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S.E.C. Registration Number

PHILEQUITY DYNAMIC ALLOCATION
FUND, INC.

(Company's Full Name)

1 5 T H F L O O R P S E T O W E R 5 T H A V E
C O R . 2 8 T H S T B G C T A G U I G C I T Y

1 6 3 4

(Business Address: No. Street City / Town / Province)

MA. ANGELICA D. CABANIT

Contact Person

8250-8700 LOC 8721

Company Telephone Number

1 2 3 1

Mont h Day Fiscal Year

1 2 - 1

FORM TYPE

Mont h Day Year

Period Ended

MUTUAL FUND

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 12-1
REGISTRATION STATEMENT UNDER THE SECURITIES REGULATION CODE**

1. SEC Identification Number: **2023070106565-02**

2. **PHILEQUITY DYNAMIC ALLOCATION FUND, INC.**

Exact name of registrant as specified in its charter

3. **METRO MANILA, PHILIPPINES**

Province, Country or other jurisdiction of
incorporation or organization

4. **631-246-942-0000**

BIR Tax Identification Number

5. **OPEN-END MUTUAL FUND**

General character of business of registrant

6. Industry Classification Code:

(SEC Use Only)

7. **15TH FLOOR, PSE TOWER, 5TH AVENUE CORNER 28TH STREET, BONIFACIO GLOBAL CITY, TAGUIG CITY, 1634**

TELEPHONE NUMBER: (632) 8250-8700

Address, including postal code, telephone number including area code, of registrant's principal offices

8. **NOT APPLICABLE**

If registrant is not resident in the Philippines, or its principal business is outside the Philippines, state name and address including postal code, and email address of resident agent in the Philippines

9. Fiscal Year Ending Date (Month and Day): **DECEMBER 31**

Computation of Registration Fee

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of Registration fee
		P1.00 per share		
Units	100,000,000,000.00	(based on NAVPs as of March 13, 2023)	P100,000,000,000.00	P10,000.00
Add: Legal Research Fee				100.00
Documentary Stamp Tax				30.00
Total Registration Fees				P10,130.00

SUMMARY OF FEES, COMMISSIONS, AND OTHER CHARGES TO BE DEDUCTED FROM THE FUND

Management Fee	0.75% of the average NAV of the Fund
Distribution Fee	0.75% of the average NAV of the Fund
Depository Maintenance Fee	Daily: 0.01% of market value of holdings divide by 360 days
Transfer Agent Retainer	Fixed monthly fee of P30,000.00 (excluding transaction charges)
Custodian Fee	0.015% per annum based on the Market Value of the Fund payable quarterly upon billing
SEC Regulatory Fee for the Maintenance and Issuance of Units	0.01% p.a. of average NAV
External Audit Fee	150,000 exclusive of 10% out-of-pocket expenses and 12% value-added taxes
Directors Fee	10,000.00 per diem, per meeting

DRAFT PROSPECTUS
OF
PHILEQUITY DYNAMIC ALLOCATION FUND, INC.

AN OPEN-END UNITIZED INVESTMENT COMPANY

The Fund only offers units of participation. The Participation Units consist of One Hundred Billion (100,000,000,000) units to be offered at current Net Asset Value per Unit (NAVPU).

PHILEQUITY MANAGEMENT, INC.
Principal Distributor
15th Floor, PSE Tower, 5th Avenue Corner 28th Street,
Bonifacio Global City, Taguig City, 1634
Tel. No. 8250-8700

This Prospectus is dated March 26, 2024

PHILEQUITYDYNAMIC ALLOCATION FUND, INC.

15th Floor, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City
Telephone Number: (632) 8250-8700

This Prospectus relates to the offer and sale of One Hundred Billion 100,000,000,000 units of participation (the “Offer,” and such Units of Participation, the “Units”), with an initial net asset value per unit of ₱1.00 per Unit, of Philequity Dynamic Allocation Fund, Inc. (hereinafter, referred to as the “Fund” or the “Company”). The total value of the 100,000,000,000 units is estimated to be worth PHP 100,000,000,000 (computed as 100 billion units multiplied by the initial NAVPU of PHP 1.0000/unit offer price).

The units of participation shall primarily be offered by Philequity Management, Inc. (“PEMI”), the Fund’s principal distributor and investment advisor. PEMI is paid a one and a half (1.5%) percent per annum of the average net asset value of the Fund as principal distributor and investment advisor. For more details on the Investment Company Adviser, please refer to the section entitled “Plan of Distribution”.

All of the offered units of the Company issued or to be issued pursuant to the Offer (collectively the “Units”) are unclassified and have, or upon issue will have, identical rights and privileges. The Units may be owned by any person or entity regardless of citizenship or nationality. Each unitholder shall have no voting rights but shall be notified of any material change in the Registration Statement and the subscription agreement. Unitholders shall not be entitled to such dividends as may be declared by the Company’s Board of Directors (the “Board”).

The information contained in this Prospectus relating to the Company and its operations has been supplied by the Company, unless otherwise stated herein. To the best of its knowledge and belief, the Company, which has taken all reasonable care to ensure that such is the case, confirms that the information contained in this Prospectus relating to the Company and its operations are correct, and that there is no material misstatement or omission of fact which would make any statement in this Prospectus misleading in any material respect. The Company hereby accepts full and sole responsibility for the accuracy of the information contained in this Prospectus as of the date hereof but shall not, under any circumstances, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company since such date.

Application has been made to the Securities and Exchange Commission (SEC) to register the Offer Units under the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799).

No dealer, selling agent or any other person has been authorized to give information or make any representation not contained in this Prospectus. This Prospectus does not constitute an offer of any securities other than those to which it relates, or an offer to sell or a solicitation of an offer to buy any securities other than those to which it relates in any jurisdiction or to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The delivery of this Prospectus at any time does not imply that the information herein contained is correct as of any time subsequent to this date.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE, AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.

PHILEQUITY DYNAMIC ALLOCATION FUND, INC.

By:

IGNACIO B. GIMENEZ
Chairman and President

SUBSCRIBED AND SWORN TO BEFORE ME this _____ day of _____ 20__ at _____,
affiant exhibited to me his Tax Identification No. 228-111-486.

Doc. No. _____;

Page No. _____;

Book No. _____;

Series of 2024

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PRINCIPAL PARTIES TO THE OFFER

REGISTRANT

Philequity Dynamic Allocation Fund, Inc.

15th Floor, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City, 1634
Telephone No.: +632 8250-8700
Website: www.philequity.net

INVESTMENT MANAGER, ADVISOR AND PRINCIPAL DISTRIBUTOR

Philequity Management, Inc.

15th Floor, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City, 1634
Telephone No.: +632 8250-8700
Website: www.philequity.net

CUSTODIAN

BPI Asset Management and Trust Corporation

7th Floor, BPI Buendia Center, Sen. Gil J. Puyat Ave, Makati, 1209
Telephone No.: +632 8580-2682
Website: www.bpiassetmanagement.com

TRANSFER AGENT

Philequity Management, Inc.

15th Floor, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City, 1634
Telephone No.: +632 8250-8700
Website: www.philequity.net

LEGAL COUNSEL

Valerio & Associates Law Office

Units 101 and 102, G/F The Mondrian Residences 5321 East Asia Drive, Filinvest Corporate City
Alabang, Muntinlupa City
Landline: 0285352445
Website: www.valeriolaw.ph

EXTERNAL AUDITOR

SyCip Gorres Velayo & Co.

6760 Ayala Avenue, Makati City
Telephone No.: +632 891-0307
Website: www.sgv.ph

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the detailed information appearing elsewhere in this Prospectus.

Issuer

Philequity Dynamic Allocation Fund, Inc. is an Open-End Unitized Mutual Fund established under the Investment Company Act, R.A. 2629 and R.A. 8799. The Fund shall only offer units of participation. The Fund shall not offer common shares.

Units Offered/Initial Net Asset Value Per Unit

The Units offered by the Fund shall have an initial net asset value of One Peso (₱1.00) per Unit.

Offer Price

The offer price per unit is the current NAVPU for the business day, if payment is made within the daily cut-off time, plus a sales load fee, if applicable.

Total Units to Offer

The total numbers of units to offer shall be One Hundred Billion (100,000,000,000).

Proceeds from the Offering

The net proceeds from the sale of securities will be used to invest primarily in listed equity securities and fixed income securities.

Sales Load

The sales load fee shall be a maximum of five percent (5.0%) of the value of the investment.

Daily Cut-Off Time

12:00 noon

Minimum Investment

One Thousand Pesos (₱1,000.00) for initial investments and Five Hundred Pesos (₱500.00) for additional investments. Installment payments are prohibited.

Redemption Price

The redemption price of the securities surrendered within the daily cut-off time shall be the current computed NAVPU after the request for redemption is received. Securities surrendered after the daily cut-off time shall be deemed to have been received on the following business day.

Redemption Fee and Charges

A redemption fee of one percent (1.0%) of the redemption proceeds will be deducted there from if redeemed within the first ninety (90) days of investment. No redemption fee shall be deducted if redeemed beyond ninety (90) days from the time of investment. Redemptions for deposit to bank accounts are subject to check clearing, redemptions made through RTGS / PDDTS are subject to bank charges and any stale checks will be subject to a penalty of Php 25.00.

Management and Distribution Fee and Expenses

A management fee and distribution fee of one and a half percent (1.5%) per annum of the average net asset value of the Fund's assets computed on a daily basis, shall be payable by the Fund to its investment manager, Philequity Management, Inc. (PEMI). Certain operating expenses of the Fund are deemed covered by the management and distribution fee and shall be for the account of PEMI.

Investment Policies and Objective

The investment objective of Philequity Dynamic Allocation Fund, Inc. is to generate growth through primarily investing in securities listed in the Philippine Stock Exchange and/or government and corporate debt securities. The Fund may also invest in commercial papers or other financial securities to generate growth.

Risk Factors

Prospective investors are encouraged to read the section on "Risk Factors" before making an investment. Various risk factors could adversely affect the investment of the unitholder. Consequently, there may be instances when the redemption proceeds may of lesser value than the principal amount invested.

SUMMARY OF FINANCIAL INFORMATION

The selected financial information set forth in the following table has been derived from the Company's audited Financial Statements for the period ending September 30, 2023. This consolidated financial data should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included elsewhere in this Prospectus.

The designated settlement bank will be used to handle the cash flow for each transaction although the investment assets will always be safe kept by the custodian or depository.

PHILEQUITY DYNAMIC ALLOCATION FUND, INC.

(An Open-End Mutual Fund Company)

STATEMENTS OF FINANCIAL POSITION

	Audited
	September 30, 2023
ASSETS	
Current Assets	
Cash and cash equivalents	968,495
Other assets	3,970
Total Current Assets	972,465
Total Assets	972,465
LIABILITY AND EQUITY	
Equity	
Capital stock	1,000,000
Deficit	(27,535)
Total Equity	972,465
Total Liabilities and Equity	972,465

PHILEQUITY DYNAMIC ALLOCATION FUND, INC.
(An Open-End Mutual Fund Company)

STATEMENTS OF COMPREHENSIVE INCOME

**For the Nine-Month Period
Ended**

September 30, 2023

INVESTMENT INCOME (LOSS)	
Interest	174
Other Income	0
	174
EXPENSES	
Taxes and Licenses	24,624
Other Expense	3,050
	27,674
INVESTMENT INCOME (LOSS) BEFORE INCOME TAX	(27,500)
PROVISION FOR INCOME TAX	
Current - RCIT	-
Provision for Final Tax	35
	(27,535)
INVESTMENT INCOME (LOSS) AFTER INCOME TAX	(27,535)
OTHER COMPREHENSIVE INCOME (LOSS)	0
TOTAL COMPREHENSIVE INCOME (LOSS)	(27,535)

GLOSSARY

For the purpose of this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below:

Business Day	Any of the days in a week, except Saturdays, Sundays, and holidays, when banks are not required to do, or are authorized by law to close for, business in Metro Manila.
BSP	Bangko Sentral ng Pilipinas
Custodian	BPI Asset Management and Trust Corporation
Investment Manager	Philequity Management, Inc. (PEMI)
Investor	Any individual, association or corporation who desires to invest in the units of the Fund
NAV	Net Asset Value
NAVPU	The computed NAV on a per unit basis at the close of the day. It is calculated by dividing the Fund's total net assets by the number of its outstanding units.
NIRC or R.A. 8424, As Amended	National Internal Revenue Code of 1997, as amended
Pesos or ₱	Philippine Peso, lawful currency of the Philippines
PDFI	Philequity Dynamic Allocation Fund, Inc.
Principal Distributor	Philequity Management, Inc.
PSE or the "Exchange"	Philippine Stock Exchange, Inc.
R.A. 2629	Republic Act No. 2629 or the Investment Company Act
R.A. 8799	Republic Act No. 8799 or the Securities Regulation Code
SEC or the "Commission"	Securities and Exchange Commission
Unitholder	Any natural or juridical person who has subscribed to the units of the Fund.
The "Fund" or the "Company"	Philequity Dynamic Allocation Fund, Inc.
Transfer Agent	Philequity Management, Inc.
Unitized Mutual Fund	A mutual fund company that issues units of participation, each of which represents an undivided interest in the pool of investment assets of the scheme.

RISK FACTORS

Before investing in the Fund, an Investor should ensure that he fully understands the nature and terms of the investment, the relevant risk factors, as well as the nature and extent of his risk of loss. He should also carefully evaluate whether a mutual fund investment is appropriate for him in light of his experience, objectives, financial resources and other relevant circumstances, and whether he has the willingness and ability to accept the risks inherent in this kind of investment vehicle.

Prior to making an investment decision, the prospective investors should carefully consider the risks described below in addition to the other information set forth in this Prospectus. However, this section does not purport to disclose all risks and other significant aspects of investing in the Offered Securities. The investment considerations and risks enumerated hereunder are considered to be each of equal importance.

Investors deal in a range of investments, each of which may carry a different level of risk. The occurrence of any of the events discussed below and any additional risks and uncertainties not presently known to the Company or that are currently considered immaterial could have a material adverse effect on the Company's business, results of operations, financial condition and prospects and may cause the market price of the securities offered to fall significantly and investors may lose all or part of their investment.

RISK OF INVESTING

General Warning

The price of securities can and do fluctuate, and the price of an individual security may experience upward or downward movements, and may even lose all of their value. There is an inherent risk that losses may be incurred rather than profits made, as a result of buying and selling securities.

Past performance is not a guide to future performance.

There is an extra risk of losing money when securities are bought from smaller companies. There may be a big difference between the buying price and the selling price of these securities.

An investor deals in a range of investments each of which may carry a different level of risk.

Prudence Required

This risk disclosure does not purport to disclose all of the risks and other significant aspects of investing in these securities. An Investor should undertake his or her own research and study on the trading of securities before commencing any trading activity. He or she may request information on the securities and issuer thereof from the Commission, all of which are available to the public.

Professional Advice

An Investor should seek professional advice if he is uncertain of, or has not understood any aspect of the securities to be invested in or the nature of the risks involved in the trading of the securities, especially those high risk securities.

Risk Factors

As with any investment, a fund's past performance is no guarantee of its future success. Over the long-term, however, the success or failure to profit in the Fund will depend on the following: (i) the Fund's fees and expenses; and (ii) the Fund Manager's ability to manage risks and volatility.

Various risk factors can affect the market value of the assets of the Fund and can cause fluctuations of the Fund's net asset value. The Fund, however, adopts steps to minimize, if not eliminate, the effect of these risks. The major risks facing the Fund are as follows:

- a. **Market Risk** – is the risk that movement in the financial markets will adversely affect the value of the underlying investments. To properly manage market risk, various risk measurement methodologies are utilized to quantify the potential change in portfolio value resulting from changes in security prices. Measures of risk-adjusted performance are also utilized.
- b. **Equity Price Risk** – This refers to the changes in prices of equity investments held by the Fund. This is affected by the volatility due to different market factors. Changes in prices of equity refer to the equity investments held by the Fund either for strategic or trading purposes. These equity investments, if any, are subject to the daily price fluctuations, as determined by market forces. Hence, prices may vary as a result of the general economic and political conditions, as well as developments in the company's operations and overall profitability. To manage this risk, the equity investments included in the Fund's portfolio are carefully selected based on their fundamental soundness.
- c. **Interest Rate Risk** - is the risk that the value of the portfolio will decline as interest rates rise. Bond prices are inversely related to interest rates (i.e. as interest rates increase, bond prices decrease). Interest rate risk is measured using duration and controlled through duration limits.
- d. **Credit Risk** is the risk that the bond issuer may not be able to pay its debt when interest payments and maturity falls due. Credit risk is minimized through diversification.
- e. **Liquidity Risk** or funding risk is the risk that the investments of the Fund cannot be sold or converted into cash within a reasonable time or in instances where sale or conversion is possible but not at a fair price.
- f. **Operational Risk** (also called 'Operations Risk') is the risk to earnings or capital arising from problems with service or product delivery. This risk is a function of internal controls, information systems, employee integrity and operating processes. Different institutions have different definitions of operations risk. Some institutions

focus only on procedural risks, while others categorize all risks other than credit, market and liquidity under operations risk.

g. Reinvestment Risk the risk associated with the possibility of having lower returns or earnings when maturing funds or the interest earnings of funds are re-invested.

h. Inflation Risk The risk the return of your investments will not keep pace with the increase in consumer prices.

i. Fund Manager Risk

In general, the performance of a mutual fund is dependent on the expertise and experience of the Fund Manager. Although a fund's performance is affected by, but not limited to economic, market, political and regulatory factors, decisions made by the Fund Manager has a direct impact on the performance of the Fund. In order to mitigate this risk, the Fund Manager will adhere to a thorough investment process, considering macroeconomic as well as company-specific factors before making an investment decision.

j. Large Transaction Risk

If an investor in a Fund makes a substantial subscription/redemption in the Fund, the Fund's cash flow may be adversely affected. For a significant subscription amount, the Fund may be forced to buy securities at unfavorable prices to maintain its intended portfolio positions and weightings. For a significant redemption amount, the Fund may be forced to sell securities at unfavorable prices or even cut losses to ensure there is a sufficient fund to pay the redemption proceeds.

Risk Monitoring and Management Procedure

The Fund Manager through its Compliance Officer continuously monitors areas that may pose risks to the Fund. The Fund also has an Audit Committee to monitor risks, the members of which are required to have accounting and finance backgrounds.

Said Committee, among others, shall also ensure compliance with the risk management policies of the Fund. It shall provide oversight over the Fund's activities in managing credit, market, liquidity, operational, legal, and other risks. On an annual basis, the Committee shall review its business continuity plan and implement any changes that are necessary to ensure risks are identified, mitigated and/or eliminated.

Exceptions and revisions to the risk management framework will also be subject to Board approval. The framework also includes the requirements of the SEC with regards to breach of investment restrictions, and respective curing periods.

FUND FEATURES

THE FUND

Incorporated on July 5, 2023 the general character of the business of the Fund is an Open-End Unitized Mutual Fund established under the Investment Company Act, R.A. 2629. The investment objective of the Fund is to generate returns by primarily investing in equity securities listed in the Philippine Stock Exchange and/or corporate and government debt instruments. The Fund may also invest a portion of its assets in other securities such as but not limited to derivatives, foreign exchange, commercial papers depending on market conditions. The Fund is suitable for retail and corporate investors and is classified as a high-risk investment. The Fund issues mutual fund units for sale to the public, through its Principal Distributor, Philequity Management, Inc. (PEMI) in accordance with the Management and Distribution Agreement.

A detailed description of the duties of PEMI as investment manager and distributor, the investment procedure and the plan of distribution are discussed under the topic Parties Involved in the Fund and in the Management and Distribution Agreement.

INVESTMENT RESTRICTIONS

Unless otherwise prescribed by the Commission, the investments and operation of the Fund shall be subject to the following limitations and restrictions:

1. The maximum investment of the Fund in any single enterprise or issuer shall not exceed an amount equivalent to fifteen percent (15%) of its net assets, nor shall the total investment of the fund exceed ten percent (10%) of the outstanding securities of the investee company.
2. The Fund shall not invest, in aggregate, more than twenty percent (20%) of its net assets in transferrable securities, money market securities, deposits and financial derivatives issued by a single entity or issuer.
3. Deposits of the Fund shall not exceed twenty percent (20%) of its net assets in a single bank/non-bank with quasi bank license excluding monies for liquidation of a revoked Investment Company.
4. Investments in the following shall not exceed five percent (5%) of the net assets of the Fund:
 - a. Deposits placed with a non-investment grade or unrated deposit taking institution;
 - b. Debt securities or money market instruments not dealt in an organized market or issued by an unrated or non-investment grade issuing body; and
 - c. Over-the-counter financial derivatives with non-investment grade or unrated counterparty, unless the derivatives are used for efficient portfolio management which the investment aggregate shall not exceed more than twenty percent (20%) of the assets of the Investment Company;
 - d. Unlisted shares issued by a related party.

The aggregate investments shall not exceed ten percent (10%).

5. Investment in foreign government debt securities or money markets where the issuer or the guarantor is a government, sovereign or central bank with an international long-term issuer rating of investment grade may be increased to a maximum of thirty five percent (35%) of the net assets of the Fund;
6. A maximum of five percent (5%) of the net assets of the Fund may be invested in government debt securities issued or guaranteed by a government, sovereign or central bank with an international long-term issuer rating that is non-investment grade;
7. In investing in financial derivative instruments, the Fund Manager shall employ a risk-management process which captures the risks associated with the use of financial derivatives and satisfies all the following requirements:
 - a. The total exposure to financial derivatives or embedded financial derivatives, including counterparty transactions, shall not exceed ten percent (10%) of the net assets of the Fund, or five percent (5%) of the net assets if the derivatives are not investment grade, unless the derivatives counterparty is used for efficient portfolio management which the investment aggregate shall not exceed more than twenty percent (20%);
 - b. The Fund shall invest five percent (5%) of its net assets to liquid assets to meet all its payment and delivery obligations;
 - c. The Fund Manager shall not act as a counterparty to an OTC derivative invested into by the Investment Company.
8. The Fund shall be prohibited from investing in the securities it is issuing.
9. The Fund shall not purchase from or sell to any of its officers or directors or the officers or directors of its investment advisor/s, manager or distributor/s or firm/s of which any of them are members, any securities other than the capital stock or registered units of the Fund.
10. Unless the Commission shall provide otherwise, Fund shall not engage in short selling;
11. Unless the Commission shall provide otherwise, the Investment Company shall not invest in any of the following:
 - a. margin purchase of securities (investment in partly paid shares are excluded);

- b. commodity futures contracts;
 - c. precious metals; and
 - d. unlimited liability investments.
12. For liquidity purposes, unless otherwise prescribed by the Commission, at least ten percent (10%) of the assets of the Fund shall be invested in liquid/semi-liquid assets.

Such liquid/semi-liquid assets shall refer to, but not limited to the following:

- A. Treasury notes or bills, Certificates of Indebtedness issued by the Bangko Sentral ng Pilipinas which are short term, and other government securities or bonds and such other evidence of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines;
- B. Tradable Long-Term Negotiable Certificate of Time Deposits (LTNCTD)
- C. Government debt securities where the issuer or the guarantor is a foreign government, sovereign or central bank with an international long-term issuer rating of investment grade;
- D. Savings or time deposits with government-owned banks or commercial banks, provided that in no case shall any such savings or time deposit accounts be accepted or allowed under a “bearer”, “numbered” account or other similar arrangement.
- E. Money market instruments issued by Philippine regulated qualified buyers or those issued by an investment grade issuing body;
- F. Other collective schemes wholly invested in liquid/semi-liquid assets.

The Fund has submitted a notarized liquidity contingency plan to implement a decreased investment of less than ten percent (10%) of its assets in liquid/semi-liquid assets. The Fund may borrow, on a temporary basis, for the purpose of meeting redemptions and bridging requirements provided that:

- 1. The borrowing period should not exceed one month; and
- 2. The aggregate borrowings shall not exceed ten percent (10%) of the net assets of the Fund.

The Fund shall not incur any further debt or borrowing unless at the time of its incurrence or immediately thereafter there is an asset coverage of at least three hundred percent (300%) for all borrowings of the Fund. Provided, however, that in the event that such asset coverage shall at any time fall below three hundred percent (300%), the Fund shall within three (3) days thereafter, reduce the amount of its borrowings to an extent that the asset coverage of such borrowings shall be at least three hundred percent (300%).

TERMS AND PRICING OF SECURITIES

1. Eligible Investors

The units of the Fund may be purchased and held by any person of legal age or duly organized and existing corporations, partnerships or corporate entities regardless of nationality.

In compliance with the Foreign Account Tax Compliance Act (“FATCA”) enacted in the United States (“U.S.”), Foreign Financial Institutions (“FFIs”) such as the Fund are obliged to submit certain compliance reports to the U.S. Internal Revenue Services (“IRS”) with respect to customers or clients who are considered U.S. Persons. If the Fund is found to be non-compliant, the Fund may be subject to a 30% withholding on certain income or proceeds from US sources. The FATCA requires FFIs such as the Fund to conduct due diligence and make certain reports to the IRS with respect to its customers or clients who are identified as U.S. Persons. In line with the Fund’s desire to maintain its processes FATCA-compliant, the Fund will implement its standard procedures which may require additional documents from such U.S. Persons who wish to purchase units of the Fund. PEMI reserves the right to reject any application to purchase units of the Fund if said application is found to be non-compliant with the requirements of PEMI.

2. Offering Price

The price at which the securities are to be sold is at the Net Asset Value Per Unit (“NAVPU”) on the day of the purchase. A sales load fee may also be charged on the day of the purchase.

The daily cut-off time for the reckoning of the date of submission of the subscription application shall be 12:00 noon. If the application is received on or before the said cut-off time, the units shall be valued based on the NAVPU of the same business day. For applications received after the cut-off time, it shall be deemed to have been received the next business day, and the NAVPU for the next business day will be used as basis for payments. In both instances, a sales load fee may be charged based on the total price of the application.

NAVPU shall be the computed difference between total assets of the Fund and its total liabilities divided by the number of units outstanding.

3. Sales Load

The sales load fee shall be a maximum of five percent (5.0%) of the value of investment made.

4. Minimum Investment

Minimum initial investment of One Thousand Pesos (₱1,000.00) and a minimum of Five Hundred Pesos (₱500.00) worth of units for additional investments. No installment payment is allowed.

5. Income Distribution Policy

All investment income generated by the Fund will be distributed indirectly to all the unitholders through the daily adjustment of the Fund's NAVPU.

6. Subscription and Redemption Procedure

1. Subscription Process

a. Opening an Account

A prospective investor must submit one (1) valid government-issued ID, proof of billing and completely accomplished PEMI account opening documents. Upon submission, the Certified Solicitor and MF Distributor shall conduct a Client Suitability Assessment to measure the prospective clients' investment goals and tolerance for risk. Once accomplished, the client must make the appropriate payment to the Fund by 12:00nn to be considered a subscription for the same day NAVPU. Documents received past the cut-off shall be processed for the next business day.

An investment application/transaction order form, once accepted, shall constitute an agreement between the Investor and the Investment Manager/Principal Distributor for the purchase of the units of the Fund at the time, in the manner, and subject to the conditions set forth in this Prospectus and the Account Opening Form. Upon acceptance of the application, the Investor shall be furnished a confirmation notice of subscription and an acknowledgement receipt.

b. Acceptance of Investment Applications

Applications for the number of units and the applicable NAV are subject to acceptance and approval by the Principal Distributor. Upon acceptance of the Application, the Principal Distributor shall provide the Investor with a copy of the approved investment application form/transaction order form and the confirmation of the acceptance.

The Principal Distributor reserves the right to reject, scale-down and reallocate any application for whatever reason. Applications for which check payments are dishonored upon first presentment, as well as those which do not comply with the requirements set in the Prospectus and the Investment Application Form, shall be rejected. The Principal Distributor shall inform the Investor of such reduction or rejection within seven (7) days after submission of the Investment Application.

c. Payment Terms

Subscriptions shall be paid in full, installment payments are prohibited. Payments must be made in the form of: (a) cash deposit; (b) personal or corporate check, (c) fund transfers or online banking (d) bills payment (e) auto deduct facility or (f) manager's check, drawn against a bank account with a BSP authorized agent bank

located in Metro Manila. All such checks must be made payable to "Philequity Dynamic Allocation Fund, Inc." dated as of the date of the Investment Application and remitted directly to the Principal Distributor at its principal office. Bank fees if any shall be borne by the investor.

d. Refunds

Refunds of payments for any rejected or scaled-down applications shall be made without interest by the Principal Distributor not later than seven (7) days after submission.

e. Delivery of Units of Participation

Units of participation are issued to investors in Scripless format. In the interest of economy and convenience, certificates for units purchased will only be issued if so requested in writing by the unitholders. Units are recorded on a register by the Corporation's duly appointed Transfer Agent and unitholders who do not elect to receive certificates have the same rights of ownership as if certificates had been issued to them.

Upon the request of the Investor, certificates representing units of participation in the Fund and Custodian Receipts shall be issued by the Transfer Agent and Custodian Bank, respectively, and shall be made available to the Investor as soon as practicable at the office(s) of the Transfer Agent and Custodian Bank.

The cost of issuance of the stock certificates shall be borne by the unitholder.

f. Periodic Fund Statement

The Investor shall receive a periodic Fund Statement indicating the status of the investment in the Fund.

a. Manner and Method of Redemption

Upon the presentation to PEMI a redemption order form and/or any document to be prescribed and recognized by PEMI for redemption, the unitholder is entitled to receive, by way of redemption, approximately his/her proportionate unit of the Fund's current net assets or the cash equivalent thereof, i.e. the NAVPU, subject to existing laws and the By-Laws of the Fund. Any request for redemption should always be accompanied by duly endorsed certificates and custodian receipt/s, if they have been issued. The redemption proceeds shall be paid within seven (7) business days from receipt of the duly accomplished redemption application.

b. Redemption Price

The redemption price of the securities surrendered within the daily cut-off time shall be the current computed NAVPU after the request for redemption is received. Securities surrendered after the daily cut-off time shall be deemed to have been received on the next business day. A redemption or exit fee may be charged by the Corporation to any unitholder, the rate of which shall be based on the holding period explained below.

The Corporation shall not suspend the right of redemption or postpone the date of payment or satisfaction upon redemption of any redeemable unit for more than the period prescribed by applicable Philippine laws and regulations after the tender of such unit to the Corporation, except on instances the Securities and Exchange Commission may from time to time prescribe.

c. Minimum Holding Period and Redemption Charges

The following fees shall be deducted from the redemption proceeds depending on the retention period of the investor:

RETENTION PERIOD	REDEMPTION FEE
90 days	A redemption fee of one percent (1.0%) of the redemption proceeds will be deducted there from if redeemed within the first ninety (90) days of investment.
91 days or more	Nil

Redemptions for deposit to bank accounts are subject to check clearing, redemptions made through RTGS / PDDTS are subject to bank charges and any stale checks will be subject to a penalty of Php 25.00.

d. Special Considerations

No redemption will be allowed should any of the following circumstances exist:

- The exchange, where eighty percent (80%) of the securities in the Investment Company's portfolio, is suspended;
- Eighty percent (80%) of the securities in the Investment Company's portfolio, could not be traded or liquidated;
- There exists an emergency as a result of which disposal by the Fund of units owned by it is not reasonably practicable, or the computation or determination of the net asset value is not practicable;
- The Commission, by order permits suspension of the right of redemption for the protection of the Fund's unitholders; or
- Such other circumstance as the applicable Philippine laws or regulations may allow.

e. Applicable Taxes

Under the NIRC, gains realized by the Investor upon redemption of shares of stock in a mutual fund company are excluded from the computation of a taxpayer's gross income and are thus exempt from taxation. However, the Fund shall be issuing units instead of shares. Investors are advised to consult their own professional advisers as to the tax implications of subscribing for, purchasing, holding, and redeeming units of the Fund.

COMPUTATION OF NET ASSET VALUE

The net asset value shall be calculated by adding:

- The aggregate market value of the portfolio securities and other assets;
- The cash on hand;
- Any dividends on stock trading ex-dividend; and
- Any accrued interest on portfolio securities,

And subtracting:

- Taxes and other charges against the fund not previously deducted;
- Liabilities
- Accrued expenses and fees; and
- Cash held for distribution to investors of the fund on a prior date.

USE OF PROCEEDS

The total proceeds from the sale of units shall primarily be invested in a composition of equity securities and debt instruments, the allocation of which will be determined by market conditions which will be most conducive for investors' capital appreciation. The Fund may likewise invest in derivatives, foreign exchange and other high yielding instruments.

All cash proceeds, including the original subscription payment at the time of incorporation constituting the paid in capital of the investment company shall be deposited with the Fund's deposit account with Eastwest, which is the settlement account for trades and transfers of securities.

The Fund shall be guided by the investment policies and restrictions on its investments under the topics Investment Objective and Investment Policies and Investment Restrictions.

The Company shall not engage in lending operations and shall not make loans to other interested persons such as the members of the Board of Directors, officers of the Company and any affiliates or affiliated corporations to the Fund.

Expenses charged to the Fund include the remuneration of the members of the Board who are not officers and/or employees of PDFI amounting to an estimated PHP10,000.00 per director, per meeting. Other expenses include, but are

not limited to, SEC filing fees, documentary stamp taxes, registration statement fees, transfer, distribution and management fees.

The designated settlement bank will be used to handle the cash flow for each transaction although the investment assets will always be safe kept by the custodian or depository.

The Fund has no intention to use any material amount of the proceeds for the acquisition of assets or to finance the acquisition of other businesses. The Fund also has no intention to incur or discharge debt.

No amount of the proceeds shall be used to reimburse any officer, director, employee or unitholder of the Fund for any services rendered, assets previously transferred, and money loaned or advanced or otherwise.

DETERMINATION OF OFFERING PRICE

The Offer Price will be the applicable Net Asset Value per Unit (“NAVPU”) on the day of the purchase. NAVPU is computed by dividing net assets (total assets less total liabilities) by the total number of units issued and outstanding as of the end of the reporting day.

The daily cut-off time for the reckoning of the date of submission of the subscription application shall be 12:00 noon. If the application is received on or before the said cut-off time, the units shall be valued based on the NAVPU of the same business day. For applications received after the cut-off time, it shall be deemed to have been received the next business day, and the NAVPU for the next business day will be used as basis for payments. In both instances, a sales load up to a maximum of 5% fee may be charged based on the total price of the application.

DILUTION

The company is an open-ended mutual fund which intends to issue units of participation. Common equity securities shall not be issued by the company.

SELLING SECURITY HOLDERS

There are no securities to be registered which will be offered for the account of security holders.

PLAN OF DISTRIBUTION

The sale of the Offer Units will not be underwritten. There are no units designated to be sold to specified persons and none of the units are to be allocated to an Exchange and/or to its members.

The Fund has appointed Philequity Management, Inc. (“PEMI”) as the Principal Distributor of the Fund. Under the agreement, PEMI shall among others, prepare and monitor the sales and redemptions of the Fund and provide a monthly report on fund distribution. PEMI shall maintain accurate and appropriate records pertaining to fund distribution which may be subject to inspection or audit by the Fund at any time. The Fund has also authorized PEMI to set up a marketing network and accredit sub-dealers or agents who are directly liable to PEMI. As such, PEMI will sell the Fund’s units through its Registered Certified Investment Solicitors and dealers with whom it has entered into distribution agreements. The Fund will not incur any income but instead PEMI will charge a management fee equivalent to seventy-five hundredths percent (0.75%) and a distribution fee equivalent to seventy-five hundredths percent (0.75%) for performing its function.

Any order for units may be rejected by PEMI. The SEC, the Fund, or PEMI may suspend the continuous offering of units to the general public at any time in response to conditions in the securities markets or otherwise and may thereafter resume such offering from time to time. Neither PEMI nor the eligible agents are permitted to withhold placing orders to benefit themselves from a price change.

DESCRIPTION OF UNITS TO BE REGISTERED

Category of the Fund

The Fund is a growth oriented open-ended unitized mutual and is categorized as a medium to high risk investment.

Profile of Prospective Investors

The Fund aims to reach prospective investors who are looking for an alternative to traditional deposits and has some familiarity with equities and fixed income securities. These prospective investors should be made aware that the proceeds from the sale of securities shall be primarily invested in exchange listed securities and/or fixed income securities and should consider the risks involved before investing in the Fund.

Procedure for Handling Customer Complaints

In case of complaints, investors may contact:

Philequity Management Inc,

15th Floor PSE Tower, 5th Avenue corner 28th Street, BGC, Taguig City 1634

E-mail: ask@philequity.net

Website: www.philequity.net

Telephone No.: +63 2 8250 8700

Office Hours: Monday to Friday 8:30 a.m. to 5:30 p.m.

Complaints are logged for monitoring purposes. Philequity Management Inc. endeavors to resolve your complaint at the soonest possible time. A company representative will reply to your complaint sent through e-mail within 24 hours upon receipt.

A Code of Business Conduct in dealing with sensitive information covers Philequity Management employees. Rest assured that all Investor information and details about any complaint would remain private and confidential.

Alternatively, you may contact the Securities and Exchange Commission at <https://www.sec.gov.ph/22153-2/>. Philequity Management Inc, is regulated by the Securities and Exchange Commission (SEC).

Procedure for Monitoring Fund Distribution

As principal distributor of the Fund, PEMI shall monitor all sales and redemptions of the Fund and provide a monthly report on fund distribution to the Commission. PEMI shall maintain records of said reports which may be subject to inspection or audit by the Fund at any time.

Policies on the Conflict of Interest, Management and Procedures in Monitoring and Resolving Conflicts Of Interest

The Directors and Officers of the Fund shall always act in the best interest of the Fund, in a manner characterized by transparency, accountability and fairness. Fair business transactions should occur with the Funds' counterparties such as the Fund Manager, Distributor, Transfer Agent, and Custodian. Directors and officers shall ensure that personal interest is not in conflict with the interest of the Fund, and they shall not use their position to profit, gain or take advantage of any situation that may compromise impartiality. If an actual or potential conflict of interest arises on the part of a director or officer, he or she should fully and immediately disclose it and should not participate in the decision-making process. A director or officer who has a continuing material conflict of interest should seriously consider resigning from his or her position.

Delegation of Fund Management or Custody of Assets, if any

Fund Management services has been appointed to PEMI. Please see the Management Agreement in Exhibit 6 A.

Custody of Assets has been appointed to BPI Asset Management and Trust Corporation. Please see the Custody Agreement in Exhibit 6B.

Rights of a Unitholder in case of Dissolution

The Funds' custodians safe keeps the securities and in case of company dissolution and upon liquidation of the assets, the Fund shall payout the applicable redemption price to its Unitholders under a distribution process to be determined by the Board of Directors of the Fund. The Fund shall submit a Redemption Plan to the Commission prior to its dissolution.

Statement of liability of the shareholders to the Investment Company

The liability of or loss to the Unitholders of the Fund shall be limited to their investments in the Fund.

At incorporation, the Fund had an ACS of One Million Pesos (PHP 1,000,000) divided into One Million (1,000,000) unclassified common shares with a par value of PHP 1.0000 per share.

The Fund is authorized to offer One Hundred Billion (100,000,000,000) Units of Participation with an initial net asset value of One Peso (₱1.00) per Unit.

Each unitholder of the Fund shall have the following rights:

A. Right of Notification

Unitholders are entitled to be notified of any significant changes to the Registration Statement and the Subscription Agreement. Unitholders shall be notified of these changes at least thirty (30) days before the change is to take effect. Where the change cannot be determined in advance, the investors shall be informed as soon as practicable.

B. Right of Redemption

Upon the presentation to PEMI or any of the Fund's duly authorized representatives of the Custodian Receipt(s) and the stock certificate(s) for redemption if they have been issued, the unitholder is entitled to receive by way of redemption approximately his proportionate unit of the Fund's current net assets in a form of cheque, i.e. the net current asset value per unit, subject to existing laws and the By-Laws of the Fund.

C. Dividends

Unitholders are not entitled to dividends of the Fund. The Fund may allow non-guaranteed unit-paying and/or income-paying feature/s if so declared and approved by the Board of Directors of the Fund, and accordingly permitted by the Securities and Exchange Commission.

D. Restriction on Transfers

No transfer of units of the Fund which would reduce the stock ownership or equity interest of Filipino citizens to less than the percentage required by applicable laws or regulations shall be caused or allowed to be recorded in the books of the Fund.

E. Modification of Rights of Unitholders

The rights of Unitholders shall not be modified except by amendment of the Fund's Registration Statement or Subscription/Redemption Agreement.

Other than the above and those provided by law, there are no other material rights accorded to the unitholders. Unitholders do not have voting and pre-emptive rights.

INTERESTS OF NAMED EXPERTS AND INDEPENDENT COUNSEL

There are no experts or independent counsels hired on a contingent basis who received or will receive a direct or indirect interest in the Fund.

OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The other expenses related to issuance and distribution as of September 30, 2023 is as follows:

Documentary Stamp Tax	10,000
Registration Statement Fees	3,050
Total	13,050

INFORMATION WITH RESPECT TO THE REGISTRANT

DESCRIPTION OF BUSINESS

The Fund

Philequity Dynamic Allocation Fund, Inc. is a domestic corporation duly authorized to operate as an open-ended investment company with an investment objective of achieving returns by primarily investing in equity and/or fixed income securities. The Fund may also invest a portion of its investible funds in commercial papers, certificates of deposited, derivatives and other short-term instruments and was incorporated on July 5, 2023 under SEC Registration No. 2023070106565-02.

Competition

As of October 31 2023 there are seventy 70 mutual funds being offered to the public. The Fund is categorized as a dynamic fund and is in direct competition with three (3) other peso denominated dynamic funds in the industry.

While the other mutual funds have large distribution networks, the Fund's main advantage is its reputation for providing superior returns to its investors. Prospective investors can expect the same style and acumen for fund management.

Transactions with and/or dependence on related parties

The Fund does not foresee to have any transactions with and dependence on related parties.

Compliance with the Investment Company Act

The Fund is primarily governed by the Securities and Exchange Commission (SEC). Specifically, the Fund shall comply with the implementing rules and regulations of R.A. 2629 or the Investment Company Act and any other amendments thereunto.

Other Laws and Government Policies Applicable to the company and Procedures to Ensure Compliance with Relevant Laws and Regulation

The Compliance Officer is tasked to ensure compliance with relevant laws and regulations. The Compliance Officer shall have the following functions:

- a. To have a system designed to achieve compliance with the SRC, ICA and their IRR, SEC Memorandum Circulars, Corporate Governance Rules and such other applicable laws, such as, but not limited to, the Anti-Money Laundering Act, Data Privacy Act;
- b. Comply with the orders or resolutions of the Commission, or any of its Department;
- c. Oversee the compliance with the requirements of the Commission relative to the closure of the business of an Investment Company and Fund Manager;
- d. Ensure that all CISols are registered and notify the Commission of any resignation; and
- e. Exercise due diligence in the conduct of his/her compliance function.

The Compliance Officer shall take adequate steps to ensure that the Fund is compliant with new laws and regulations that are enacted or issued and shall formulate new control procedures in response to any regulatory amendments. The Compliance Officer is expected to keep management, the Board of Directors and Officers abreast with relevant laws and regulations at all times.

Annual Shareholders' Meeting

The annual shareholders' meeting of the Fund shall be held at the Fund's principal office every last Friday of September of each year, or such date and time as may be fixed by the Board of Directors.

Prevention of Money Laundering and Terrorist Financing

As part of the Fund's responsibility for the prevention of money-laundering under the AMLA, as amended, the Terrorism Financing Prevention and Suppression Act of 2012 (R. A. 10168) and other relevant rules and regulations, the Fund or any entity acting on its behalf may require evidence verifying the identity of a prospective purchaser of units and the source of the relevant funds. Whether or not such evidence will be required and, if so, the nature and extent of such evidence will depend on attendant circumstances. The Fund, including any entity acting on its behalf, reserves the right to request such

information it considers necessary to verify the identity of a proposed purchase of units in each case. The Fund also reserves the right to refuse to accept a subscription for units in the event of delay or failure in the provision of any such required information.

In case of issuance of any freeze order, the Fund shall immediately preserve the subject property or funds upon receipt of the notice of a freeze order, in accordance with the order of the court of competent jurisdiction or the AMLC. The owner or holder of the property or funds shall be given a copy of the notice of the freeze order.

Compliance with Data Privacy Act of 2012 (Republic Act No. 10173)

To enable the Fund to comply with the requirements of the Data Privacy Act of 2012 (Republic Act No. 10173) and its implementing rules and regulations, the Fund requires all investors to expressly authorize the Fund to collect and process his/her personal and sensitive personal information and any information related to him/her and his/her account as well as its sharing, transfer and/or disclosure to any of the Fund's affiliates, agents and representatives, industry associations and third parties such as but not limited to outsourced service providers, external auditors, and local and foreign regulatory authorities in relation to any matter including but not limited to those involving anti-money laundering and tax monitoring, review and reporting, statistical and risk analysis, provision of any products, service, or offers made through mail/email/fax/telephone, customer satisfaction surveys, compliance with court and other lawful orders and requirements. The Fund further requires the investors to hold the Fund and PEMI free and harmless from any liability that may arise from any transfer, disclosure, processing, collection, use, storage or destruction of said information.

Compliance with Foreign Account Tax Compliance Act

In compliance with local and foreign regulatory requirements, the Fund requires the investor to notify the Fund in writing and provide the required details or documents within thirty (30) days from a change of his/her circumstances. Change of circumstances means any change in the investor's circumstances which results in the Fund being subject to tax reporting and withholding requirements under local and/or foreign laws applicable to the investor or investor's property (such as the US Foreign Account Tax Compliance Act). There is a change of circumstances if there is a change in the investor's contact information, identification documents, place of residence, citizenship of the owner or beneficiary, or other circumstances as defined under applicable laws.

Failure to accomplish the foregoing gives the Fund the right to exercise any of the following: a) continue the account on the same terms and conditions, b) continue the investment on the same terms and conditions and deduct from it any amounts that the Fund has to withhold under the applicable laws, or c) terminate the investor's account. The right to terminate the account will only be exercised after the investor has failed to provide the required information within thirty (30) days from written notice from the Fund and only after the Fund is unable to transfer the investor's policy or take any steps other than termination in order to comply with applicable laws.

PROPERTIES

Operations will be conducted within the premises of the fund manager. All facilities are either owned or provided by the fund manager. The Fund has neither properties under its fixed assets accounts nor hires employees for its operation.

LIABILITIES OF THE INVESTMENT COMPANY AND THE FUND MANAGER TO THE SHAREHOLDERS

Nothing in this Prospectus shall be construed as a guaranty of return or income; nor does it entitle the investor/s to a fixed rate of return on the money invested by him/her in the fund. PEMI shall not be liable for any loss or depreciation in the value of the fund or in the value of investor's shareholdings unless attributed to PEMI's act of fraud, willful default, gross negligence, or evident bad faith. It is understood that mutual funds are not bank deposit products, not guaranteed by PEMI, not covered by the Philippine Deposit Insurance Corporation, and that losses, if any, are for the sole account of the investor/s.

LEGAL PROCEEDINGS

The Fund is not involved in any litigation or disputes. As of date, the Fund does not foresee any legal dispute to be instituted either by any government agency or entity or by third parties.

The Fund is not involved in, nor is any of its properties subject to, any material legal proceedings that could potentially affect their operations and financial capabilities.

There is no material pending legal proceeding to which the Fund, its Fund Manager, or any of its subsidiaries or affiliates is a party or in which any of its properties are the subject of the proceeding.

MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDERS' MATTER

Market Information

There is no established public trading facility or market for the units of the Fund. The Fund's units shall be sold through its appointed Principal Distributor.

Holdings

As of October 31, 2023 the Fund has 12 shareholders and no unitholders.

Recent Sales of Unregistered Securities

There has been no recent sale of unregistered securities.

Dividends

The Fund only intends to issue units of participation. Unitholders are not entitled to dividends of the Fund. The Fund may allow non-guaranteed unit-paying and/or income-paying feature/s if so declared and approved by the Board of Directors of the Fund, and accordingly permitted by the Securities and Exchange Commission.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the financial statements of the Company and notes thereto included elsewhere in this Prospectus. The Company cautions prospective investors that its business and financial performance are subject to substantive risks and uncertainties.

Plan of Operation

The Fund was incorporated to carry out the general business of an open-end mutual fund.

The principal sources of income shall be the returns on its investments as stated in the Investment Objective and Policies as well as, proceeds from the sale of its units to the public.

The Fund will not undertake any product research and/or development during its operations. It does not foresee any significant changes in the number of employees in the next twelve (12) months.

Management's Discussion and Analysis

1. Financial Condition and Liquidity

The table below would present the Fund's assets, liabilities and equity.

Financial Position	Audited
	September 30, 2023

Total Assets	972,465
Total Liabilities	0
Total Equity	972,465

2. NAV Per Share

As an open-end mutual fund company, the Fund stands ready at any time for redemptions on its outstanding capital stock at Net Asset Value (NAV) per share.

		<u>30-Sep-23</u>
NAV Attributable to holders of redeemable shares (a)	P	972,465
Number of Common Shares Outstanding (b)		1,000,000
NAV per share (a/b)	P	0.9725

3. Operating Revenues and Expenses

Revenue increased due to interest income earned from money market placements. Expenses include organizational costs like SEC licenses, DST and professional fee

Statement of Income	Audited 30-Sep-23
Total Income	P 174
Total Expenses	27,674
Net Loss	P (27,500)

4. Earnings per Share

The following table reflects the net earnings/loss per share data:

Earnings Per Share	Audited 30-Sep-23
Net Income (Loss)	P (27,535)
Divided by Weighted Average No. Of Shares	1,000,000
Earnings (Loss) Per Share	P (0.0275)

5. Key Ratios

The Fund sets certain performance measures to gauge its operating performance periodically to assess its overall state of corporate health. Listed below are the major performance measures, which the Fund has identified as reliable performance indicators:

	Audited
	September 30, 2023
Current Ratio	0.00%
Acid Test Ratio	0.00%
Solvency Ratio	0.00%
Debt-to-Equity Ratio	0.00%
Asset-to-Equity Ratio	100.00%
Interest Rate Coverage Ratio	N/A
Return on Assets	-2.83%
Return on Equity	-2.83%
Net Profit Margin	-0.63%

6. Top Five Key Performance Indicators

The Fund uses the following five key performance indicators to assess its performance relative to its competitors:

Performance vis-à-vis the Benchmark

The Fund will use the Philippine Stock Exchange Index (50%) and the Bloomberg Sovereign Bond Index AI (50%) as its benchmark in order to compare the Fund's performance.

Assets under Management

One of the ways to measure the Fund's performance is the increase of its Assets under Management. The movement of the Fund's assets can be measured in two ways: net sales and marked-to-market valuations. The Fund shall focus on the net sales of its shares as an indication of investor confidence in the Fund's performance.

Market Share in the Industry

This indicator is related to Assets under Management whereby the performance of the Fund will have a direct impact on the Assets under Management of the Fund and thus either increase or decrease its market share.

Listed below are the Net Assets of active dynamic mutual funds as of October 31, 2023:

	Net Assets (P'M)	% of Total
ATRAM Dynamic Allocation Fund, Inc.	109.94	11%
First Metro Save and Learn F.O.C.C.U.S. Dynamic Fund, Inc.	271.28	27%
Sun Life Prosperity Dynamic Fund, Inc.	612.85	62%
Total	994.07	100%

Performance vis-à-vis Competition

Categorized as a dynamic fund based on the Philippine Investment Fund Association's classification, the Fund's performance will most likely be compared to multi-asset mutual funds in the industry.

NAV Growth vis-à-vis Industry Growth

The Fund's performance is measured by the movements in its NAV. The Fund aims to measure its NAV movement over a series of time periods to assess its performance against the industry which in this case are multi-asset funds.

Information on Independent Accountant and Other Related Matters

1. External Audit Fees and Services

1. Audit and Audit Related Fees

The total audit fee is ₱ 30,000 for the interim period September 30, 2023. These fees pertain to the audit of the financial statements of the Fund in relation to statutory and regulatory filings.

There are no other assurance and related services rendered by the external auditor that are reasonably related to the performance of the audit of the Fund's financial statements.

2. Tax Fees

There were no professional services rendered by the external auditor for tax accounting, compliance, advice, planning and any other form of tax services.

3. All Other Fees

There were no products and services provided by the external auditor, other than its external audit services.

Changes in and disagreements with Accountants on Accounting and Financial Disclosure

There has not been any instance of changes in or disagreements with SyCip, Gorres, Velayo & Company on accounting and financial disclosures.

Janeth T. Nunez-Javier, CPA serves as the handling partner on the external auditor of the fund.

MANAGEMENT AND CERTAIN SECURITY HOLDERS

DIRECTORS AND EXECUTIVE OFFICERS

As of the date of filing of this Registration Statement, the names, citizenship and ages of all incumbent Directors and Executive Officers of the Company, are as follows:

Name	Citizenship	Age	Position	Term
Ignacio B. Gimenez	Filipino	78	Chairman and President	2023 to Present
Violeta O. Luym	Filipino	76	Director and Treasurer	2023 to Present
Daniel A. Ongchoco	Filipino	55	Independent Director	2023 to Present
Norman L. Wee	Filipino	50	Independent Director	2023to Present
Leo M. Garcia	Filipino	88	Director	2023 to Present
Felipe U. Yap	Filipino	86	Director	2023 to Present
Gregorio U. Kilayko	Filipino	68	Director	2023to Present
Atty. Jonathan P. Ong	Filipino	56	Corporate Secretary	2023 to Present
Kevin Neil A. Sy	Filipino	38	Assistant Treasurer	2023 to Present
Ma. Angelica D. Cabanit	Filipino	54	Compliance Officer	2023 to Present

Hereunder is a discussion on the business experiences of the incumbent members of the Board of Directors and Executive Officers:

Ignacio B. Gimenez

Mr. Gimenez is the Chairman and President of the following mutual funds: Philequity Fund, Inc., Philequity Dollar Income Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity PSE Index Fund, Inc. (2006 to present), Philequity Dividend Yield Fund (2012 to present), Philequity MSCI Philippines Index Fund, Inc. (2017 to present) and Philequity Alpha One Fund, Inc. (2019 to Present). Concurrently, he is also a Director of Vantage Equities Inc., and Vantage Financial Corporation. At the same time, he also holds positions as Vice President and Trustee of Philippine Investment Funds Association (PIFA) and as Corporate Secretary of I.B. Gimenez Securities, Inc. He holds a graduate degree in Business Administration from the Asian Institute of Management (1970) and a college degree from the University of the Philippines (1967).

Violeta O. Luym

Ms. Luym is a Director and the Treasurer of the following mutual funds: Philequity Fund, Inc. (1994 to present), Philequity Dollar Income Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity PSE Index Fund, Inc. (1999 to present), Philequity Dividend Yield Fund, Inc. (2012 to present), Philequity MSCI Philippines Index Fund, Inc. (2017 to present) and Philequity Alpha One Fund, Inc. (2019 to present). She holds a Master's Degree in Business Administration from the University of California Los Angeles (1968) and a Bachelor of Science Degree in Business Administration from the Assumption College (1967).

Daniel A. Ongchoco

Mr. Ongchoco is the Independent Director of the following mutual funds: Philequity Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity Dollar Income Fund, Inc., Philequity Index Fund, Inc. and Philequity Dividend Yield Fund, Inc. (2021 to Present). He is currently the Chairman and CEO of Synermaxx Corporation (2006-present) and King Boone Enterprise Unlimited, Inc. (2002-present). He also serves as President of Gardner College (1995-present) and GNO Tech Resources, Inc. (2001-present), and Executive Chairman of Gates Professional Schools (2011-present) and Global Quality Education Providers, Inc. (2005-present). He is also the Vice President of Alco Business Corporation (1994-present), and sits as an Independent Director of Philippine Nutri-Foods Corporation (2009-present) and Health & Development Solutions, Inc. (formerly NCP Publishing Corporation) (2009-present). Previously, he was a Director in Alorica Philippines (2002-2007), Indio Communications Design, Inc. (2003-2012), and iBazaar, Inc. (2011-2020). Mr. Ongchoco holds a double degree in Economics (summa cum laude) and Management of Financial Institutions (also summa cum laude) from De La Salle University Manila.

Norman L. Wee

Mr. Wee is an Independent Director of Philequity Fund Inc. (2018 to Present), Philequity MSCI Philippines Index Fund, Inc. and Philequity Alpha One Fund, Inc. (2019 to Present) and currently the Chief Financial Officer of W Group Inc. and W Landmark Inc. He is also a Director and Vice President of W Hydrocolloids Inc. Mr. Wee holds a Bachelor's Degree in AB Management from De La Salle University College of St. Benilde (1995).

Leo M. Garcia

Mr. Garcia is a Director of the following mutual funds: Philequity PSE Index Fund, Inc. and Philequity Dividend Yield Fund, Inc (2013 to present), Philequity MSCI Philippines Index Fund, Inc. (2017 to present) and Philequity Alpha One Fund, Inc. (2019 to Present). Mr. Garcia was formerly the President of LM Garcia Securities Corporation (1980 to 1997). Mr. Garcia holds a Bachelor of Science in Business Administration degree from the University of the Philippines (1958).

Gregorio U. Kilayko

Mr. Kilayko is a Director of Philequity PSE Index Fund, Inc. (2013 to Present), Philequity MSCI Philippines Index Fund, Inc. and Philequity Alpha One Fund, Inc. (2021 to Present).. He also an Independent Director of the following corporation: SM Prime Holdings (2008 to present), Belle Corporation (2003 to present). He holds a Bachelor of Science Degree in Industrial Management Engineering from De La Salle University (1978) and a Management of Business Administration from the Wharton School University of Pennsylvania (1981)

Felipe U. Yap

Mr. Yap is the Director of the following funds: Philequity PSE Index Fund, Inc., Philequity Fund, Inc., Philequity Peso Bond Fund, Inc. and Philequity Dollar Income Fund, Inc (2000 to Present). Since 1988 until the present year, he is the Chairman of the Board and Chief Executive Officer of Lepanto Consolidated Mining Company, Lepanto Investment & Development Corporation, Diamant Manufacturing and Trading Corporation (formerly Diamant Boart Philippines, Inc.), Diamond Drilling Corporation of the Philippines, Far Southeast Gold Resources, Inc., Manila Mining Corporation and Shipside, Inc. He is the Chairman of the Board of First-Lepanto Taisho Insurance Corporation (1989- present), Lepanto Ceramics, Inc. (1990-present), Kalayaan Copper-Gold Resources, Inc. (2007-present), Prime Orion Philippines, Inc. (2000-present), Yapster e-Conglomerate (2000-present), and Zeus Holdings, Inc. (2001-present). He is also Vice Chairman of Ayala Land Logistics Holdings Corporation (2016- present). He is the President of BA-Lepanto Condominium Corporation (1988-present) and Director of the following Philippine Corporation namely: Cyber Bay Corporation (2000-present), Manila Peninsula Hotel, Inc. (1994-present), FLT Prime Insurance Corporation (2016-present) and Philippine Associated Smelting and Refining Corporation (2000-present). He also holds membership in the following organizations: Management Association of the Philippines, The Conference Board, and Makati Business Club. He holds a degree in B.S. Philosophy from the University of San Carlos, Cebu City.

Atty. Jonathan P. Ong

Atty. Ong is the Corporate Secretary of Vantage Equities, Inc., Vantage Financial Corporation, Philequity Management and the following funds: Philequity Fund, Inc., Philequity PSE Index Fund, Inc., Philequity Dividend Yield Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity Dollar Income Fund, Inc., Philequity MSCI Philippines Index Fund, Inc. and Philequity Alpha One Fund, Inc. (2020 to Present). He obtained his Bachelor of Science (Economics) degree from the U.P. School of Economics on April 2, 1989 and his Bachelor of Laws degree from the U.P. College of Law on April 24, 1993. He took the bar examinations in September 1993 and was admitted to the Philippine Bar on March 15, 1994. He joined the law firm of Atty. Mario E. Ongkiko sometime in 1994. In June 1996 he became in-house counsel of the erstwhile International Exchange Bank until August 31, 2006. He then joined Maybank Philippines (MPI) in November 2006 as the Head of its Legal Department, and was appointed as its Corporate Secretary in May 2007, positions which he held until July 19, 2019. He is also the Corporate Secretary of the affiliates of MPI in the Philippines – Philmay Property, Inc. and

Philmay Holdings, Inc. He is currently special counsel to the DisiniButed and Disini law offices, which he advises on matters involving banking and litigation, and a senior associate at the Valerio Law Offices.

Kevin Neil A. Sy

Mr. Sy is the Assistant Treasurer of the following funds: Philequity Fund, Inc., Philequity PSE Index Fund, Inc., Philequity Dividend Yield Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity Dollar Income Fund, Inc. (2015 to Present), Philequity MSCI Philippines Index Fund, Inc. (2017 to Present), and Philequity Alpha One Fund, Inc. (2019 to Present). Concurrently, he is also a Director of Vantage Equities Inc., and Vantage Financial Corporation. Lastly, He is also the President of Wealth Securities Inc. Mr. Sy holds a Bachelor of Science in Corporate Finance and Accounting from Bentley College (2007).

Ma. Angelica D. Cabanit

Ms. Cabanit is the Compliance Officer of Vantage Equities, Inc., Vantage Financial Corporation, Philequity Management and the following funds: Philequity Fund, Inc., Philequity PSE Index Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity Dollar Income Fund, Inc. (2010 to Present), Philequity Dividend Yield Fund, Inc. (2013 to Present), Philequity MSCI Philippines Index Fund, Inc. (2017 to Present), and Philequity Alpha One Fund, Inc. (2019 to Present). Ms. Cabanit is a graduate of Bachelor of Science in Commerce major in Accounting from St. Scholastica's College (1989).

INCORPORATORS

The following are the incorporators of the fund:

1. Edmundo Marco P. Bunyi, Jr.
2. Ignacio B. Gimenez
3. Joseph L. Ong
4. Valentino C. Sy
5. Wilson L. Sy

SIGNIFICANT EMPLOYEES

The Fund has no significant employees, or persons other than the above-named directors and officers who are expected to make a significant contribution to the business of the Fund.

FAMILY RELATIONSHIPS

There are no family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers or persons nominated or chosen by the Registrant to become directors or executive officers.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

Except as provided in the succeeding paragraph, to the best of the Company's knowledge, there has been no occurrence within the past five (5) years of any of the following events that are material to an evaluation of the ability or integrity of any director, any nominee for election as director or executive officer of the Company:

1. any bankruptcy petition filed by or against any business of which any of the incumbent directors or executive officers of the Company was a general partner or executive officer, either at the time of the bankruptcy or within two years prior to that time;
2. any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses, against any of the incumbent directors or executive officers of the Company;
3. any order, judgement, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any of the incumbent directors or executive officer of the Company in any type of business, securities, commodities or banking activities;
4. any finding by domestic or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, that

any of the incumbent directors or executive officer of the Company has violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated.

In May, 2013, the BIR filed a P169.83M case for tax evasion against Philmay Property, Inc. (PPI) an affiliate of Maybank Philippines, Inc. Included in the case were its President and CEO – Mr. Ong Seet Joon, Treasurer – Atty. Rafael A. Morales, Corporate Secretary – Atty. Jonathan P. Ong, Sales and Marketing Head – Mr. Benjamin Q. Lira and Accounting Associate Michelle F. Reyes. The case arose from PPI’s supposed tax deficiencies, as follows: tax deficiencies, including surcharge and interest: P37.81 million in income tax deficiency, P73.13 million in value-added tax deficiencies P15.57 million in documentary stamp tax deficiency P43.32 million in expanded withholding tax. The proceedings in the DOJ were suspended because PPI questioned the assessments on which the tax evasion case was based on with the Court of Tax Appeals (CTA). On May 23, 2018 the CTA second division issued a decision cancelling and withdrawing the assessments on which the tax evasion case of the BIR was based on, but ordered PPI to pay the amount of P276, 381.24 as deficiency DST for fiscal year 2009, plus interest and surcharges, which it did. The BIR filed a motion for reconsideration but it was denied. The BIR elevated the decision of the CTA 2nd division to the CTA en banc. On February 5, 2020 the CTA en banc affirmed with modification the decision of the CTA 2nd Division and declared the assessments on which the BIR’s case for tax evasion was based on as null and void. The BIR appealed this to the Supreme Court in February 2020.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

The Fund’s directors receive a per diem for their attendance at regular or special meetings of the Board at the rate of PHP 10,000.00 per meeting. There are no other forms of compensation which such directors are entitled to receive for meetings attended, other than said per diem. Such remuneration to be paid for by the Fund may be adjusted in the future as may be warranted by existing fund levels and other factors.

For the year 2022 and 2023, each director received Php 10,000.00 per Diem per meeting. For the year 2024, the Fund forecasts a total per Diem of Php 40,000.00 for each director.

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Record and Beneficial Owner

Security Ownership of Management

As of December 31, 2023 the following is a tabular presentation of the shares recorded under the name of the directors and executive officers of the Company:

Title of class	Name of beneficial Owner	Amount and nature of beneficial ownership		Citizenship	Percent
Common	Ignacio B. Gimenez	1	Chairman and President	Filipino	0.00%
Common	Violeta O. Luym	1	Director and Treasurer	Filipino	0.00%
Common	Gregorio U. Kilayko	1	Director	Filipino	0.00%
Common	Norman L. Wee	1	Independent Director	Filipino	0.00%
Common	Leo M. Garcia	1	Director	Filipino	0.00%
Common	Daniel A. Ongchoco	1	Independent Director	Filipino	0.00%
Common	Felipe U. Yap	1	Director	Filipino	0.00%

Voting Trust Holders

Vantage Equities, Inc., with office address at 15th Floor, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City, is the only person that owns at least ten percent (10%) of the outstanding voting securities of the Fund. Vantage owns (99%) of the shares of the fund.

NAME	TIN No.	CITIZENSHIP	NO. OF SHARES SUBSCRIBED	AMOUNT OF CAPITAL STOCK SUBSCRIBED
Vantage Equities, Inc. (SEC Reg. No. ASO92-007059)	002-010-620	Filipino	999,989	P999,989.00

Changes in Control

There are no arrangements which may result in the change in control of the Company.

CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS

The Fund has a Management and Distribution Agreement with PEMI, the fund manager. Transactions are based on terms agreed by related parties. As of Sep 30, 2023, PEMI has not yet charged the Fund management fee since it has not yet launched to the public.

Pursuant to the terms of the Management and Distribution Agreement, the Fund shall pay an annual management and distribution fee of one and a half percent (1.5%) of the average NAV of the Fund's assets. The NAV shall be determined in accordance with the procedures agreed upon by both parties. Also, the Fund shall remit to PEMI sales commission of a maximum of 5% of the gross investment based on tiered-front end sales schedule.

PARTIES INVOLVED IN THE FUND

INVESTMENT MANAGER AND PRINCIPAL DISTRIBUTOR

Philequity Management, Inc. (PEMI) is the investment manager, advisor and principal distributor of the Fund. It is duly licensed with the SEC as an Investment Company Adviser with Certificate of Registration No. 01-2004-00156 issued on 30 March 2004 and License Number ICA-00007. PEMI has a solid track record in fund management, being the investment manager and principal distributor of Philequity Fund, Inc., Philequity Dividend Yield Fund, Inc., Philequity Dollar Income Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity PSE Index Fund, Inc., Philequity MSCI Philippines Index Fund, Inc. and Philequity Alpha One Fund, Inc.

The guidelines for management of the resources and operations of the Fund are set in the Management and Distribution Agreement between the parties.

PEMI Board of Directors and Officers

The following are the PEMI Board of Directors and Officers:

Roberto Z. Lorayes

Mr. Lorayes is the Chairman of PEMI. He is also a director of Vantage Equities, Inc. and Vantage Financial Corporation, Inc. (1994 to present). In the past, he served as Chairman of the Philippine Stock Exchange (1993 to 1994) and Investment Companies Association of the Philippines (2005-2008). He also served as President of Manila Stock Exchange (1991-1992), UBP Securities (1989-1993), Citicorp (1987-1989), CT Corp, Scringeour, Vickers (1987-1989), and as a director of Philippine Central Depository (1995-1996). He received his Bachelor of Science in Commerce degree and Bachelor of Liberal Arts degree in De La Salle University (1966). He holds a Masters degree in Business Management from Ateneo de Manila University (1969).

Edmundo Marco P. Bunyi, Jr.

Mr. Bunyi is currently the President of PEMI. He is also the President and Chief Executive Officer of Vantage Equities, Inc. and Vantage Financial Corporation. He is the former Senior Vice President and Treasurer of International Exchange Bank (1995 to 2004), Assistant Vice President and Head of FCDU & FX Sales of United Coconut Planters Bank, Assistant Manager for Corporate Banking Group of Far East Bank and Trust Company, and Assistant Manager for the Corporate

Banking Department of Union Bank of the Philippines. He holds a degree in Management Engineering from the Ateneo de Manila University (1985).

Joseph L. Ong

Mr. Ong is both the Treasurer and a Director of PEMI. Mr. Ong is the treasurer of the Company. In 2003, he became a director of Philequity. Previously, he was connected with Exxon Chemicals serving various functions in sales, marketing, audit, and logistics operation both here and abroad. Currently, he is engaged in the import and distribution of industrial chemicals. Mr. Ong holds a degree in Chemical Engineering, magna cum laude, from De La Salle University.

Andy O. Co

Mr. Co is an Independent Director of PEMI. He is also an Independent Director of Vantage Equities, Inc. and of Vantage Financial Corporation. Mr. Co is currently the President of Technicom Electronics Corp., the largest distributor of Plantronics and Polycom products in the Philippines since 1990. The company powers authentic human connection and collaboration through unified communications. Mr. Co obtained his Bachelor of Science degree in Electrical Engineering from the University of the Philippines, Diliman in 1975.

Bert C. Hontiveros

Mr. Hontiveros is an Independent Director of PEMI. Concurrently, he is also an Independent Director of Vantage Equities, Inc. and Vantage Financial Corporation and the General Manager of HB Design Power Systems (2000 to present). He obtained his Bachelor of Science in Industrial Engineering from University of the Philippines in 1975.

Antonio C. Moncupa, Jr.

Mr. Moncupa is the Independent Director of Philequity Management, Inc (2023 to Present). Concurrently, he is also the Independent Director of Vantage Equities, Inc. and Vantage Financial Corporation. After 37 years, Mr. Moncupa retired from Banking in early 2023. Right before retirement, he served as CEO of EastWest Bank, Chairman and President of the Bankers Association of the Philippines, Chairman of East West Rural Bank and East West Insurance Brokers, and director of EastWest Ageas Life Insurance, Philippine Payments Management, Inc., the Philippine Dealing System group of Companies. He was also in the board of the Polytechnic University of the Philippines and Philippine Rural Reconstruction Movement. Mr. Moncupa completed his degrees in Accounting and Economics from De La Salle University and his MBA from the University Of Chicago Booth School Of Business.

Willy N. Ocier

Mr. Ocier is a Director of PEMI. He is also a Director of Vantage Financial Corporation. and Vantage Equities, Inc. At the same time, he is also the Chairman and President of Pacific Online Systems Corporation (1999 to present) and serves as Vice Chairman of Belle Corporation and Co-Vice Chairman of Highlands Prime, Inc. (1999 to present). Concurrently, he is the Chairman of the Boards of the following corporations: APC Group, Inc. (2005 to present), Sinophil Corporation (2005 to present), Premium Leisure and Amusement, Inc. (1999 to present), Tagaytay Midlands Golf Club, Inc. (1999 to present), and Aragorn Power and Energy Corporation (1999 to present). He earned his Economics degree from the Ateneo de Manila University (1977).

Valentino C. Sy

Mr. Sy is a Director of PEMI. He is also the Chairman and Chief Executive Officer of Vantage Equities, Inc. Concurrently, he is a Director of Wealth Securities (1998 to 2011) and Vantage Financial Corporation, and the President of Equinox International Corp (1996 to present) and Wealth Securities (2011 to present). He holds a degree in Industrial Management Engineering from the De La Salle University (1977).

Wilson L. Sy

Mr. Sy is a Director of PEMI. He is the Chairman of Wealth Securities, Inc. (2016-present), Vice Chairman of Asian Alliance Holdings, Corp. and serves as Director of Vantage Equities, Inc., Vantage Financial Corporation, Xcell Property Ventures, Inc. (2005 to present), Monte Oro Resources & Energy, Inc. (2005 to present), the Philippine Stock Exchange (2016 – present) and Eastwest Banking Corporation (2016 – present). He was a former Chairman of the Philippine Stock Exchange, Inc. (1994 to 1995). He holds a degree in Management Engineering from the Ateneo de Manila University (1975).

Atty. Jonathan P. Ong

Atty. Ong is the Corporate Secretary of Vantage Equities, Inc., Vantage Financial Corporation, Philequity Management and the following funds: Philequity Fund, Inc., Philequity PSE Index Fund, Inc., Philequity Dividend Yield Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity Dollar Income Fund, Inc., Philequity MSCI Philippines Index Fund, Inc. and Philequity Alpha One Fund, Inc. (2020 to Present). He obtained his Bachelor of Science (Economics) degree from the U.P. School of Economics on April 2, 1989 and his Bachelor of Laws degree from the U.P. College of Law on April 24, 1993. He took the bar examinations in September 1993 and was admitted to the Philippine Bar on March 15, 1994. He joined the

law firm of Atty. Mario E. Ongkiko sometime in 1994. In June 1996 he became in-house counsel of the erstwhile International Exchange Bank until August 31, 2006. He then joined Maybank Philippines (MPI) in November 2006 as the Head of its Legal Department, and was appointed as its Corporate Secretary in May 2007, positions which he held until July 19, 2019. He is also the Corporate Secretary of the affiliates of MPI in the Philippines – Philmay Property, Inc. and Philmay Holdings, Inc. He is currently special counsel to the DisiniButed and Disini law offices, which he advises on matters involving banking and litigation, and a senior associate at the Valerio Law Offices.

CUSTODIAN

BPI Asset Management and Trust Corporation is the Fund's Custodian Bank. It is responsible for the safekeeping of the Fund's Assets.

TRANSFER AGENT

The transfer agent of the Fund is Philequity Management, Inc. The primary responsibility of the transfer agent is the accurate record keeping of individual shareholdings and the issuance and cancellation of stock certificates/depository receipts.

LEGAL COUNSEL

Valerio & Associate Law Office serve as the legal counsels of the Fund.

Atty. Roberto L. Tan, Atty. Ciselie Marie T. Gamo-Siyasan and Izzel Jarviz M. Arzadon serves as the lawyer who has given the opinion on the legality and tax matter of the fund

EXTERNAL AUDITOR

The external auditor of the Company is SyCip, Gorres, Velayo & Company

Janeth T. Nunez-Javier, CPA serves as the handling partner on the external auditor of the fund.

MATERIAL CONTRACTS AND AGREEMENTS

Following is a summary of the material terms of the principal agreements related to the business of the Fund and should not be considered to be a full statement of the terms and provisions of such agreements. Accordingly, the following summary is qualified by reference to each agreement and is subject to the full text of each agreement.

MANAGEMENT AND DISTRIBUTION AGREEMENT

Under this Agreement, Philequity Management, Inc. (PEMI) was engaged by the Fund to act as the investment manager and principal distributor of the Fund.

The scope of services and facilities of PEMI includes the following:

1. Manage the resources and operations of the Fund;
2. Invest and re-invest the assets of the Fund;
3. Prepare and submit such information and data relating to economic conditions, industries, business, corporation or securities as may be required by the Fund's Board of Directors;
4. Coordinate all activities and extend all necessary assistance to the custodian, auditors and legal counsel of the Fund;
5. Prepare and submit reports, circulars, notices and other information required by the Fund;
6. Provide representation with government offices, instrumentalities and agencies;
7. Provide accounting, bookkeeping, clerical and other administrative services;
8. Provide office space and other administrative facilities;

9. Transact with stockbrokers for the account of the Fund;
10. Distribute and sell shares of the capital stock of the Fund on a best efforts basis at a public offering price equal to the sum of (i) the net asset value per share in effect at the time of the sale of each share; and (ii) the sales load fee payable to the investment manager/principal distributor; and

In purchasing and selling securities and making or disposing of investments for the account of the Fund, PEMI may act without need of prior approval or prior notification to the Fund, provided that it is within the limits of the investment policies and guidelines prescribed by the Board of Directors of the Fund and subject to the provisions of applicable Philippine laws and regulation and the Registration Statement of the Fund.

The securities, certificates and other evidences of title to assets within the investment portfolio of the Fund shall be under the custody of the designated Custodian. PEMI may, either directly or through the Custodian, take charge of the collection of interest, dividends or other payments on all securities owned by the Fund, and shall exercise any and all rights of the Fund pertaining to such securities.

PEMI is entitled to a management fee charged monthly up to seventy five basis points annum of the average net asset value of the Fund's assets computed on a daily basis. In addition, PEMI is entitled to a distribution fee charged monthly amounting to 0.75% per annum of AUM. Lastly, the Fund shall pay PEMI the sales load charge, if any, for every sale of the Fund's units. PEMI reserves the right to waive the fee required to be paid on certain accounts.

The initial term of the Agreement is five (5) years. After such period, the agreement shall continue in effect from year to year, provided that such continuation shall be specifically approved by the Board of Directors of the Fund or by a vote of the majority of the outstanding unitholder of the Fund. The Agreement may be terminated at any time by the Board of Directors of the Fund, by vote of two thirds (2/3) of the outstanding capital stock of the Fund or upon written notice of not less than sixty (60) days.

CUSTODIAN AGREEMENT

Pursuant to the Terms and Conditions for BPI Asset Management and Trust Corporation Participants and participation agreement, BPI shall:

1. Hold the certificates representing the investments made by the Investment Manager on behalf of the Fund in accordance with the rules and regulations of the SEC; and
2. Fulfill such duties and responsibilities as set forth in the Custodian Bank Agreement.

BPI Asset Management and Trust Corporation agreement shall receive, safe keep, record, and account for the cash proceeds of the sale of the shares of stock of the fund.

STOCK TRANSFER AND DIVIDEND PAYING AGENCY AGREEMENT

Under this Agreement, PEMI was engaged by the Fund to act as the stock transfer and dividend paying agent of the Fund.

The scope of services and facilities of the transfer agent includes the following:

1. Register all the certificates of stock representing the capital stock of the Fund;
2. Prepare and issue stock certificates, as well as cancel certificates of stock presented for redemption;
3. File the reports pertaining to the Fund as may be required by the SEC and other governmental entities;
4. Prepare the list of stockholders and number of shares owned by each for all regular or special meetings of the stockholders of the Fund, upon prior written request of the Investment Manager;
5. Prepare and mail out all notices, reports and circulars to all stockholders of the Fund upon prior written request of the Investment Manager;
6. Compute cash and stock dividends;
7. Prepare and Mail checks for the payment of cash dividends and certificates covering number of shares declared as stock dividends;
8. Replace stock certificates reported as lost, stolen or destroyed;
9. Register all liens constituted on the shares of stock of the Fund;
10. Ensure all certificates issued are within the authorized capitalization of the Fund; and
11. Follow such duties and responsibilities as set forth in the Stock and Transfer Agency Agreement.

For its services as Transfer and Dividend Paying Agent, the AGENT shall be compensated in accordance with the following fee schedule:

1. An on boarding fee of Thirty Thousand Pesos (Php 30,000.00)
2. A monthly retainer's fee of Thirty Thousand Pesos (Php 30,000.00)
3. A fee of Forty Five Pesos (Php 45.00), for each scripless shares issuance or certificate issued by the AGENT and Twenty Pesos (Php 20.00) for each scripless shares cancellation/ certificate cancelled.
4. For the performance of special non-recurring functions such as proxy tabulation, stock rights and stock conversions, and other similar functions, all fees shall be subject to prior mutual agreement before the performance of each said special function if not otherwise agreed upon in Annex A of this Agreement.
5. For the preparation of cash dividend checks, the Agent shall charge the COMPANY the amount of Thirty Pesos (Php 30.00) per check.
6. All direct cost of records, reports, and forms, and all out-of-pocket expenses shall be chargeable to the COMPANY.

These fees are quoted with the understanding that they may be revised from time to time at the request of either party and adjusted on a mutually satisfactory basis.

CORPORATE GOVERNANCE

To fully comply with the adopted leading practices on good corporate governance, the Fund has prepared and approved its Manual on Corporate Governance on 28 July 2023.

The Company's Manual on Corporate Governance provides for, among others, the following:

1. Appointment of a Compliance Officer, who shall be an officer of the Company and have direct reporting responsibilities to the Chairman of the Board, and monitor and insure adherence with the provisions of the Manual of Corporate Governance.
2. Responsibilities, specific duties, and functions of the Board of Directors, which includes ensuring that the Company complies with all relevant laws, regulations and codes of best business practices. It shall be the Board's responsibility to foster the long-term success of the Company and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Company, its shareholders and stakeholders.
3. Creation of Board Committees, such as Audit Committee, the Nominations Committee and the Compensation and Remuneration Committee.
4. Procedures for monitoring and assessment of compliance with the Manual of Corporate Governance.
5. The conduct of a training process for the purpose of conducting orientation program or workshop to implement the Manual of Corporate Governance.
6. Penalties for non-compliance of the Manual of Corporate Governance.

EXPENSES CHARGEABLE TO THE FUND AND THE INVESTMENT MANAGER

1. CHARGEABLE TO THE FUND

- a. Compensation of the officers and directors of the Fund;
- b. Audit and legal fees;
- c. Brokerage charges and other customary fees and charges in connection with the acquisition, appraisal and disposition of the Fund's assets;
- d. Fees of the custodian bank and customary fees and charges in connection with the acquisition, appraisal and disposition of the Fund's assets.
- e. Fees of the Investment Manager as compensation for the services and facilities of the investment manager.
- f. Cost of printing and mailing reports, notices, proxy forms, and other communication to stockholders of the Fund, except those borne by the custodian bank;
- g. Fees of transfer agents for the shares of the Fund and other transfer fees to the extent not absorbed by buyers of the Fund's shares;
- h. Costs of the registration of the Fund with the SEC; and

- i. Taxes, including income taxes, license fees, documentary stamp taxes, to the extent not absorbed by buyers of the Fund's securities, including cost of bonding the Fund's personnel and officers as may be required by law or by rules and regulations of the SEC.

2. CHARGEABLE TO THE INVESTMENT MANAGER

- a. Salaries, bonuses, allowances and other compensation of the personnel hired by PEMI to perform the services in Section 1(a) of the Management and Distribution Agreement, including other costs incurred by PEMI's salesmen, personnel and officers, in connection with the selling of the Fund's shares as may be required by applicable Philippine law or by rules and regulations of the SEC;
- b. Expenses of providing the office space and other administrative facilities referred to in Section 1(b) of the Management and Distribution Agreement, including office rentals, cost of office equipment and supplies, cost of utilities, such as telephone, light and water facilities;
- c. All other operating expenses of the Fund, subject to the exceptions specified above under the topic Expenses Chargeable to the Fund.
- d. Costs of registration of units with the SEC.

LIST OF EXHIBITS

Exhibit 1	Publication of Notice re: Filing
Exhibit 2A	Articles of Incorporation
Exhibit 2B	By-laws
Exhibit 3	Instruments Defining The Rights of Security Holders
Exhibit 4	Opinion re: Legality
Exhibit 5	Opinion re: Tax Matters
Exhibit 6A	Management and Distribution Agreement
Exhibit 6B	Custodian Agreement
Exhibit 6C	Stock Transfer and Dividend Paying Agency Agreement
Exhibit 6D	Certification by the President and Chairman of the Board describing the involvement, if any, by management or members of the Board of Directors in companies which the investment company will be dealing with
Exhibit 7A	Notarized Curriculum Vitae of Officers and Directors of the Fund
Exhibit 7B	Notarized Curriculum Vitae of Officers and Directors of the Investment Manager
Exhibit 8	Authorization to Commission to access registrant's bank accounts
Exhibit 9	Copy of Board Resolution approving the securities offering and authorizing the filing of the Registration Statement
Exhibit 10	Duly verified resolution of the issuer's Board of Directors approving the disclosures contained in the registration statement and assuming liability for the information contained therein
Exhibit 11	Secretary's Certificate as to adoption by the Board of certain corporate governance principles
Exhibit 12	Secretary's Certificate as to approval and adoption of Anti-Money Laundering Operating Manual
Exhibit 13	Secretary's Certificate as to the election of the members of the Board of Directors