition

 Vietnam	 Singapore
 Indonesia	 Malaysia
 Philippines	 Thailand

### Lock-in Returns

Observation Date	Index Level	Index Return	Best Lock-In Return
31-Jul-13	100.000000		
31-Jul-14	94.912000	-5.09%	0.00
31-Jul-15	81.936000	-18.06%	0.00
01-Aug-16	75.736000	-24.26%	0.00
31-Jul-17	76.017000	-23.98%	0.00
31-Jul-18			

# Positive outlook at fund launch in August 2013

## The rise of ASEAN as the New Economic Superpower

An economic boom in Southeast Asia was anticipated with the creation in 2015 of the ASEAN Economic Community (AEC) where a single market and production base was expected to accelerate economic integration. The AEC was expected to attract more foreign direct investments that will see growth rates in the region similar to that of China and India. This integration was expected to increase the market size of ASEAN nations to compete as a region globally.

 <b>Vietnam</b>	<b>Strong foreign direct inflows</b>	 <b>Singapore</b>	<b>Boost in manufacturing and services</b>
 <b>Indonesia</b>	<b>Abundant natural resources</b>	 <b>Malaysia</b>	<b>Abundant natural resources</b>
 <b>Philippines</b>	<b>Strong foreign direct inflows</b>	 <b>Thailand</b>	<b>Boost in manufacturing and services</b>

**VS.**

## Due to various factors, ASEAN economies have underperformed:



### Full ASEAN integration did not materialize as expected

Expected to occur by December 2015, the ASEAN integration did not materialize including its promised economic benefits for the region. The region encountered challenges in the alignment of growth targets, thrashing out varied (complex) financial regulations, liberalizing capital accounts, and improvements in business competitiveness and productivity. The region also had to deal with resolving growing cross-boarded labor mobility.



### Asset shift from emerging markets to developed markets

Soon after the entry point of the fund in late 2013, then Federal Reserve Chairman Ben Bernanke announced that the US may unwind the unprecedented monetary stimulus and raise rates earlier than expected. Because of this, investors sold their risky assets in Asia and emerging markets, and shifted to safe market haven like the US. Currencies and stock markets in emerging markets fell steeply in January 2014.



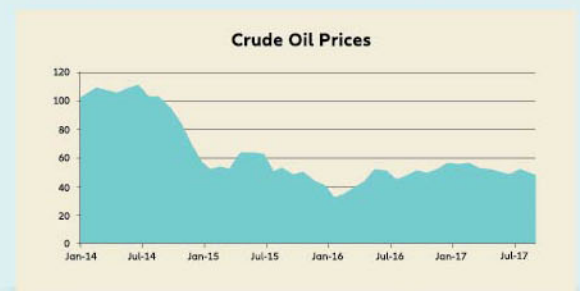
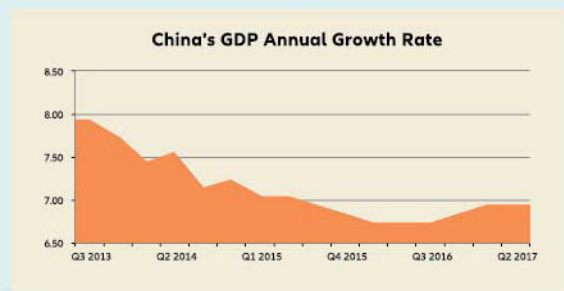
### China's economic slowdown

China is the largest trade partner of the ASEAN economies, with 15% of total ASEAN trade as of 2015. The slowdown of China's economy resulted in a negative impact of ASEAN exports beginning Q3 2014.



### Collapse of oil prices

The stunning fall in oil prices from a peak of \$115.00 per barrel in June 2014 to current levels of below \$50, or a drop of 136% has weakened the economies of oil exporting ASEAN countries. Most affected are Malaysia with 9.7% drop in exports and Indonesia slowing down by 14.5%.



### Impact of Yuan devaluation

China's decision in 3Q 2015 to devalue its currency triggered a 1/3 reduction in the value of its A-shares on the Shanghai stock exchange. By 1Q 2016, a large sell-off of stocks came after its currency dropped to its lowest level against the USD since 2010. Other stock indices also dropped worldwide.

**For the six selected countries, these developments have negatively affected their equity markets. As of July 31, 2017, four ETFs remain at lower levels than August 2013, with only the Philippines and Thailand slightly above. After four years, the Index is at only 76.017 level from its initial level of 100.00 in August 2013.**

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