

## INVESTMENT OBJECTIVE

To seek long-term capital appreciation through investment primarily in equity securities of listed Philippine companies while taking into consideration the liquidity and safety of its investment to protect the interest of its investors.

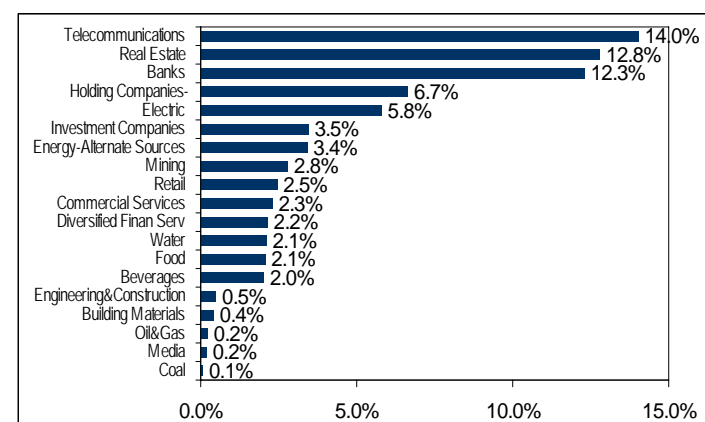
## FUND FACTS

Incorporation Date	21 February 1994
Fund Structure	Open-end Investment Company
Fund Currency	Philippine Peso
Valuation Method	Marked-to-market
Fund Type	Equity Fund
Entry Fee	Maximum of 3.5%
Exit Fee	Maximum of 2%
Annual Management Fee	1.5% p.a. of total funds under management
Holding Period Not Subject to Exit Fees	> 2 years
Redemption Period	Maximum of 7 banking days
Fund Manager	Philequity Management, Inc.

## TOP TEN HOLDINGS

Name	Industry	% of Fund
PLDT	Telecoms	10.0%
Ayala Corp.	Holdings	6.5%
BPI	Banking	6.5%
Ayala Land	Property	5.2%
SM Investment	Investment	3.5%
SM Prime Holdings	Property	3.4%
PNOC Energy Devt.	Energy-Alternate	3.4%
BDO	Banking	2.9%
Globe	Telecoms	2.8%
Meralco-A	Electric	2.5%

## SECTOR HOLDINGS



## FUND PERFORMANCE AND RISK

### Actual Returns (%) before sales charges, after management fees

Returns	YTD	Past 1 Mo	Past 6 Mo	Past 1 Yr	Past 3 Yrs	Since Launch
PEFI	-24.9%	-4.2%	-11.0%	-25.1%	45.6%	904.7%
PSEi	-29.0%	-4.4%	-13.1%	-28.1%	32.3%	-8.2%

### Calendar Year Returns (%)

Returns	2008 YTD	2007	2006	2005	2004	2003
PEFI	-24.9%	18.3%	52.3%	15.2%	28.4%	35.6%
PSEi	-29.0%	21.4%	42.3%	15.0%	26.4%	41.6%

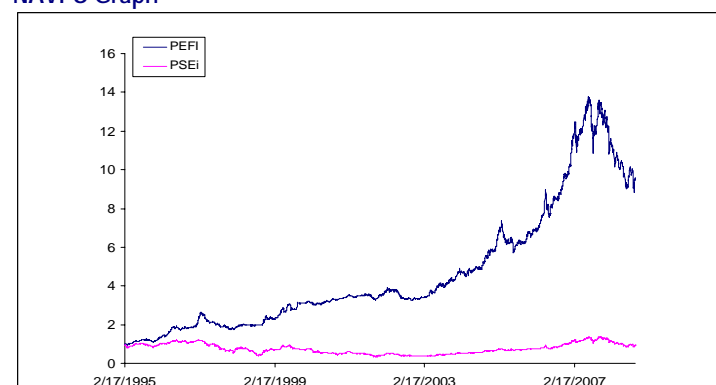
### Compounded Annual Growth Rates (CAGR, %)

10 years	16.4%
5 years	17.2%
3 years	13.3%

### Volatility of Returns/ Annual Standard Deviation (+/- %)

Returns	2008 YTD	2007	2006	2005	2004	2003
PEFI	19.3%	23.7%	15.7%	16.7%	14.9%	11.9%
PSEi	25.1%	27.2%	20.3%	18.4%	18.0%	18.6%

## NAVPS Graph



## FUND MANAGERS' COMMENTARY

September was one of the more volatile months for global equities, and definitely, one for the books. The US Treasury put mortgage giants Fannie Mae and Freddie Mac under conservatorship costing \$200 billion. Merrill Lynch was absorbed by Bank of America. Wachovia is to be sold to Citigroup. AIG was bailed out to the tune of \$85 billion, while Lehman Brothers failed.

On September 29, the US Congress failed to pass an unprecedented \$700 billion rescue plan to absorb the toxic mortgages that are the underlying source of the current stresses in financial institutions and in financial markets. The result was a 7% plunge in the Dow Jones Industrial Average (DJIA), the worst single-day drop in two decades.

In the midst of the chaos, Philippine shares performed relatively well. The PSE index closed at 2,569 as of end-September, down only 4.4% month-on-month vs. DJIA's 6% drop over the same period. A lot of companies, such as Philex, PLDT, Ayala Land, Alliance Global, Vista Land and EDC, have recently stepped up their company share-buyback programs.

Nevertheless, the Philippine market will continue to take its cue from the US. While the approval of the \$700 billion rescue plan will definitely jump start the financial markets, concerns over the long-term effects of this credit crunch on the real economy may be a drag to equity prices over the next few months.