

Fund Performance Review

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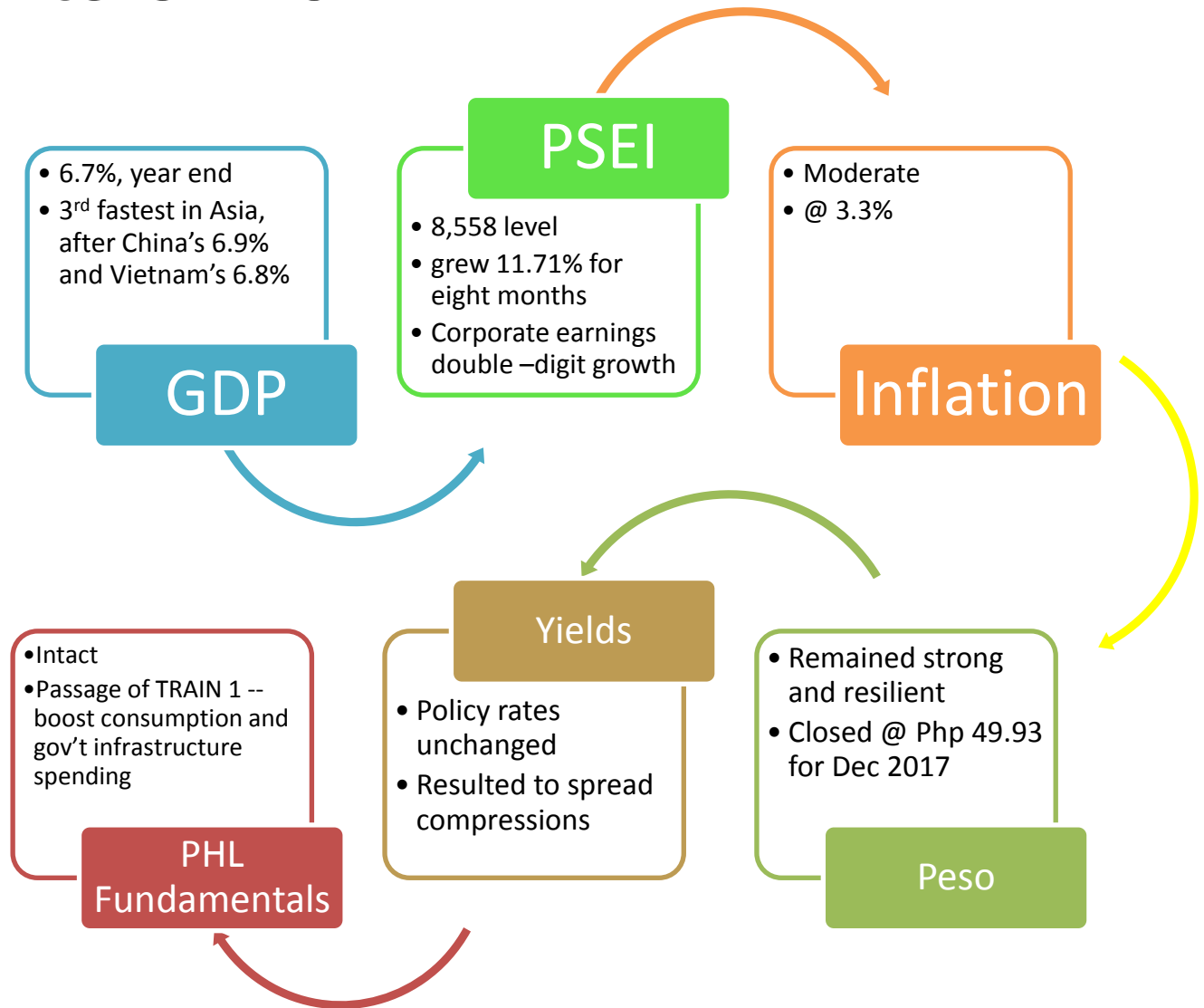


PERAA Fund

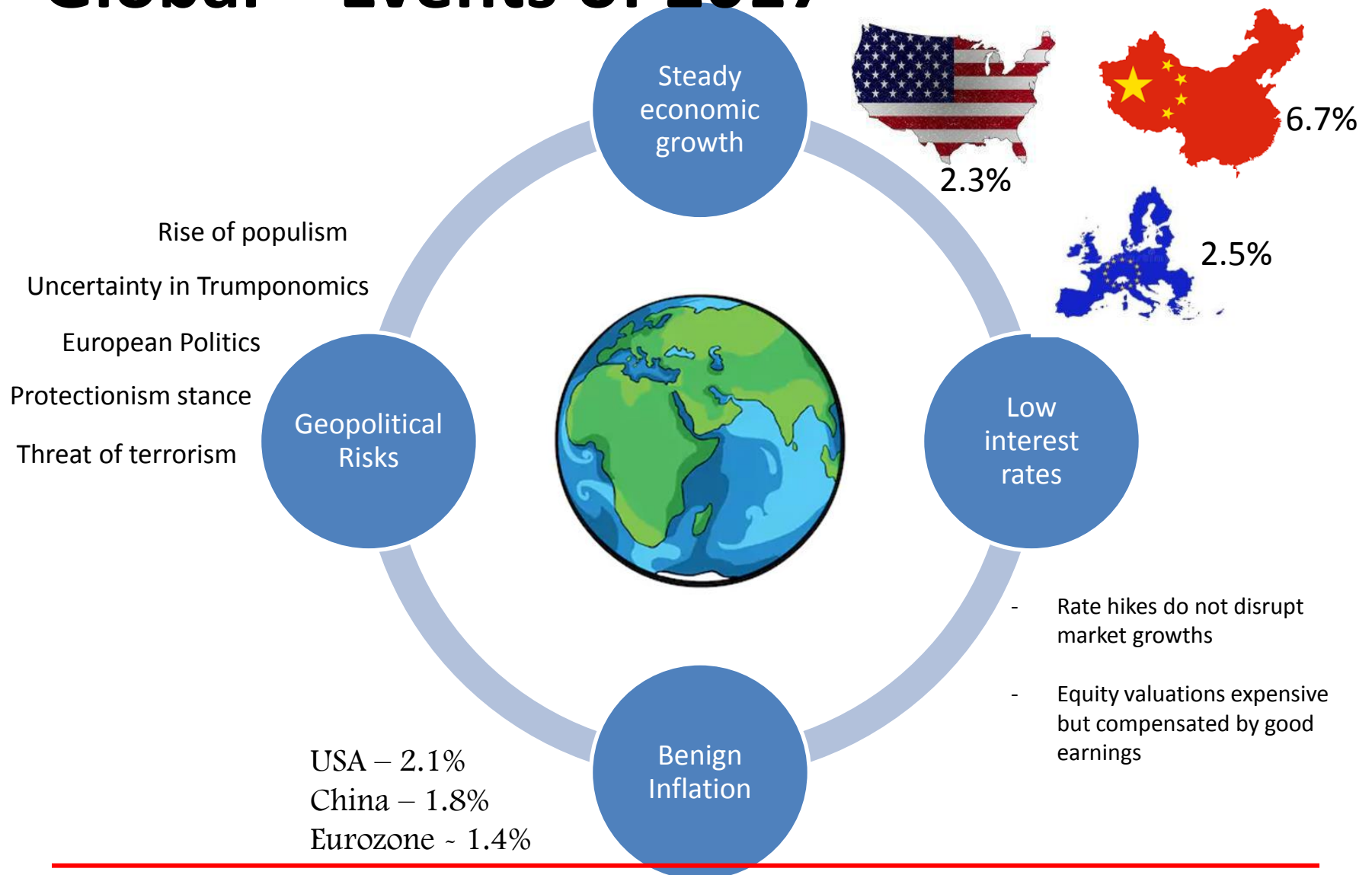
2017, Looking back

2017 is the year of optimisms, surprises and the unexpected. It produces exceptionally good investment returns as both advanced and emerging economies enjoyed strong global economic growth, while challenges faced were the rise of populism, persistence of disruptive intelligence and the resurgence of geopolitical risks.

PHL – Events of 2017



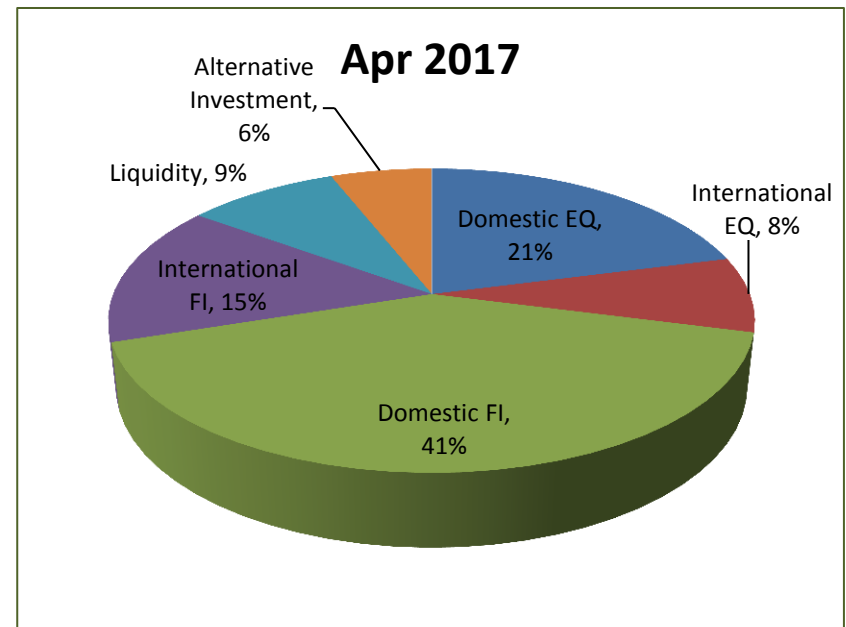
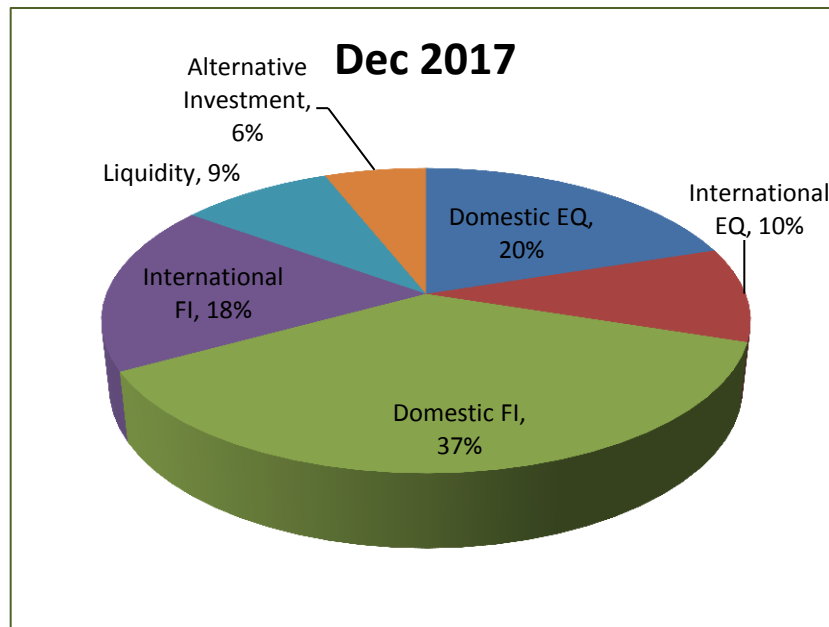
Global – Events of 2017



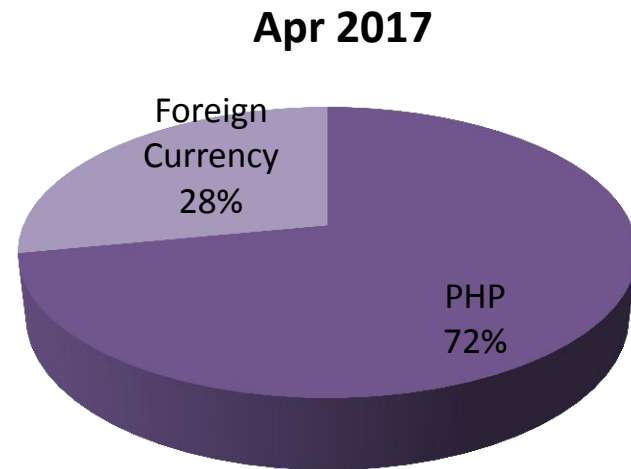
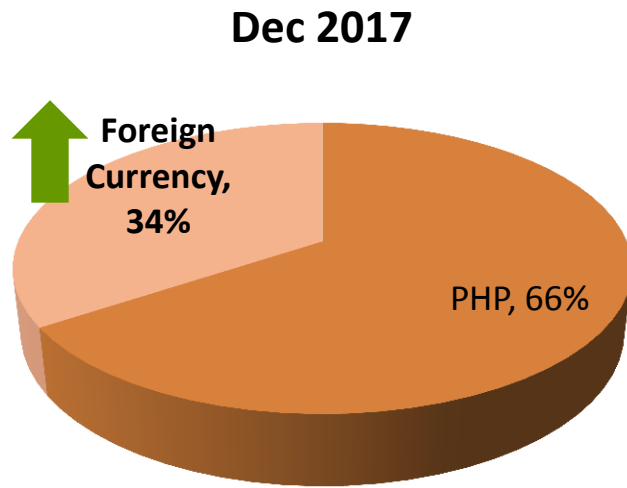
How did PERAA Fund performed?

PERAA Fund Asset Allocation- Changes from last review

	Domestic EQ	International EQ	Domestic FI	International FI	Liquidity	Alternative Investment
Dec 2017	20%	10%	37%	18%	9%	6%
Apr 2017	21%	8%	41%	15%	9%	6%
Change (pps)	-1%	2%	-4%	3%	0%	0%



PERAA Fund Currency Allocation - Changes from last review



Increased in Foreign Currency denominated investments:

- Addition of Funds to foreign fund manager- Bank of Singapore (BoS)
- Allowed local FMs to increase exposure to global funds, both EQ & FI
- Added alternative asset, Credit Suisse (CS) European Real Estate Fund

Declared Return on Investment (ROI)

	December 2017 (8 months)	Calendar Yr 2017 (Jan- Dec)	April 17 (12 months)
Investment Earnings	P244.92 Mn	P323.28 Mn	P418.03 Mn
Less: Net Unrealized Loss	<u>(52.56Mn)</u>	<u>83.45Mn</u>	<u>(14.94Mn)</u>
Net Earnings	P 192.36 Mn	P 406.73 Mn	P 403.09 Mn
Add: Appraisal increase of RE	<u>P 30.74 Mn</u>	<u>P 30.74 Mn</u>	<u>-</u>
TOTAL EARNINGS DISTRIBUTED	P 223.10 Mn	P 437.47 Mn	P 403.09 Mn
ROI	4.01%	7.06%	7.01%

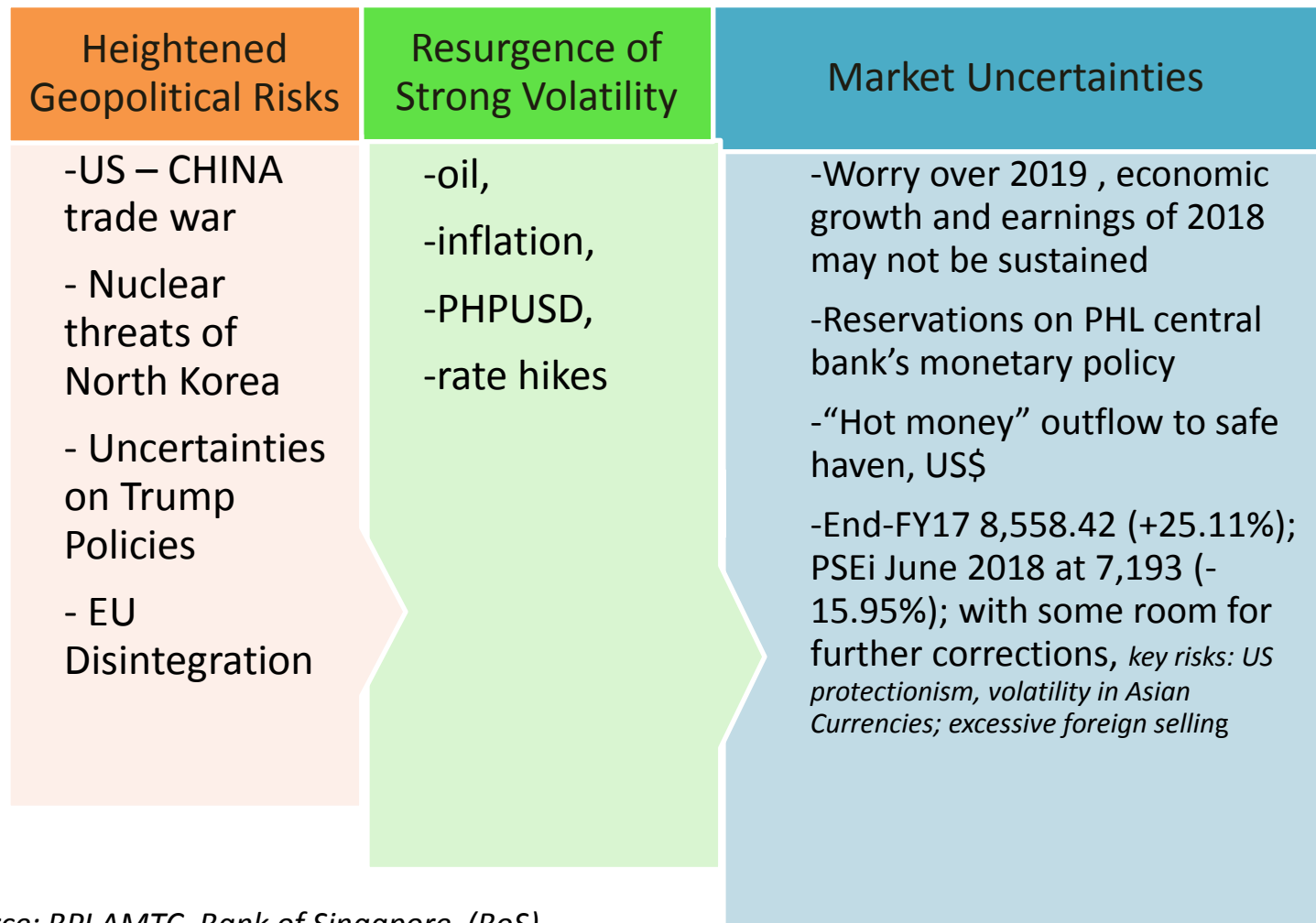


2018 Year-to-Date

KEY MARKET DRIVERS AHEAD



CHALLENGES



Source: BPI AMTC, Bank of Singapore (BoS)

PROSPECTS

Global Equity valuations not cheap but within reasonable level

Earnings per share (EPS) of global stocks to continue to grow

Asia Equity remains attractive as valuation is still trailing behind US, EU

Global bonds still offers attractive risk-reward opportunity over the long-term

- More rate hikes expectation
- Default rates remains benign and distressed ratios near record lows

Asia's credit risk premium remains higher than that of US and Europe across most of the credit curve –

220bps for EM IG,
470bps for EM HY

Source: BPI AMTC, Bank of Singapore (BoS)

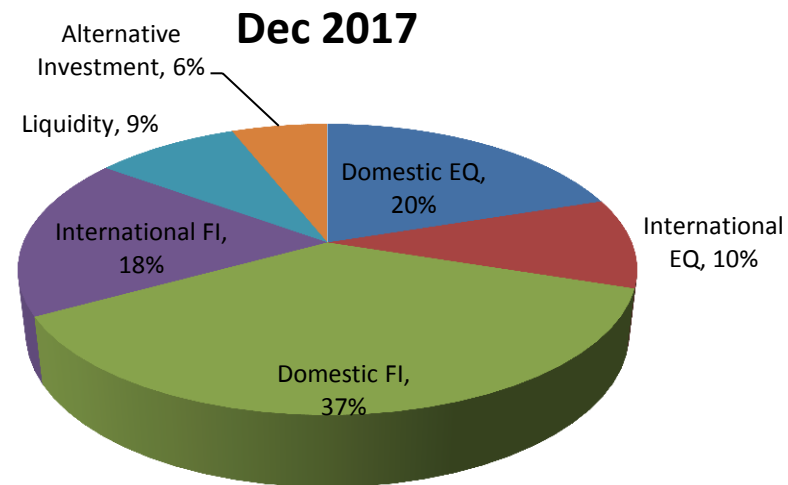
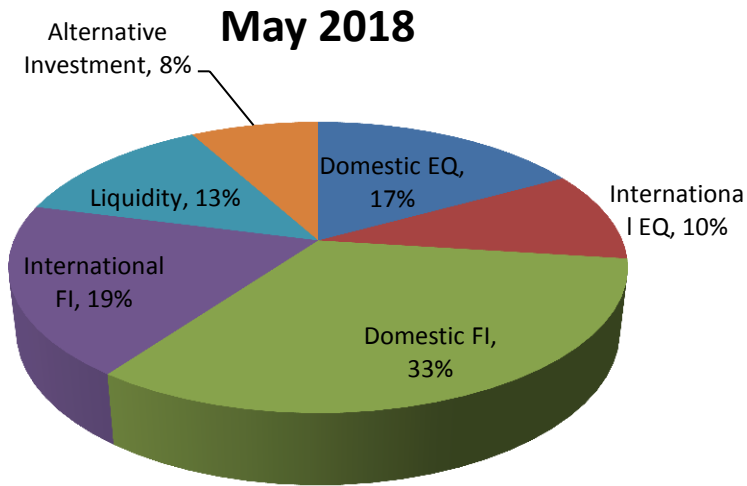


Tactical Strategies

- ❑ Rebalance asset allocation by reducing domestic investments in equities and fixed income in favor of off-shore investments
- ❑ Increasing foreign currency mix of total fund's portfolio, capturing translation gain potential
- ❑ Strengthening core positions by deliberately increasing allocation to real property investments

Asset Allocation comparative

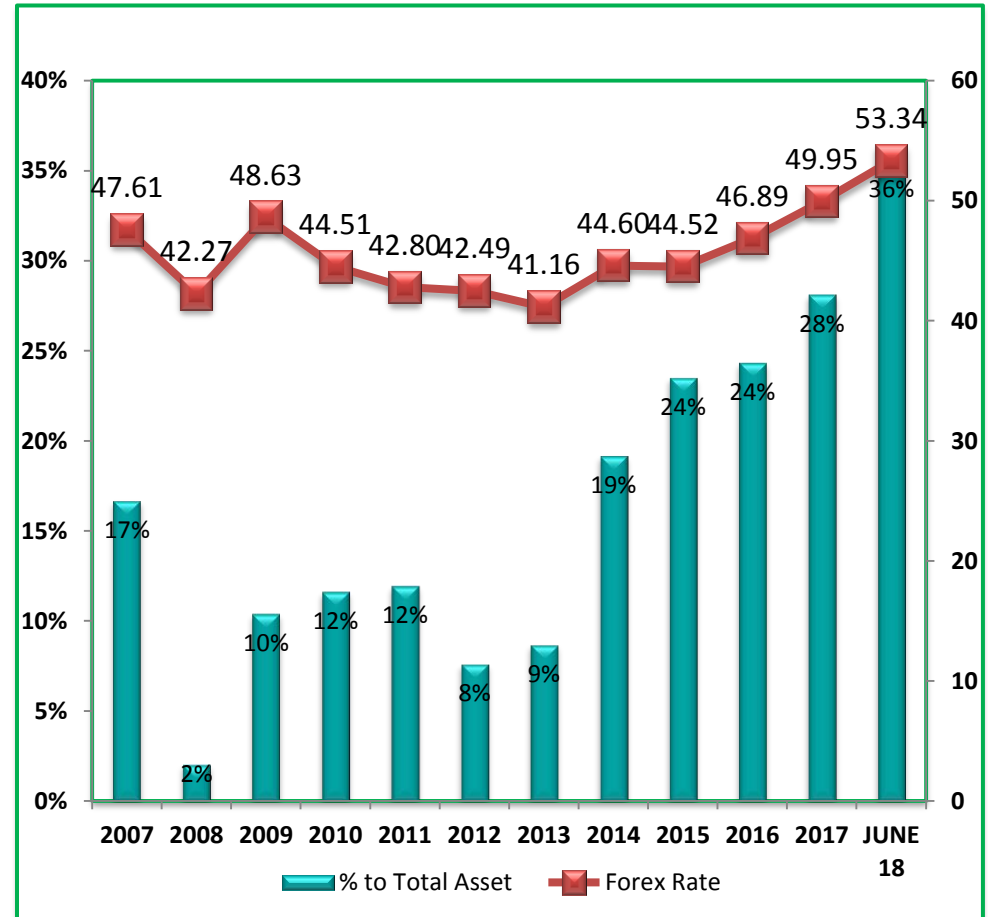
	Domestic EQ	International EQ	Domestic FI	International FI	Liquidity	Alternative Investment
May 2018	17%	10%	33%	19%	13%	8%
Dec 2017	20%	10%	37%	18%	9%	6%
Change (pps)	-3%	0%	-4%	1%	4%	2%



PERAA Fund Foreign Currency allocation vs PHP/USD movement

	<u>Jun-18</u>	<u>Dec-17</u>
PHP	↓ 64%	66%
Foreign Currency	↑ 36%	34%

Foreign Currency translation gain booked as of June 2018 is Php 145.67Mn vs forex translation gain of Php21.94Mn same period last year

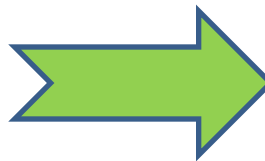


❑ Increase Real Estate investment

Property Name	Location	Type	Yr Purchased
South Center Tower	Alabang	Office space	1990's
Y2 Properties	Makati Ave	Condotel	2014
High Street South Tower 2	BGC	Office space	2014
Glaston Tower	Ortigas	Office space	2018



Real Property investment allocation to Total Asset is now 10% from 6 % last 2017



Key Features:

- Inversely related to financial assets
- Provides regular, fixed stream of rental income
- Value appreciates overtime



High Street South Corporate Plaza Tower 2



The Glaston Tower



The Glaston Tower

Source: Ortigas & Company

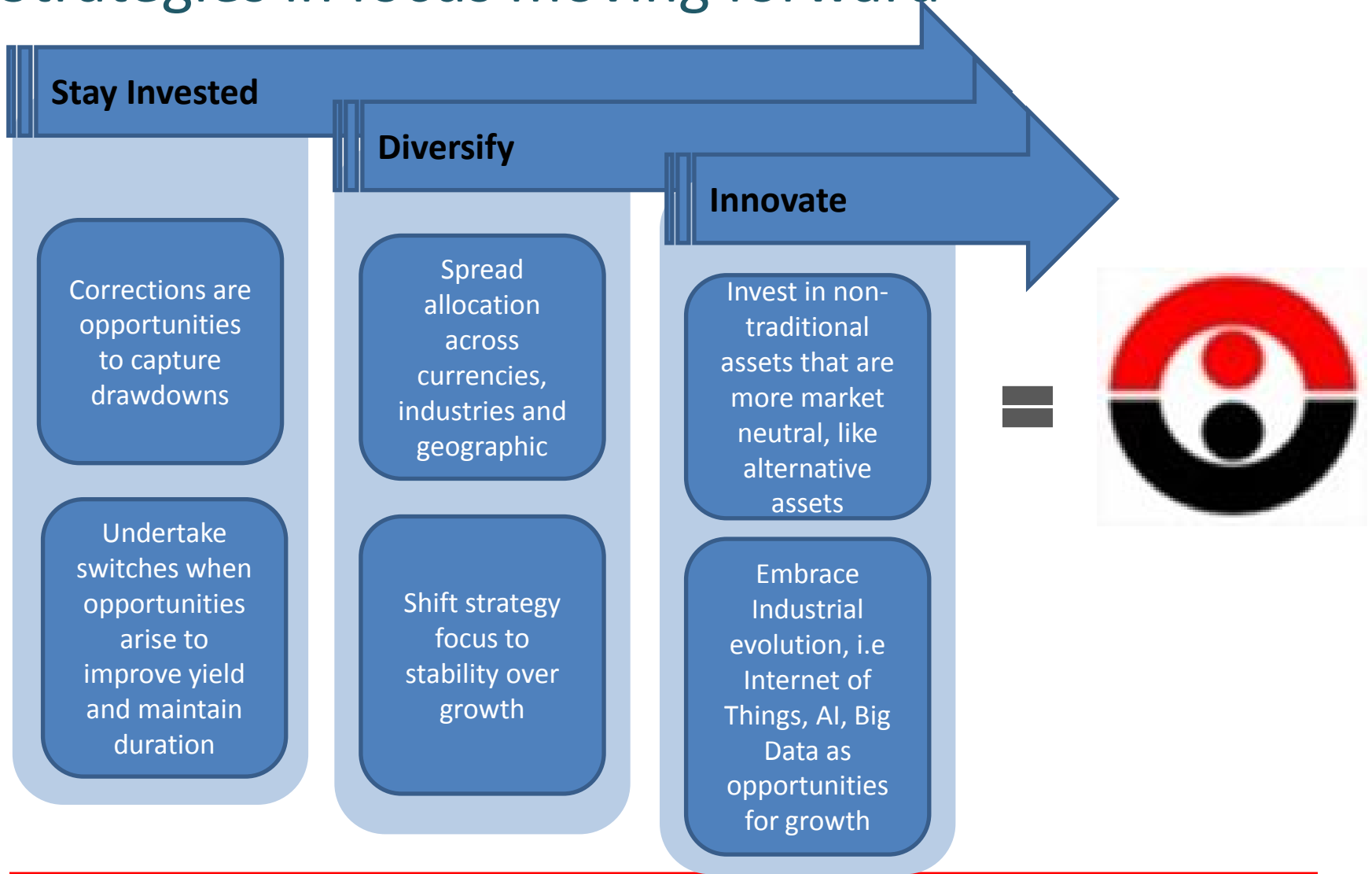


PERAA Fund Performance

YTD 2018 vs CY 2017 (short- period)

	June 2018 (6 months)	December 2017 (8 months)
Realized Earnings	P136.25 Mn	P246.77 Mn
FOREX Gain/(Loss)	P145.67 Mn	(1.85 Mn)
Net Unrealized Gains/Loss	<u>(334.25 Mn)</u>	<u>(52.56Mn)</u>
Net Earnings	(P 52.32 Mn)	P 192.36 Mn
Appraisal inc of RE	=	<u>P 30.74 Mn</u>
Net Earnings for distribution	(P 52.32 Mn)	P 223.10 Mn
ROI	-1.539%	4.01%

Strategies in focus moving forward



THANK YOU



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