

SALEF & SALBF PERFORMANCE AND OUTLOOK

- June 15, 2016

SALE

Equity Mutual Fund Rankings YTD (as of June 9, 2016)

	NAV Per Share	1 yr. Return (%)	3 yr. Return (%)	5 yr. Return (%)	YTD Return (%)
United Fund, Inc.	3.353	0.53%	-1.81%	4.19%	7.15%
Philippine Stock Index Fund Corp.	840.090	2.53%	4.04%	12.75%	8.35%
Philequity PSE Index Fund Inc.	4.989	2.74%	4.59%	12.45%	8.21%
ALFM Growth Fund, Inc	262.920	0.62%	1.91%	7.63%	6.84%
First Metro Save and Learn Equity Fund, Inc.	5.369	-2.23%	-0.44%	9.54%	1.72%
Philam Strategic Growth Fund, Inc.	543.310	0.76%	-1.39%	7.47%	7.43%
Philequity Dividend Yield Fund, Inc.	1.254	0.84%			6.99%
Sun Life Prosperity Philippine Equity Fund, Inc.	4.089	1.01%	0.57%	8.70%	6.97%
Soldivo Strategic Growth Fund, Inc.	0.902	-3.19%			5.41%
Philequity Fund, Inc.	35.956	-0.11%	3.03%	11.77%	6.45%
ATRAM Philippine Equity Opportunity Fund, Inc.	4.083	0.42%	-0.27%	7.89%	11.78%
ATRAM Alpha Opportunity Fund, Inc.	1.288	-7.52%	-3.16%		9.95%
Sunlife Prosperity Philippine Stock Index Fund, Inc.	4.089	1.01%	0.57%	8.70%	6.97%
PAMI Equity Index Fund, Inc.	50.700				8.54%

Source: PIFA

SALEF TOP 10 HOLDINGS

(as of June 9, 2016)

STOCK	% WEIGHT	YTD MTM %
PGOLD	4.89%	22.01%
MBT	3.67%	8.81%
MER	3.33%	-1.98%
PSB	3.26%	-0.87%
RRHI	3.00%	20.46%
DNL	2.96%	11.75%
MPI	2.89%	8.39%
X	2.78%	5.20%
FGEN	2.71%	4.78%
SCC	2.64%	-7.23%

SALEF Best and Worst Performing Stocks (as of June 9, 2016)

Top 5 Performing Stocks

Stock	% WEIGHT	YTD MTM %
CNPF	2.39%	30.25%
PGOLD	4.89%	22.01%
RRHI	3.00%	20.46%
PCOR	2.06%	16.49%
GLO	1.63%	15.41%

Bottom 5 Performing Stocks

Stock	% WEIGHT	YTD MTM %
TECH	2.61%	-14.68%
CROWN	0.22%	-10.64%
SCC	2.64%	-7.23%
MER	3.33%	-1.98%
PSB	3.26%	-0.87%

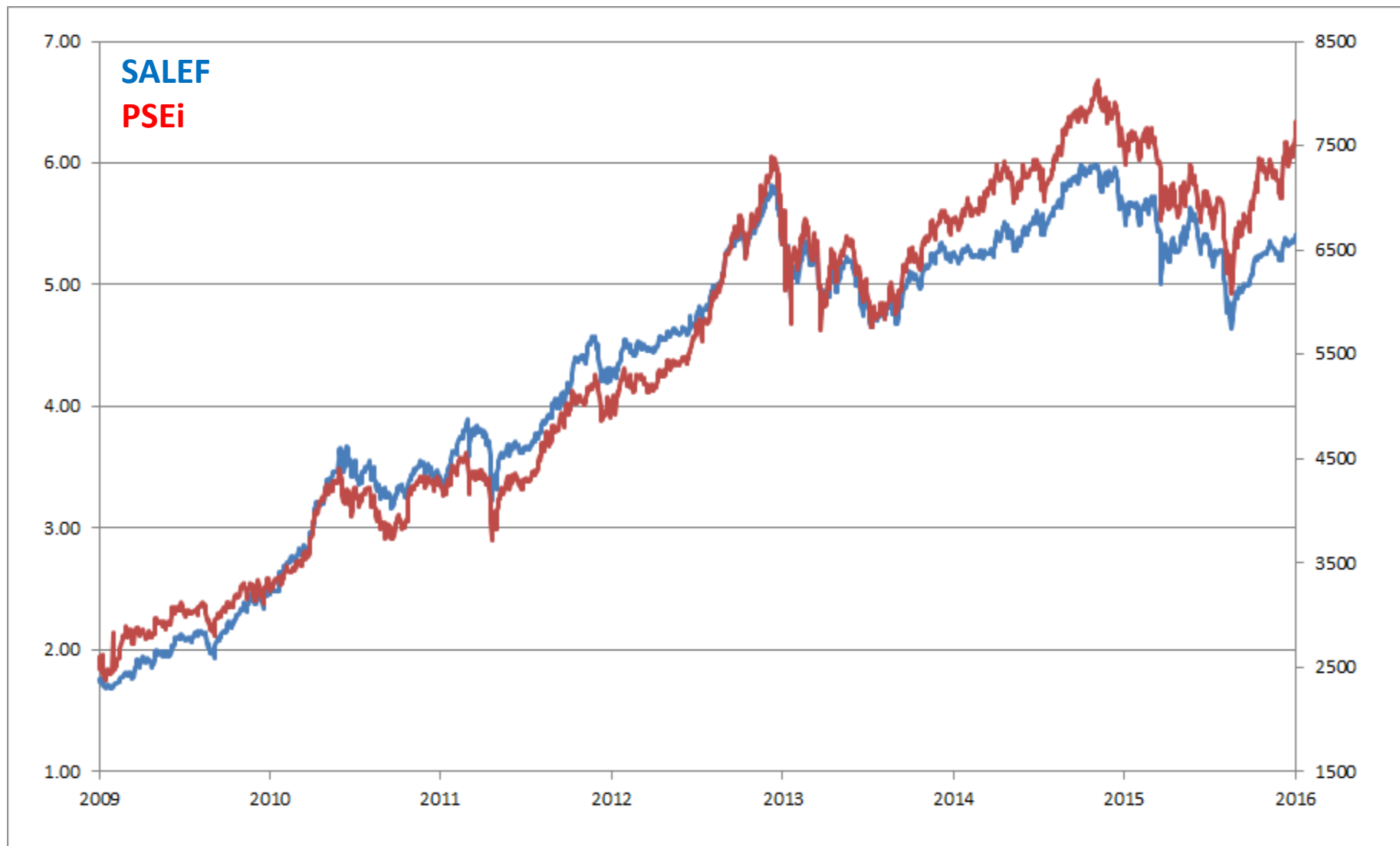
PSEi Best and Worst Performing Stocks

YTD (as of June 9, 2016)

Top 5 Performing Stocks	
Stock	YTD Return %
PCOR	70.37%
SMC	61.18%
AEV	32.45%
GLO	30.42%
MPI	22.60%

Bottom 5 Performing Stocks	
Stock	YTD Return %
EMP	-16.54%
ICT	-11.56%
EDC	-8.41%
DMC	-4.12%
AGI	-3.73%

SALEF vs PSEi (7yr Price Growth)



Source: Bloomberg

Cash Levels of Funds are at their Highest



Cash Levels

	12/29/2015	1/29/2016	2/26/2016	3/31/2016	4/29/2016	5/31/2016	6/9/2016
SALEF	3%	4%	47%	45%	42%	47%	46%
SALBF	17%	14%	35%	46%	51%	49%	49%

SALBF

Balanced Mutual Fund Rankings YTD (as of June 9, 2016)

	NAV Per Share	1 yr. Return (%)	3 yr. Return (%)	5 yr. Return (%)	YTD Return (%)
Bahay Pari Solidaritas Fund, Inc.	2.0835	1.65%	2.25%	7.79%	4.14%
First Metro Save and Learn Balanced Fund Inc.	2.6710	-4.20%	-3.88%	6.77%	-0.72%
PAMI Horizon Fund, Inc.	3.7613	1.02%	-2.36%	5.12%	5.57%
Philam Fund, Inc.	16.8621	0.67%	-2.33%	5.92%	5.48%
Sun Life of Canada Prosperity Balanced Fund, Inc.	3.7697	0.92%	-0.26%	6.96%	5.05%
NCM Mutual Fund of the Phils., Inc	1.8842	1.78%	-1.83%	5.70%	5.38%
Sun Life Prosperity Dynamic Fund, Inc.	0.9596	-1.60%			3.63%
ATRAM Philippine Balanced Fund, Inc.	2.2948	1.51%	1.12%	7.79%	7.57%
ATRAM Dynamic Allocation Fund, Inc.	1.7906	-3.57%	-1.12%	7.75%	3.05%

Source: PIFA

SALBF TOP 10 HOLDINGS

(as of June 9, 2016)

STOCK	% WEIGHT	YTD MTM %
PSB	6.26%	-0.87%
MER	5.27%	-3.91%
TECH	5.09%	-12.88%
URC	4.08%	-2.11%
CROWN	2.99%	-9.73%
ICT	2.94%	-4.56%
SM	2.64%	0.35%
BDO	1.87%	0.93%
X	1.45%	-1.39%
MEG	1.12%	5.88%

SALBF Best and Worst Performing Stocks (as of June 9, 2015)

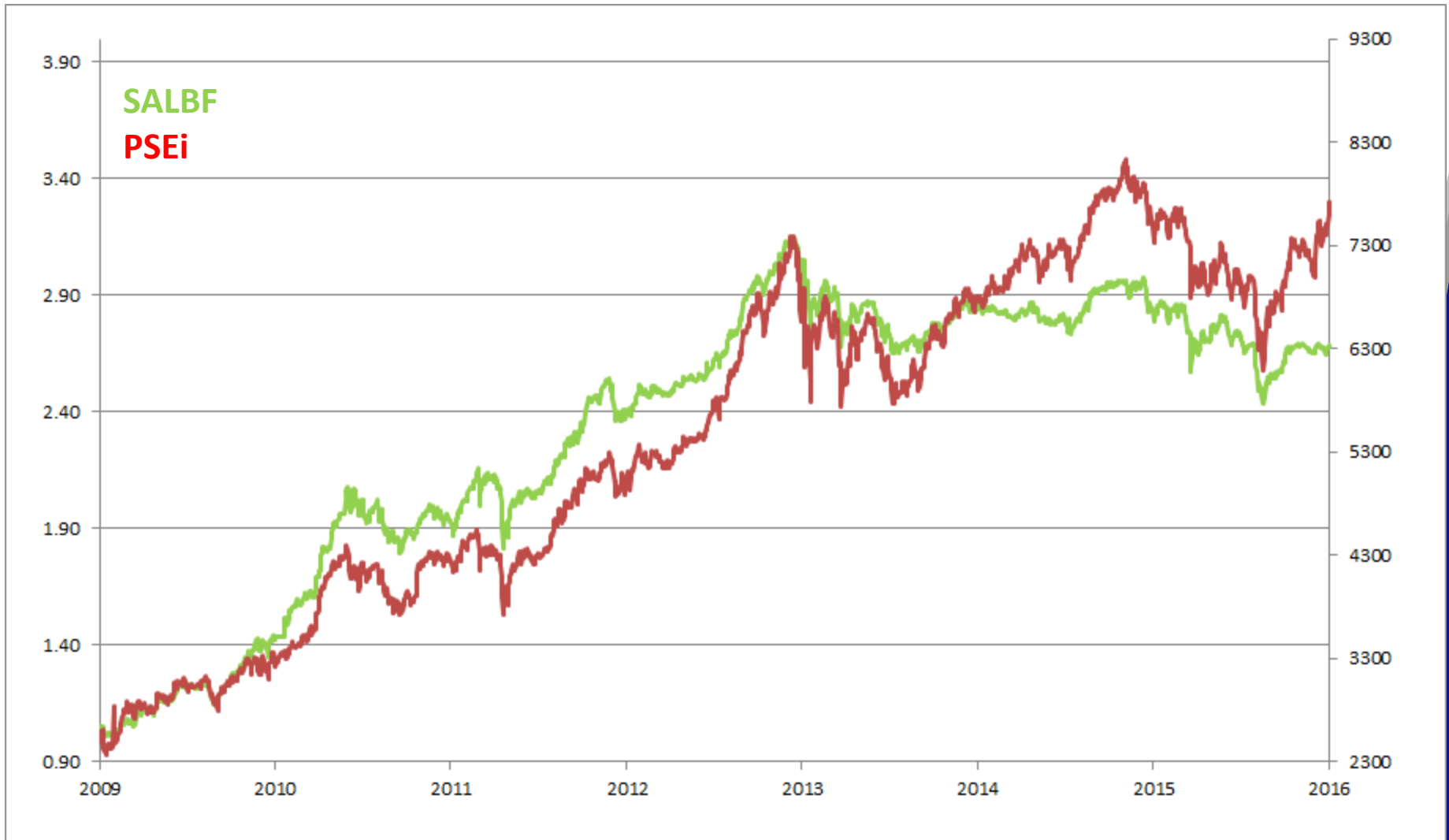
Top 5 Performing Stocks

Stock	% WEIGHT	YTD MTM %
MEG	1.12%	5.88%
MPI	0.43%	5.02%
RRHI	0.14%	1.98%
SCC	0.55%	0.99%
BDO	1.87%	0.93%

Bottom 5 Performing Stocks

Stock	% WEIGHT	YTD MTM %
TECH	5.09%	-12.88%
CROWN	2.99%	-9.73%
ICT	2.94%	-4.56%
MER	5.27%	-3.91%
GLO	0.49%	-3.64%

SALBF vs PSEi (7yr Price Growth)



Source: Bloomberg

Cash Levels of Funds are at their Highest



Cash Levels

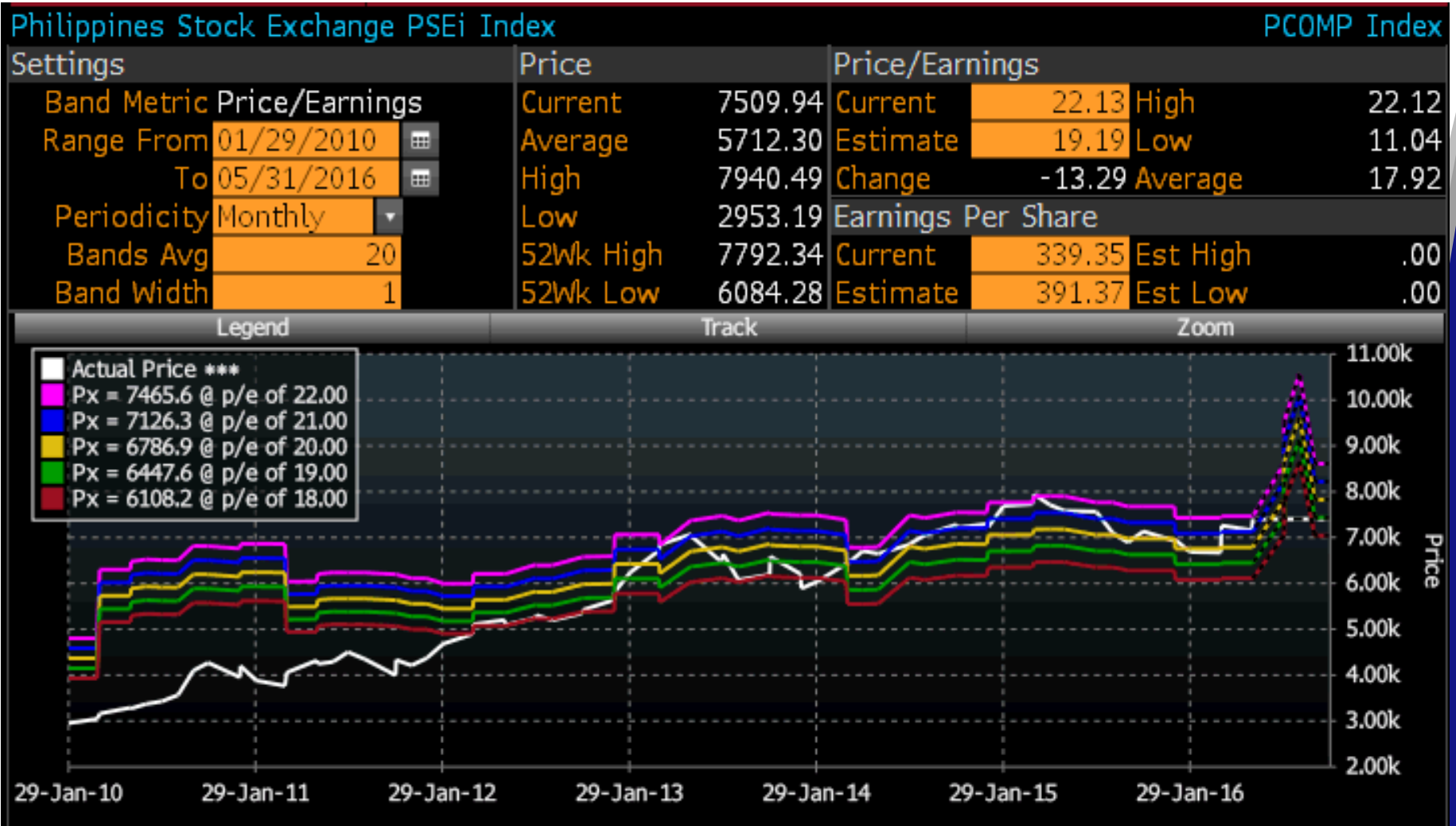
	12/29/2015	1/29/2016	2/26/2016	3/31/2016	4/29/2016	5/31/2016	6/9/2016
SALEF	3%	4%	47%	45%	42%	47%	46%
SALBF	17%	14%	35%	46%	51%	49%	49%

MARKET UPDATE & OUTLOOK

2016YE Consensus Forecasts Lowered, but YE 2017 and 2018 Raised

	Measure	Actual	Y Est	Growth	Y+1 Est	Growth	Y+2 Est	Growth
1)	Earnings Per Share	339.35	391.37	15.33%	432.91	10.62%	480.72	11.04%
2)	EPS Positive	343.88	391.37	13.81%	432.91	10.62%	480.72	11.04%
3)	Cash Flow Per Share	625.38	542.84	-13.20%	590.90	8.85%	680.24	15.12%
4)	Dividends Per share	133.14	131.86	-0.96%	139.17	5.54%	147.3	5.85%
5)	Book Value Per Share	2916.76	3061.21	4.95%	3342.98	9.20%	3736.89	11.78%
6)	Sales Per Share	2794.73	2790.64	-0.15%	3069.95	10.01%	3431.23	11.77%
7)	EBITDA Per Share	760.45	800.93	5.32%	875.68	9.33%	965.78	10.29%
8)	Long Term Growth		12.17					
9)	Net Debt Per Share	944.04	2122.06	124.79%	2182.80	2.86%	2352.88	7.79%
10)	Enterprise Value Per Share	10185.96	10306.52	1.18%	10366.76	0.58%	10242.32	-1.20%

Since 2010, PSEi Traded at 18xPER Average



1Q16 Phil. Corporate Incomes Broadly In-line...

	Ticker	1Q2015	1Q2016	15-16 Growth	2016 Est Net Income	FY2016A/FY2016E	VS. Expectation
1	AC	5,044	5,780	15%	23,113	25%	IL
2	AEV	4,077	4,860	19%	20,530	24%	IL
3	AGI	3,476	3,339	-4%	15,117	22%	UP
4	ALI	4,121	4,708	14%	20,478	23%	IL
5	AP	4,335	4,770	10%	18,755	25%	IL
6	BDO	6,121	5,478	-11%	26,677	21%	UP
7	BLOOM	(533)	(1,148)	115%	199	-578%	UP
8	BPI	4,915	4,978	1%	20,957	24%	IL
9	DMC	3,059	3,037	-1%	13,288	23%	IL
10	EDC	2,464	2,631	7%	9,335	28%	OP
11	EMP	1,401	1,405	0%	7,109	20%	UP
12	FGEN	2,242	2,872	4%	7,670	37%	OP
13	GLO	4,182	4,340	4%	16,520	26%	IL
14	GTCAP	2,798	2,948	5%	14,050	21%	UP
15	ICT	2,399	1,992	-22%	6,804	29%	OP
16	JFC	1,188	1,398	18%	6,535	21%	UP
17	JGS	6,178	8,170	32%	27,778	29%	OP
18	LTG	1,587	2,229	40%	8,137	27%	IL
19	MBT	5,080	5,252	3%	20,191	26%	IL
20	MEG	2,259	2,531	12%	11,708	22%	UP
21	MER	4,415	4,547	3%	19,175	24%	IL
22	MPI	2,566	2,739	7%	10,733	26%	IL
23	PCOR	257	2,725	960%	7,527	36%	OP
24	RLC	1,399	1,548	11%	6,874	23%	IL
25	SCC	2,511	2,910	16%	10,422	28%	OP
26	SM	6,743	6,987	4%	33,153	21%	UP
27	SMC	6,525	9,200	41%	38,690	0%	UP
28	SMPH	5,221	5,836	12%	24,969	23%	IL
29	TEL	9,280	7,211	-22%	28,942	25%	IL
30	URC	3,205	3,535	10%	14,969	24%	IL

But more Companies Surprised on the Negative vs the Positive

All Members:			
Growth of Sum	108,514	118,808	9.5%
Average Growth			43.5%
Estimated growth			13.0%
<i>Adjusted for SMC, PCOR, Bloom, TEL</i>			
Growth of Sum	92,985	100,820	8.4%
Average Growth			8.7%
Estimated growth			11.6%

of Companies

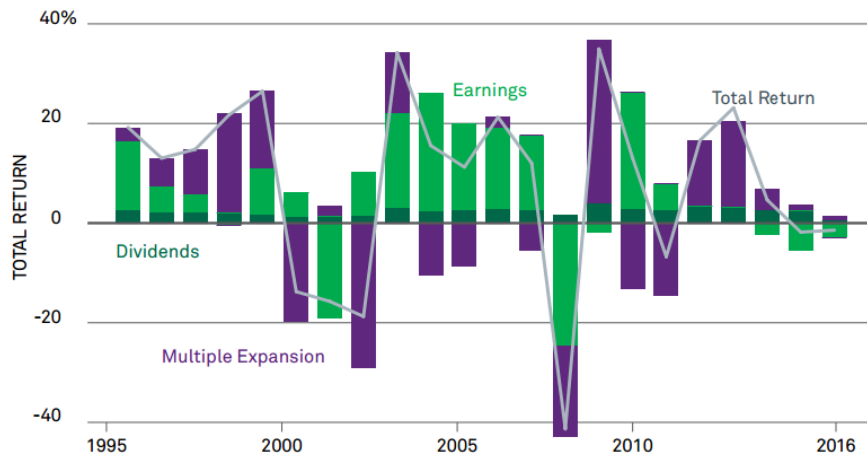
In Line (+/- 2.5%)	15
Outperformed Expectations	6
Underperformed Expectations	9
YTD Price Gain	19
YTD Price Decline	10
In Line and YTD Price Gain	12
In Line and YTD Price Decline	3
Outperformed and YTD Price Gain	2
Outperformed and YTD Price Decline	4
Underperformed and YTD Price Gain	5
Underperformed and YTD Price Decline	3

Global Equity Returns are Slowing.

Investors now Looking into EMs Again since 2H2014

RUNNING ON EMPTY

Global Equity Returns by Source, 1995–2016

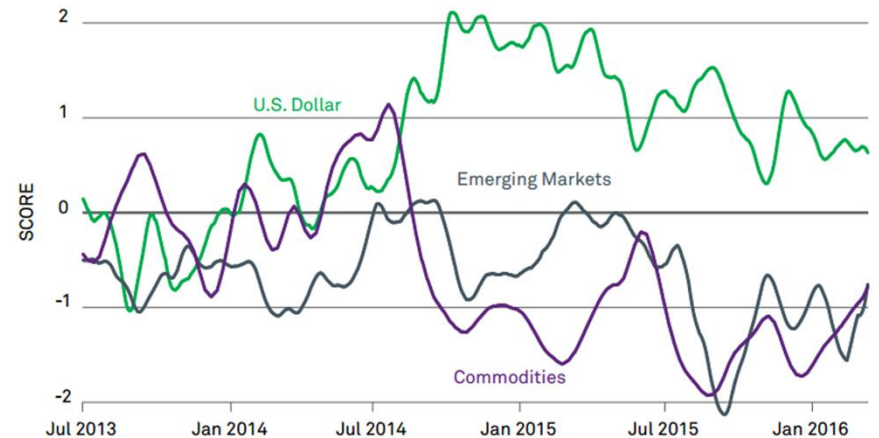


Sources: BlackRock Investment Institute, MSCI and Thomson Reuters, March 2016.

Notes: Global equities are based on the MSCI All-Country World Index. Earnings growth is based on aggregate 12-month forward earnings forecasts. Multiple expansion is represented by the share of return not explained by earnings growth or dividends. The 2016 returns are for the first quarter only.

COPYCATS

Crowded Positions, 2013–2016



Source: BlackRock Investment Institute, March 2016. Notes: Data are based on BlackRock analysis of portfolio flows, reported positions by fund managers and price momentum. A positive score means investors are overweight the asset class; a negative score indicates the reverse. The emerging markets line is based on an average of emerging market currency and equities positioning. Commodities are based on an average of energy and industrial metals.

Philippines has Attracted because of High & Stable Growth

Country	Gross domestic product, % change on a year ago			
	latest	quarter*	2016*	2017*
United States	+2.0Q1	0.8	1.8	2.1
China	+6.7Q1	4.5	6.6	6.3
Japan	+0.1Q1	1.9	0.6	0.8
Britain	+2.0Q1	1.4	1.8	2
Euro area	+1.7Q1	2.2	1.5	1.6
Germany	+1.6Q1	2.7	1.6	1.6
Australia	+3.1Q1	4.3	2.6	2.8
Hong Kong	+0.8Q1	-1.8	2	2.7
India	+7.9Q1	9.6	7.5	7.5
Indonesia	+4.9Q1	<i>na</i>	5.1	5.3
Malaysia	+4.2Q1	<i>na</i>	5.5	5.2
Pakistan	+5.52015*	<i>na</i>	4.8	4.5
Philippines	+6.9Q1	4.5	6.2	5.6
Singapore	+1.8Q1	0.2	2.3	3.2
South Korea	+2.8Q1	2.1	2.6	2.7
Taiwan	-0.7Q1	3.1	2.1	2.4
Thailand	+3.2Q1	3.8	3.5	3.8
Vietnam	6.72015	<i>na</i>	6.5	6.7
Argentina	+2.3Q2	2	-0.7	3
Brazil	-5.4Q1	-1.1	-3.7	0.8
Saudi Arabia	3.52015	<i>na</i>	2.8	2.9
South Africa	-0.2Q1	-1.2	0.7	1.4

source: The Economist

The Philippine Growth Story is Fueled by Consumption.

Stable and Growing Consumption.

Chart 1: Domestic demand continues to drive overall GDP growth

YoY, %-pt contribution to GDP growth

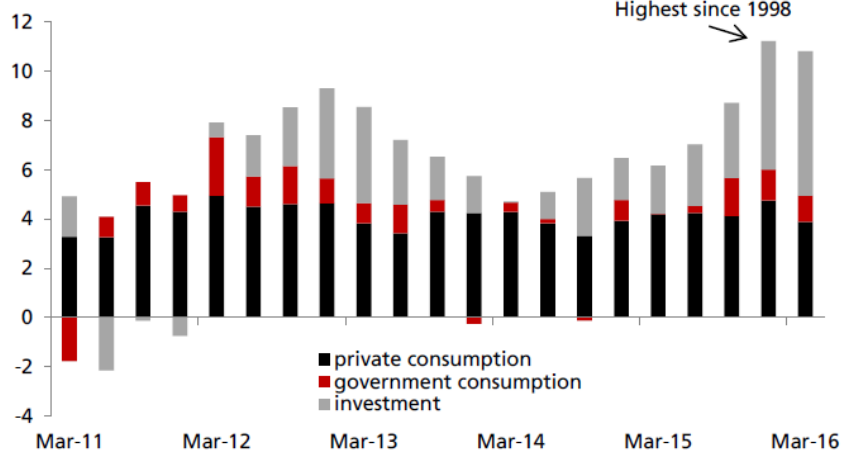


Chart 2: Robust vehicle sales growth

% YoY

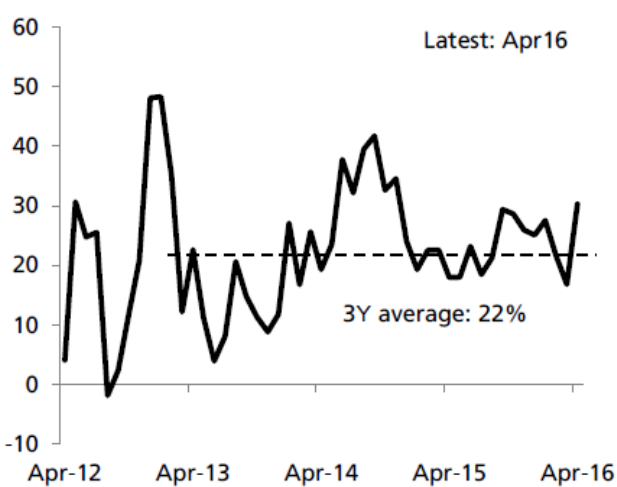
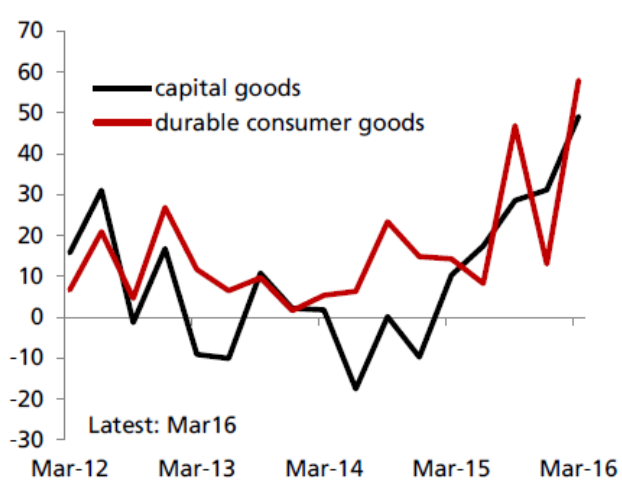


Chart 3: Strong surge in imports

% YoY



Source: DBS

Investment Strategy

- We will deploy our cash on market weakness. Upward revisions on future earnings bodes well.
- China growth concerns persist, US Dollar strengthening amid the straining of relationships within the EU and weak commodity prices remain to be the key external drivers.
- Domestically, earnings and regulatory risk will be primary focus.
- Philippine corporate earnings still have to catch up to current valuations. A lot of positives already priced in. Foreign Fund flows have dictated stock prices
- We see strong support at 7,000 for the PSEi. (i.e. 18x YE2016 PER)
- We will see the PSEi at 8,000 by year-end (i.e. 18x YE2017 PER)
- Broadly investing in the index will be less rewarding than active bottom-up stock-picking.

The best-performing mutual fund for the decade of the 2000s made 18% per year.

The average (dollar-weighted) investor in the fund lost 8% per year during this same period!

Investment inflows followed “up-performance”, or out-performance - and outflows followed losses, or underperformance. Apparently, there was little long-term assessment of investment skill by most investors when making allocation decisions.

- JOEL GREENBLATT