

# COVER SHEET

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S.E.C. Registration Number

P	H	I	L	E	Q	U	I	T	Y		D	O	L	L	A	R		I	N	C	O	M	E		F	U	N	D	,
I	N	C	.																										

(Company's Full Name)

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E	X	C	H	A	N	G	E		T	O	W	E	R	,	5	T	H		A	V	E	.	C	O	R	N	E	R	
2	8	T	H		S	T	.	B	O	N	I	F	A	C	I	O		G	L	O	B	A	L		C	I	T	Y	,
T	A	G	U	I	G		C	I	T	Y	,	M	E	T	R	O		M	A	N	I	L	A						

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

<b>MA. ANGELICA CABANIT</b>
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Contact Person

<b>8250-8713</b>
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Company Telephone Number

1	2		3	1
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Month Day

Fiscal Year

	1	2	-	1	
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FORM TYPE

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Month Day Year

Period Ended

<b>MUTUAL FUND</b>
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Secondary License Type, If applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

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Domestic

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Foreign

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To be accomplished by SEC Personnel concerned

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File Number

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Document I.D

\_\_\_\_\_ Cashier

<b>STAMPS</b>
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**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 12-1**

**REGISTRATION STATEMENT UNDER THE SECURITIES REGULATION CODE**

1. SEC Identification Number: **A199816216**
2. **PHILEQUITY DOLLAR INCOME 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. **201-883-916-000**  
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 28<sup>TH</sup> 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, telephone number and FAX number, including area 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 November 30, 2023)	P100,000,000,000.00	P10,000.00
Add: Legal Research Fee				100.00
Documentary Stamp Tax				30.00
<b>Total Registration Fees</b>				<b>P10,130.00</b>

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

<b>Management Fee</b>	0.50% of the average NAV of the Fund
<b>Distribution Fee</b>	0.50% of the average NAV of the Fund
<b>Depository Maintenance Fee</b>	Daily: 0.01% of market value of holdings divide by 360 days
<b>Transfer Agent Retainer</b>	Fixed monthly fee of P30,000.00 (excluding transaction charges)
<b>Custodian Fee</b>	0.015% per annum based on the Market Value of the Fund payable quarterly upon billing
<b>SEC Regulatory Fee for the Maintenance and Issuance of Units</b>	0.01% p.a. of average NAV
<b>External Audit Fee</b>	150,000 exclusive of 10% out-of-pocket expenses and 12% value-added taxes
<b>Directors Fee</b>	10,000.00 per diem, per meeting

**DRAFT PROSPECTUS**

**OF**

**PHILEQUITY DOLLAR INCOME 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  
15<sup>th</sup> Floor, PSE Tower, 5<sup>th</sup> Avenue Corner 28<sup>th</sup> Street,  
Bonifacio Global City, Taguig City, 1634  
Tel. No. 8250-8700

This Prospectus is dated July 16, 2024

## **PHILEQUITY DOLLAR INCOME FUND, INC.**

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

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, the “Other Units”) of which were previously registered with Securities and Exchange Commission, with par value of \$1.00 per unit, of Philequity Dollar Income Fund, Inc. (hereinafter, the “Fund” or the “Company”), a corporation organized under Philippine law. The total value of the 100,000,000,000 units is estimated to be worth \$ 100,000,000,000 (computed as 100 billion units multiplied by the initial NAVPU of \$ 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 (10%) 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”).

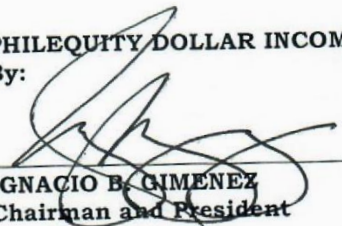
The information contained in this Prospectus relating to the Company and its operations has been supplied by the Company, unless otherwise stated herein. To the best of its knowledge and belief, the Company, which has taken all reasonable care to ensure that such is the case, confirms that the information 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 OF 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.

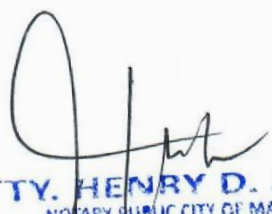
PHILEQUITY DOLLAR INCOME FUND, INC.  
By:

  
IGNACIO B. GIMENEZ  
Chairman and President

DEC 15 2023

SUBSCRIBED AND SWORN TO BEFORE ME this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ at  
CITY OF MANILA, affiant exhibited to me his Tax Identification Number 228-111-486-  
000.

Doc. No. 68 ;  
Page No. 15 ;  
Book No. XIV ;  
Series of 2023

  
NOTARY HENRY D. ADASA  
NOTARY PUBLIC CITY OF MANILA  
APPOINTMENT 097/12/31/2023 MANILA  
BP NO. 181139 / 01/03/2023  
PTR NO. 0861145 / 01/03/2023  
ROLL NO. 29679, TIN NO. 172-528-620  
MCLE COMP. NO. VII-0000165 VALID UNTIL APRIL 14, 2025  
15 STA. CRUZ, MANILA

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## **PRINCIPAL PARTIES TO THE OFFER**

### **REGISTRANT**

#### **Philequity Dollar Income Fund, Inc.**

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

Telephone No.: (632) 8250-8700

Website: [www.philequity.net](http://www.philequity.net)

### **INVESTMENT MANAGER, ADVISOR AND PRINCIPAL DISTRIBUTOR**

#### **Philequity Management, Inc.**

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

Telephone No.: (632) 8250-8700

Website: [www.philequity.net](http://www.philequity.net)

### **CUSTODIAN**

#### **BPI Asset Management and Trust Corporation**

7th Floor, BPI Buendia Center, Sen. Gil J. Puyat Ave, Makati, 1209

Telephone No.: 8580-2682

Website: [www.bpiassetmanagement.com](http://www.bpiassetmanagement.com)

### **TRANSFER AGENT**

#### **Philequity Management, Inc.**

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

Telephone No.: +632 8250-8700

Website: [www.philequity.net](http://www.philequity.net)

### **LEGAL COUNSEL**

#### **Valerio & Associates Law Office**

Unit 17/F, 17th Floor Petron Mega Plaza, 358 Sen. Gil Puyat Ave., Makati City 1209

Telephone No.: +632 8856-5191

### **EXTERNAL AUDITOR**

#### **SyCip Gorres Velayo & Co.**

6760 Ayala Avenue, Makati City

Telephone No.: 891-0307

Website: [www.sgv.ph](http://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.

### **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.

### **Offering 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 number 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 in investing primarily in medium-risk investments that consist mainly of consist of dollar-denominated bonds issued by the Philippine or foreign governments and corporations of varying tenors.

### **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**

Five Hundred Dollars (\$500.00) for initial investments and One Hundred Dollars (\$100.00) 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 next computed NAV per unit 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 banking 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.

### **Minimum Redemption Amount**

An equivalent amount of at least Fifty U.S. Dollars (USD50.00), unless an investor's outstanding investment in the Fund is less than Fifty U.S. Dollars (USD50.00), in which case, the minimum redemption amount shall be the total amount of the outstanding investment.

### **Minimum Balance**

An equivalent amount of at least Fifty U.S. Dollars (USD50.00), unless an investor's outstanding investment in the Fund is less than Fifty U.S. Dollars (USD50.00), in which case, the minimum redemption amount shall be the total amount of the outstanding investment.

### **Management and Distribution Fee and Expenses**

A management and distribution fee equivalent to one percent (1.0%) per annum of the average net asset value of the Fund's assets computed daily shall be payable by the Fund to its investment manager, Philequity Management, Inc. Certain operating expenses of the Fund are deemed covered by the management fee and shall be for the accounts of Philequity Management, Inc.

### **Investment Policies and Objective**

The investment objective of Philequity Dollar Income Fund, Inc. is to provide investors with long-term capital appreciation. The investments of this medium-risk Fund will primarily consist of dollar-denominated bonds issued by the Philippine or foreign governments and corporations of varying tenors.

**Risk Factors**

As the Fund will be investing in Government and Private Bonds, various factors, such as market conditions, general political and economic situations, and the performance of corporations wherein the Fund is invested. Further, other risks such as market, credit, liquidity and operational risk should also be taken into consideration. Consequently, there may be instances when the redemption prices of redeemed units may be less than the prices at which the units were originally purchased.

**Dividend Policy**

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.

**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 year ending December 31, 2023 and interim unaudited Financial Statements for the period ending March 31, 2024. 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 Company's audited financial statements for the said period were prepared by the Company's management and audited by SyCip Gorres Velayo & Co. in accordance with Philippine Financial Reporting Standards (PFRS). The summary of financial information set out below does not purport to project the results of operations or financial condition of the Company for any future period or date. The complete audited financial statements of the Company are attached to this Prospectus.

**PHILEQUITY DOLLAR INCOME FUND, INC.****(An Open-End Mutual Fund Company)****STATEMENTS OF FINANCIAL POSITION (PHP)**

	<b>(Unaudited)</b>	<b>Audited</b>
	<b>March 31, 2024</b>	<b>December 31, 2023</b>
<b>ASSETS</b>		
Cash and cash equivalents	131,217,480	140,716,237
Financial assets at fair value through profit and loss	97,425,958	88,853,391
Loans and receivables	548,517	1,515,903
Other assets		
<b>Total Current Assets</b>	<b>229,191,955</b>	<b>231,085,531</b>
<b>Total Assets</b>	<b>229,191,955</b>	<b>231,085,531</b>
<b>LIABILITY AND EQUITY</b>		
<b>Liabilities</b>		
Accrued expenses and other liabilities	1,340,005	1,422,402
Income tax payable	-	-
<b>Total Liabilities</b>	<b>1,340,005</b>	<b>1,422,402</b>
<b>Equity</b>		
Capital stock	65,986,363	68,093,119
Additional paid-in capital	69,265,450	71,684,969
Retained earnings	65,185,711	59,309,351
Cumulative Translation Adjustment	27,414,426	30,575,690
<b>Total Equity</b>	<b>227,851,950</b>	<b>229,663,129</b>
<b>Total Liabilities and Equity</b>	<b>229,191,955</b>	<b>231,085,531</b>

**PHILEQUITY DOLLAR INCOME FUND, INC.**  
**(An Open-End Mutual Fund Company)**

**STATEMENTS OF COMPREHENSIVE INCOME (PHP)**

	<b>For the Period Ended</b>	<b>For Period Ended</b>
	<b>March 31, 2024</b>	<b>March 31, 2023</b>
<b>REVENUE</b>		
Trading and investment securities gains (losses) - net	778,710	876,348
Interest income	2,154,484	1,365,427
Unrealized foreign exchange gain (loss)	(3,967)	622,503
	<b>2,929,227</b>	<b>2,864,278</b>
<b>EXPENSES</b>		
Management Fee	658,802	637,998
Professional Fee	149,732	161,728
Taxes and Licenses	27,441	27,481
Other Expense	30,677	29,034
	<b>866,652</b>	<b>856,241</b>
<b>INVESTMENT INCOME (LOSS) BEFORE INCOME TAX</b>	<b>2,062,575</b>	<b>2,008,037</b>
<b>PROVISION FOR INCOME TAX</b>	<b>220,290</b>	<b>5,297</b>
<b>NET INVESTMENT INCOME (LOSS)</b>	<b>1,842,285</b>	<b>2,002,740</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>	<b>(3,161,264)</b>	<b>(5,737,968)</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>(1,318,979)</b>	<b>(3,735,228)</b>

## GLOSSARY

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

<b>Business Day</b>	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.
<b>BSP</b>	Bangko Sentral ng Pilipinas
<b>Custodian</b>	BPI Asset Management and Trust Corporation
<b>Investment Manager</b>	Philequity Management, Inc.
<b>Investor</b>	Any individual, association or corporation who desires to invest in the units of the Fund
<b>NAV</b>	Net Asset Value
<b>NAVPU</b>	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.
<b>NIRC or R.A. 8424, As Amended</b>	National Internal Revenue Code of 1997, as amended
<b>Dollar \$</b>	US Dollar, lawful currency of the United States
<b>Principal Distributor</b>	Philequity Management, Inc.
<b>R.A. 2629</b>	Republic Act No. 2629 or the Investment Company Act
<b>R.A. 8799</b>	Republic Act No. 8799 or the Securities Regulation Code
<b>SEC or the "Commission"</b>	Securities and Exchange Commission
<b>Unitholder</b>	Any natural or juridical person who has subscribed to the units of the Fund.
<b>The "Fund" or the "Company"</b>	Philequity Dollar Income Fund, Inc.
<b>Transfer Agent</b>	Philequity Management, Inc.
<b>Unitized Mutual Fund</b>	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 Risk Warning

The price of securities can and does 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 losses when securities are bought from smaller companies. There may be a significant 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 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 invest in or the nature of the risks involved in the trading of the securities, especially those high risk securities

This growth-oriented Fund aims to provide investors with long-term capital appreciation. The investments of this medium-risk Fund will primarily consist of dollar-denominated bonds issued by the Philippine or foreign governments and corporations of varying tenors.

Various risk factors can affect the market value of the assets of the Fund and can cause a fluctuation 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:

1. **Market Risk** is the risk that the value of an Investor's mutual fund investment will be adversely affected by the fluctuations in the price level or volatility of one or more of the underlying instruments of the mutual fund. This consists of two main components:
  - a. **Systematic Risk** – is the variability in price caused by factors that affect all securities across all markets (e.g. significant economic or political events). This may be seen in connection with the above-discussed Country Risks. To lessen the impact of systematic risk, the Fund from time to time will increase its allocation to cash or equivalents during extreme market volatility. The increase allocation to cash should mitigate somewhat the volatility of the securities in the portfolio and lower the systematic risk to the Fund.
  - b. **Unsystematic Risk** – is the variability in price caused by factors which are specific to the particular issuer of bonds. Through proper portfolio diversification, this risk can be minimized as losses on one particular stock may be offset by gains in another.

Type of market risk:

**Interest Rate Risk** – This refers to the change in the bond price due to factors affecting the market such as interest rates. A change in interest rate is the period when rates rise or fall thus causing the decline or increase in the market price of the bonds held by the Fund, if any. This risk is minimized by closely monitoring the direction of interest rates and aligning it with the appropriate strategy of the Fund.

2. **Credit Risk** is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

#### ***Maximum exposure to credit risk***

The Fund's maximum exposure to credit risk is limited to the carrying value of its financial assets as of reporting date. The Fund does not hold any collateral or other credit enhancements that will mitigate credit risk exposure.

#### ***Credit quality per class of financial assets***

The Fund rates its financial assets based on internal credit rating system. The Fund only invests in high grade financial assets. High grade cash and cash equivalents are short-term placements and working cash fund placed, invested, or deposited in local banks belonging to the top twenty banks in terms of resources and profitability. High grade accounts are accounts considered to be of high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits.

3. **Liquidity Risk** or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell

financial assets quickly at their fair values; or counterparty failing on repayment of a contractual obligation; or inability to generate cash inflows as anticipated.

The Fund is exposed to daily cash redemptions of redeemable participating units. The Fund is exposed to the risk of being unable to meet its payment obligations to redeeming unitholders. It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

To limit this risk, the Fund strictly complies with Investment Company Act Rule 35-1 (Rule) which requires all Investment Companies/Mutual Funds to invest at five 5% of its net assets in liquid assets. This Rule defines such assets as (a) Treasury notes or bills, Certificates of Indebtedness issued by the Bangko Sentral ng Pilipinas which are short-term and other government securities; and (b) savings or time deposits with government or commercial banks in the name of the Fund.

4. **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.

Operations risks refer to possible breakdowns in internal controls and corporate governance, error and fraud, technology failure, business disruptions and unpredictable external events. These circumstances can be very costly for a company. Thus, companies must proactively manage operations risk in order to minimize losses, remain competitive and protect unitholder value.

To mitigate the risk, the Company implements sound system of internal control which includes but not limited to segregation of functions among the different personnel, tight security administration and back-up plan, daily reconciliation of nostro accounts, confirmation or call back procedure, monitoring of exceptions and errors. Likewise, personnel are updated with current regulations affecting the funds.

5. **Country Risk**

The success of the Fund’s investments may be influenced by the general political situation in, and the state of the economy of, the Philippines.

The general political and economic situations of the country also influence the net asset value of the Fund. As an illustration, when the country's general political and economic situations are perceived to be in turmoil, investors view this situation as the time to pull out their placements and move these funds to better quality, safer, lower risk investments such as the US dollar or at the least place these funds with bigger financial institutions/banks, until such situations normalize. Therefore, these instances can result to the redemption prices of redeemed units being less than the prices at which the units were originally purchased. Investors who redeem their units may not be able to recover the full cost of their investment. However, historical experience has shown that a portfolio consisting of debt instruments which are guaranteed by their respective issuers are relatively low risk as compared to a portfolio which includes equity and quasi-equity securities. Ordinary investors are given the opportunity to avail themselves of higher interest yield that require high minimum investments at low risk.

During the last decade and up to the present time, the Philippine economy has from time-to-time experienced periods of slow or negative growth, high inflation, and devaluations of the Peso. In addition, the Philippines has a large foreign debt. The foregoing risks are beyond the control of the Fund.

To somewhat lessen the impact of risk originating from economic and political factors in the Philippines, the Fund will continuously monitor and assess various economic indicators as well as political factors of the country to gauge if certain risk exists that might have a significant effect on the net asset value of the Fund. Economic factors such as GDP, growth in remittances from overseas workers, business process outsourcing revenues, inflation rate, lending and borrowing rates; and country’s debt-to-GDP. Political factors the Fund might monitor are political decisions made by the administration, status of reforms being administered by the government and foreign investor’s perception of doing business in the Philippines.

The following are additional risks present in the Fund which are not quantifiable:

1. **Regulatory Risk**

The Fund’s investment and operations are subject to government regulation, which are subject to change from time to time. Regulations such as taxation and accounting rules may have a significant impact in the performance of the Fund which may either be positive or negative for the unitholders of the Fund. To address this risk the Fund will keep itself abreast of all regulatory changes that may have an impact on the Fund’s



operation and assets and seek to communicate and dialogue with departments concerned. In addition, the Fund will be an active member of the Philippine Investment Fund Association through which it may recommend changes in regulatory policies that affect the mutual fund industry.

2. **Non – Guarantee**

Investments made in Mutual Funds which the Fund is classified as, is not guaranteed by the Philippine Depository Insurance Corporation (PDIC). Therefore, investors in the Fund are subject to higher risk of losing their capital without any form of guarantee. Moreover, like any similar risk type of investment, past performance of the Fund is not an indicator of the future performance of the Fund. To lessen the risk of loss of capital for the investors of the Fund certain risk-mitigating measures like diversification, investing only in high-quality and highly liquid bonds will be strictly observed by the Fund.

3. **Dilution Risk**

Being an open-ended mutual fund, units are continuously subscribed to and redeemed which may dilute its current unitholders as more units are being subscribed. In addition, the control and influence investors have over the management of the Fund decreases as units are continually subscribed. Given this inherent risk, the Fund Manager will impose an early redemption fee for investors who redeem from the Fund during the stipulated minimum holding period.

4. **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 have 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.

5. **Taxation Risk**

Gains realized by investors upon redemption of units in a mutual fund are not subject to personal income tax (R.A. 8424). However, since the fund will only issue units, 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.

### **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**

Philequity Dollar Income Fund, Inc. was incorporated on 4 March 1999. The general character of the business of the Fund is an Open-End Mutual Fund established under the Investment Company Act, R.A. 2629. The Fund operates as an investment company with a focus on long-term capital appreciation. The investments of this medium-risk Fund will primarily consist of dollar-denominated bonds issued by the Philippine or foreign governments and corporations of varying tenors.

The Fund issues mutual fund units for sale to the public. Said mutual fund units are sold through its Principal Distributor, Philequity Management, Inc. ("PEMI") in accordance with the Management and Distribution Agreement. The Fund is ready to redeem or buy back the unitholding of any investor at the applicable NAV per unit.

The Fund aims to provide small investors access to a diversified portfolio medium-risk investments that consist mainly of dollar-denominated bonds issued by the Philippine or foreign governments and corporations of varying tenors

The Fund shall maintain a portfolio consisting of debt securities issued by local and foreign sovereigns as well as those issued by companies in industries and enterprises with strong growth potentials or profitable historical financial performance. The investment objectives, policies and initial investment plans are discussed in detail under the topics Investment Objective and Investment Policies and Investment Restrictions.

The Fund appointed PEMI as its investment manager and principal distributor. 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.

The Fund's securities and investments will be held by BPI Asset Management and Trust Corporation, the Fund's Custodian.

## **INVESTMENT OBJECTIVE AND POLICIES**

This growth-oriented Fund aims to provide investors with long-term capital appreciation. The investments of this medium-risk Fund will primarily consist of dollar-denominated bonds issued by the Philippine or foreign governments and corporations of varying tenors.

The maximum investment of the Fund in the bonds of any one bond issuer shall be determined by the size of the Fund, the risk profile of the bond issuer, the sovereign risk of the country of the issuer, interest rates, and the peso-dollar exchange rate.

The Fund intends to invest its assets in a variety of instruments to achieve diversification but will act as such within the provision of applicable laws and regulations as stated in the investment restrictions.

## **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 units 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 units 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. The Articles of Incorporation of the Fund provides, however, that no transfer of units of bonds of the Fund which reduce the bond ownership of Filipino citizens to less than the percentage required by applicable laws or regulations shall be caused or allowed to be recorded in the corporate books of the Fund. The Investor shall declare and warrant that there are no legal restrictions prohibiting the purchase of the units applied for and that the Investor is otherwise eligible throughout the duration of the period that the Investor remains a unitholder of the Fund.

### 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 Five Hundred Dollars (\$500.00) and a minimum of One Hundred Dollars (\$100.00) 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

#### A. Subscription

##### 1. Opening an Account

A prospective investor must submit one (1) valid government-issued ID, billing statement 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, 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.

##### 2. 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 and confirmation of the acceptance.

The Principal Distributor reserves the right to reject, scale-down and reallocate any application for the units for whatever reason. Applications for which check payments are dishonored upon first presentation, as well as those which do not comply with the requirements set in this 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.

### **3. 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 Dollar Income 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.

### **4. 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.

### **5. Delivery of Bond Certificates**

Bond certificates 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 stock register by the Corporation's duly appointed Transfer Agent and unitholders who do not elect to receive stock certificates have the same rights of ownership as if certificates had been issued to them.

Upon the request of the Investor, bond certificates representing ownership of the units of 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. Any certificate that remains unclaimed for a period of thirty (30) days shall be mailed to the address specified in the Investment Application Form at the risk of the Investor.

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

### **6. Periodic Fund Statement**

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

## **B. Redemption**

### **1. NAV Per Unit Computation**

The NAV per unit shall be the computed difference between the total assets of the Fund and its total liabilities divided by the number of units outstanding.

### **2. 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.

### **3. 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.

**4. Minimum Redemption Amount**

An equivalent amount of at least Fifty U.S. Dollars (USD50.00), unless an investor’s outstanding investment in the Fund is less than Fifty U.S. Dollars (USD50.00), in which case, the minimum redemption amount shall be the total amount of the outstanding investment.

**5. Minimum Balance**

An equivalent amount of at least Fifty U.S. Dollars (USD50.00), unless an investor’s outstanding investment in the Fund is less than Fifty U.S. Dollars (USD50.00), in which case, the minimum redemption amount shall be the total amount of the outstanding investment.

**6. 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.

**7. Special Considerations**

The Commission *motu proprio* or, upon the request of the Fund Manager, may suspend the redemption of units of the Fund if:

- 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.

**8. Applicable Taxes**

Under the NIRC, gains realized by the Investor upon redemption of units 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 units. 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.

## BENEFITS TO THE INVESTOR

### 1. Professional Management and Supervision

Investing in the Fund affords numerous small investors services which would normally be accessible only to institutional investors and individuals with substantial resources. The Investor is given an opportunity to become part of a professionally managed portfolio of securities.

### 2. Diversification

The fund enables an investor to reduce an undesirable impact of a single investment through diversification by investing in a portfolio with a variety of securities requiring low capital requirement than investing in these securities individually.

### 3. Liquidity

A unitholder of the Fund may at any time, convert his proportionate unit of the Fund's current net assets into its cash equivalent (i.e. the NAV per unit less redemption charges, if any). There is no need for the unitholder to find a buyer as the Fund is always ready to redeem or buy back its units, provided that the unitholder submits all pertinent requirements as set forth in the section Redemption of Units.

## USE OF PROCEEDS

The total proceeds from the sale of the securities shall be invested in medium-risk investments that consist mainly of government securities, commercial paper, corporate bonds, promissory notes and other debt instruments of varying tenors.

All cash proceeds, including the original subscription payments at the time of incorporation constituting the paid in capital of the investment company shall be deposited with the Fund's deposit account with BDO Unibank, which is the settlement account for payments relating to 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 Fund has entered into a Management and Distribution Agreement with PEMI. As Fund Manager, PEMI may, without need of prior approval of or prior notification to the Fund, purchase and sell securities or make other investments for the account of the Fund within the limits of the Fund's investment objectives, policies or guidelines and subject to the provisions of R.A. 2629. The complete scope of services of PEMI as Fund Manager and Distributor can be see under the section titled "Management and Distribution Agreement"

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.

No material amount of other funds shall be necessary to accomplish the specified purpose for which the offering is made.

The fund likewise has no intention to use any material amount of the proceeds for the acquisition of assets or to finance the acquisition of other businesses.

Any amount of the proceeds shall not be used as well to reimburse any officer, director, employee or unitholder of the Fund for any services rendered, assets previously transferred, and money loaned or advance 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 half percent (0.50%) and a distribution fee equivalent to half percent (0.50%) 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 SECURITIES 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 fixed income securities. These prospective investors should be made aware that the proceeds from the sale of securities shall be primarily invested in fixed income securities and should consider the risks involved before investing in the Fund.



### **Procedure for Handing 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 complaints at the soonest possible time. A company representative will reply to complaints 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, complaints can be submitted to the Securities and Exchange Commission at [www.sec.gov.ph/22153-2/](http://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 6A. 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 unitholders 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 has an authorized capital stock of One Hundred Million Pesos (₱100,000,000.00) composed of One Hundred Million (100,000,000) common shares with par value of One Peso (₱1.00) 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 Dollar \$1.00) per Unit.

Each unitholder of the Fund shall have the following rights:

#### **C. 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.

**D. 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.

**E. 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.

**F. 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.

**G. 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 and who received a direct or indirect interest in the Fund.

## **INFORMATION WITH RESPECT TO THE REGISTRANT**

### **DESCRIPTION OF BUSINESS**

#### ***The Fund***

Philequity Dollar Income Fund, Inc. is a domestic corporate duly authorized to operate as an open-ended investment company with an investment objective of investing in medium-risk investments that consist mainly of government securities, commercial paper, corporate bonds, promissory notes and other debt instruments of varying tenors. The Fund was incorporated on March 4, 1999 with an authorized capitalization of One Hundred Million Pesos (₱100,000,000.00) consisting of 100,000,000 common shares at a par value of ₱1.00 per share. This growth-oriented Fund aims to provide investors with long-term capital appreciation.

The Fund has entered into a Management and Distribution Agreement with Philequity Management, Inc. authorizing PEMI to purchase and sell securities for the accounts of the Fund. The Fund does not have employees of its own since the management and administration functions are already being handled by PEMI. The Fund will not incur any income but instead PEMI will charge a management fee equivalent to half a percent (0.50%) and a distribution fee equivalent to half a percent (0.50%) for performing its function.

#### ***Competition***

As of October 31, 2023 there are seventy (70) mutual funds being offered to the public, seven (7) of which are bond funds invested primarily in dollar securities. The mutual fund industry has decreased its net asset from ₱287 billion by the end of 2022 to ₱227 billion by end of October 2023. That's a 21% decrease in net assets in a matter of 10 months. Mutual funds mainly compete on fund returns, if a fund produces superior returns against its competitors, then the fund will likely have an increase in new subscriptions. However, higher fee structures may act as a deterrent to investing in a fund. The fund considers seven dollar denominated mutual funds and Unit Investment Trust Funds (UITFs) offered by banks that invest primarily in bonds as its primary competitors. As of October 31, 2023, the ALFM Dollar Bond Fund, Philam Dollar Bond Fund and Sun Life Prosperity Dollar Abundance Fund, Inc. are considered to have the highest net assets and number of clients among the seven mutual funds\*. The Philequity Dollar Income Fund intends to compete principally on the reputation of Philequity for investment outperformance amongst its competitors. A lower fee structure will also give a competitive edge for choosing PDIF.

\*PIFA Statistical Report, October 31, 2023

### ***Transactions with and/or dependence on related parties***

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

### ***Patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements held***

The Fund does not hold any patents, trademarks, copyrights, licenses, franchises, concessions or royalty agreements. So the Fund's operation will not be affected by the foregoing.

### ***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.

#### **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 persons.

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.

#### **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 117 shareholders and no unitholders.

##### ***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.

##### ***Recent Sales of Unregistered Securities***

There has been no recent sale of unregistered securities.

## 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 shares 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

#### A. Financial Condition and Liquidity (in PHP)

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

Financial Position	Unaudited March 31, 2024	Audited December 31, 2023	Inc/(Dec)	Percent
Total Assets	229,191,955	231,085,531	(1,893,576)	-0.82%
Total Liabilities	1,340,005	1,422,402	(82,397)	-5.79%
Total Equity	227,851,950	229,663,129	(1,811,179)	-0.79%

Movement in the Fund's financial position is driven by increase assets as a result of higher investment in debt securities.

#### B. NAV Per Share (USD)

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.

	March 31, 2024	December 31, 2023
NAV attributable to holders of redeemable shares (a)	227,851,950	229,663,129
Number of shares outstanding (b)	65,986,363	68,093,119
<b>NAV per share (a/b)</b>	<b>3.4530157</b>	<b>3.3727803</b>

#### C. Operating Revenues and Expenses (in PHP)

Income Statement	For the Period Ended March 31, 2024	For the Period Ended March 31, 2023	Increase/ Decrease	Percentage
Investment Income (Loss)	2,929,227	2,864,278	64,949	2.27%
Expenses	1,086,942	861,538	225,404	26.16%
Net Income (Loss)	1,842,285	2,002,740	(160,455)	-8.01%

**Investment income/(loss)** – As of the 1st quarter of 2024, the Fund posted a total net investment income of PHP2.929M from investment income of PHP2.864M of same period last year, increased by 2.27% or PHP64,949.

**Operating Expenses** - Comparing this year and last year's operating expenses, there was increase of 26.16% brought higher management fee during the period.

**Net income (loss)** – the Fund registered a net income of PHP1.842M

**D. Earnings/Loss per Share (in PHP)**

The following table reflects the net income per share data:

	<b>For the Period Ended</b>	<b>For the Period Ended</b>
	<b>March 31, 2024</b>	<b>March 31, 2023</b>
Net investment income/(loss) (a)	1,842,285	2,002,740
Weighted average number of outstanding shares of stock (b)	67,436,171	69,829,183
Earnings (loss) per share (a/b)	0.0273189	0.0286806

**E. 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:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Current Ratio	17103.81%	16246.17%
Acid Test Ratio	17103.81%	16246.17%
Solvency Ratio	153.92%	337.84%
Debt-to-Equity Ratio	0.59%	0.62%
Asset-to-Equity Ratio	100.59%	100.62%
Interest Rate Coverage Ratio	N/A	N/A
Return on Assets	0.90%	2.07%
Return on Equity	0.90%	2.09%
Net Profit Margin	159.00%	190.04%

**F. Top Five Key Performance Indicators**

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

**1. Performance vis-à-vis the Benchmark**

The Fund will use the 3-month US Treasury bill plus 1.00% as its benchmark in order to compare the Fund's performance.

Below is a comparative performance of the Fund against the 3-month US Treasury bill plus 1.00%.

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>Return (%)</b>
3-month US Treasury bill plus 1.00%.	6.47	6.44	0.46%
PDIF	0.0613847	0.0609173	0.76%

**2. Assets under Management (USD)**

One of the ways to measure the Fund's performance is the increase of its Assets under Management. The increase of the Fund's assets is a result of investor confidence in the Fund's performance.

Below is the Fund's growth since December 31, 2023

<b>April 30, 2024</b>	<b>December 31, 2023</b>	<b>Growth (%)</b>
235,127,208.44	230,952,190.08	1.79%

### 3. Market Share in the Industry

This indicator is related to another indicator, 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.

Though the Fund's Assets Under Management have substantially grown, its market share has remained marginally unchanged against its competitors.

Period	April 30, 2024		December 31, 2023	
	Net Assets (P'm)	%	Net Assets (P'm)	%
ALFM Dollar Bond Fund, Inc.	13,049.10	79.18%	12,790.20	78.42%
ATRAM Total Return Dollar Bond Fund, Inc.	218.7	1.33%	257.7	1.58%
First Metro Save and Learn Dollar Bond Fund, Inc.	449.2	2.73%	436.3	2.67%
PAMI Global Bond Fund Phils., Inc.	65.8	0.40%	65.6	0.40%
Philam Dollar Bond Fund, Inc.	1,847.50	11.21%	1,933.70	11.86%
Philequity Dollar Income Fund, Inc.	235.1	1.43%	231	1.42%
Sun Life Prosperity Dollar Abundance Fund, Inc.	615.1	3.73%	595.9	3.65%
Total	16,480.50	100.00%	16,310.40	100.00%

### 4. Performance vis-à-vis Competition

The Fund's performance will most likely be compared to funds categorized as bond funds based on the Philippine Investment Fund Association's classification.

As of April 30, 2024, below are the performance of the various bond funds primarily invested in Dollar securities.

Fund Name	Return (%)
ALFM Dollar Bond Fund, Inc.	0.63%
ATRAM Total Return Dollar Bond Fund, Inc.	-3.13%
First Metro Save and Learn Dollar Bond Fund, Inc.	-1.20%
PAMI Global Bond Fund, Inc.	-5.54%
Philam Dollar Bond Fund, Inc.	-3.47%
Philequity Dollar Income Fund, Inc.	0.58%
Sun Life Prosperity Dollar Abundance Fund, Inc.	-5.80%

### 5. 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 is the Bond funds primarily invested in Dollar securities.

	April 30, 2024	December 31, 2023
ALFM Dollar Bond Fund, Inc.	\$498.38	\$495.24
ATRAM Total Return Dollar Bond Fund, Inc.	\$1.0102	\$1.0428
First Metro Save and Learn Dollar Bond Fund, Inc.	\$0.0246	\$0.0249
PAMI Global Bond Fund, Inc.	\$0.8099	\$0.8574
Philam Dollar Bond Fund, Inc.	\$2.2392	\$2.3198
Philequity Dollar Income Fund, Inc.	\$0.0612646	\$0.0609135
Sun Life Prosperity Dollar Abundance Fund, Inc.	\$2.6694	\$2.8337

## G. Liquidity and other concerns

The Fund does not expect any liquidity or cash flow problems given the Fund's Investment Restrictions outlined in this Registration Statement. As a defensive strategy the Fund may, at its discretion elect to invest up to 100% of the Fund's assets in cash and/or other liquid assets, subject to any existing liquidity requirements as may be required by law.

In addition, the Fund does not have any off-balance sheet obligations, arrangements or transactions with other individuals or institutions.

### *Information on Independent Accountant and Other Related Matters*

#### A. External Audit Fees and Services

##### 1. Audit and Audit Related Fees

The total audit fee is P119,000 for 2023. This fee pertains 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.

#### B. Changes in and disagreements with Accountants on Accounting and Financial Disclosure

There are no changes in and disagreements with SGV & Co. on accounting and financial disclosures.

## 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	1999 to Present
Violeta O. Luym	Filipino	77	Director Treasurer	2000 to Present
Dobbin A. Tan	Filipino	60	Independent Director	2019 to Present
Daniel A. Ongchoco	Filipino	56	Independent Director	2021 To Present
Felipe U. Yap	Fiipino	86	Director	2000 to Present
Aurora L. Shih	Filipino	83	Director	2013 to Present
Antonio R. Samson	Filipino	78	Director	2021 to Present
Atty. Jonathan P. Ong	Filipino	57	Corporate Secretary	2020 to Present
Kevin Neil A. Sy	Filipino	39	Asst. Treasurer	2015 to Present
Ma. Angelica D. Cabanit	Filipino	55	Compliance Officer	2013 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.

**Dobbin Tan**

Mr. Tan is an Independent Director of the following mutual funds: Philequity Peso Bond Fund, Inc., Philequity Dollar Income Fund, Inc. and Philequity Dividend Yield Fund, Inc, Philequity PSE Index Fund, Inc Philequity MSCI Philippines Index Fund, Inc. (2018 to Present), and Philequity Alpha One Fund, Inc (2019 to Present). Concurrently, he is the CEO of New Sunlife Ventures, Inc. He holds a Masters of Business Administration at University of Chicago, Booth School of Business (2013).

**Antonio R. Samson**

Mr. Samson is a Director of the following mutual funds: Philequity Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity Dollar Income Fund, Inc., and Philequity Dividend Yield Fund, Inc. (2021 to Present). Mr. Samson is also the Chairman and CEO of Touch DDB He holds a Bachelor's degree in Economics from the Ateneo de Manila University (1966) and Masters of Business Administration from Asian Institute of Management (1971).

**Aurora L. Shih**

Ms. Shih is a Director of the following mutual funds: Philequity Fund, Inc., Philequity Peso Bond Fund, Inc., and Philequity Dollar Income Fund, Inc., 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). She is also the Vice President of Luys Securities Company, Inc. Ms. Shih graduated from University of the East with a degree in Business Administration (1963).

**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 DiamantBoart 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. Ma. Gracia M. Pulido-Tan
2. Hosanna T. Ayson
3. Caesar J. Poblador
4. Ma. Louisa M. Gonzales
5. Ma. Clarissa P. Oben

**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 since the time of its incorporation up to the date of this Prospectus 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 the incumbent directors or executive officer 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 officer of the Company;
3. any order, judgment, 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 directors and executive officers of the Fund have not received any form of compensation from incorporation up to present. Their contributed efforts to the Fund are on a voluntary basis only. Also, there is no per diem, bonus, profit sharing or other compensation plan, pension or retirement plan, contract or arrangement in which any director or executive officer of the Fund will participate.

## SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

### *Security Ownership of Certain Record and Beneficial Owner*

On 23<sup>rd</sup> of July 2015, SEC en banc approved the confidential treatment of the Top 20 shareholders of the Fund, including the 5% and 10% beneficial owners.

### *Security Ownership of Management*

As of April 30, 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	529402	1	Filipino	0%
Common	530656	1	Filipino	0%
Common	500229	1	Filipino	0%
Common	529723	1	Filipino	0%
Common	530657	1	Filipino	0%
Common	529406	1	Filipino	0%
Common	529723	1	Filipino	0%

### ***Voting Trust Holders***

On 23<sup>rd</sup> of July 2015, SEC en banc approved the confidential treatment of the Top 20 shareholders of the Fund, including the 5% and 10% beneficial owners.

### ***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 an existing Agreement with PEMI, the Fund manager. Pursuant to the terms of the Management and Distribution Agreement, the Fund shall pay an annual management fee of a maximum of 1.50% of the average NAV of the Fund's assets. On December 16, 2016, management fee rate is reduced to a maximum of 1.00% of the average NAV of the Fund. 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 5.00% of the gross investment based on tiered-front end sales schedule.

Related party transactions and balances with PEMI as of and for the year ended December 31, 2023.

	<b>Management fee</b>	<b>Sales commission</b>	<b>Due to PEMI</b>
2023	48,496	-	8,272

## **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., and Philequity Strategic Growth 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 a Director of Vantage Equities, Inc. and Vantage Financial Corporation, Inc. (1994 to present). Concurrently, he is the Chairman of Philequity Management, Inc. 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 and CEO of Vantage Equities, Inc. He is also Vice Chairman and CEO of Vantage Financial Corporation (formerly e-Business Services, Inc.) and President of Philequity Management, Inc. (All since 2006). Previously, he was formerly SVP and Treasurer of International Exchange Bank (1995-2006). 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 Vantage Equities, Inc., Vantage Financial Corporation and Philequity Management. Mr. Ong is also the President of Chemcenter Corporation. Previously, he was connected with Exxon Chemicals serving various functions in sales, marketing, audit, and logistics operation both here and abroad. He was also a former director of Petroenergy Resources Corporation from 2007 to 2009. Mr. Ong holds a degree in Chemical Engineering, magna cum laude, from De La Salle University.

**Bert C. Hontiveros**

Mr. Hontiveros is an Independent Director of Vantage Equities, Inc., Vantage Financial Corporation and Philequity Management. Concurrently, he is 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.

**Andy O. Co**

Mr. Co is an Independent Director of Vantage Equities, Inc., Vantage Financial Corporation and Philequity Management. Concurrently, he is also the President of Technicom Electronics Corp., the largest distributor of Plantronics and Polycom products in the Philippines since 1990. Mr. Co obtained his Bachelor of Science degree in Electrical Engineering from the University of the Philippines, Diliman 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 Vantage Equities, Inc., Vantage Financial Corporation and Philequity Management. At the same time, he is also the Chairman and President of Pacific Online Systems Corporation (1999 to present). Concurrently, he is the Chairman of the Boards of the following corporations: APC Group, Inc. (2005 to present), Premium Leisure Corp. (1999 to present). He earned his Economics degree from the Ateneo de Manila University (1977).

**Valentino C. Sy**

Mr. Sy is currently the Chairman of Vantage Equities, Inc. and Vantage Financial Corporation and Director of Philequity Management, Inc. He is a former Director of Wealth Securities (1998 to 2011). He is also the President of Equinox International Corp (1996 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 Vantage Equities, Inc. and Vantage Financial Corporation. He is also a Director and Chief Investment Officer of Philequity Management, Inc. He is the Chairman of Wealth Securities, Inc. (2016-present), Vice Chairman of Asian Alliance Holdings, Corp. and serves as Director of 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.

## **TRANSFER AGENT**

The transfer agent of the Fund is Philequity Management, Inc.

## **LEGAL COUNSEL**

Valerio & Associates Law Office serves as legal counsel of the Fund.

## **EXTERNAL AUDITOR**

The external auditors of the Company is the accounting firm of SyCip Gorres Velayo & Company (“SGV & Co.”).

## **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 Agreements, 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 units 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 unit in effect at the time of the sale of each unit; 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 statements 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 and distribution fee of one percent (1.0%) per annum of the average net asset value of the Fund’s assets computed on a daily basis. In addition, the Fund shall pay PEMI the sales load charge for every sale of the Fund’s units.

The initial term of the Agreement is five (5) years. After which 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 agreement, the 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. Follow 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 units 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 units 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 units declared as stock dividends;
8. Replace stock certificates reported as lost, stolen or destroyed;
9. Register all liens constituted on the units 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 units issuance or certificate issued by the AGENT and Twenty Pesos (Php 20.00) for each scripless units 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.

## **TAXATION**

Gains realized by investors upon redemption of units in a mutual fund are not subject to personal income tax (R.A. 8424). However, since the fund will only issue units, 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.

## **CORPORATE GOVERNANCE**

To fully comply with the adopted leading practices on good corporate governance, the Company has prepared and executed the Company's Revised Manual on Corporate Governance which was approved and adopted by the Board of Directors on July 28, 2023.

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

13. Appointment of a Compliance Officer, who shall be a director or officer of the Corporation 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.
14. Responsibilities, specific duties, and functions of the Board of Directors, which includes ensuring that the Company complies with all relevant laws, regulations and codes at 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 unitholders and stakeholders.
15. Creation of Board Committees, such as Audit Committee, the Nominations Committee and the Compensation and Remuneration Committee.
16. Procedures for monitoring and assessment compliance of the Manual of Corporate Governance.
17. The conduct of a training process for the purpose of conducting orientation program or workshop to implement the Manual of Corporate Governance
18. Penalties for non-compliance of the Manual of Corporate Governance

## **EXPENSES CHARGEABLE TO THE FUND AND THE INVESTMENT MANAGER**

### **EXPENSES CHARGEABLE TO THE FUND**

The following expenses shall be for the account of the Fund and shall be given priority in determining compliance by the Fund with any limitation on operational expenses set forth in applicable Philippine laws and regulations.

1. Compensation of the officers and directors of the Fund;
2. Audit and legal fees;
3. Brokerage charges and other customary fees and charges in connection with the acquisition, appraisal and disposition of the Fund's assets;
4. Fees of the custodian bank and customary fees and charges in connection with the acquisition, appraisal and disposition of the Fund's assets.
5. Fees of the Investment Manager as compensation for the services and facilities of investment manager.
6. Cost of printing and mailing reports, notices, proxy forms, and other communication to stockholders of the Fund, except those borne by the custodian bank;
7. Fees of transfer agents for the securities of the Fund and other transfer fees to the extent not absorbed by buyers of the Fund's securities;
8. Costs of the registration of the Fund and its securities with the SEC; and
9. 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.

### **EXPENSES CHARGEABLE TO THE INVESTMENT MANAGER**

The following expenses shall be deemed covered by the management fee under Section 3 of the Management and Distribution Agreement and shall therefore be for the account of the Investment Manager (PEMI), to wit:

1. 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 units as may be required by applicable Philippine law or by rules and regulations of the SEC;
2. 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;
3. All other operating expenses of the Fund, subject to the exceptions specified above under the topic Expenses Chargeable to the Fund.

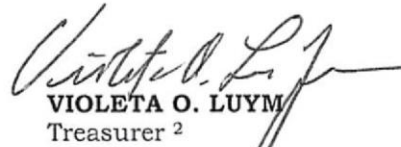



**SIGNATURES**

Pursuant to the requirements of the Securities Regulation Code, this Registration Statement is signed on behalf of the registrant by the undersigned; thereunto duly authorized, in the City of CITY OF MANILA on DEC 15 2023.

By:

  
**IGNACIO B. GIMENEZ**  
 Chairman and President <sup>1</sup>

  
**VIOLETA O. LUYM**  
 Treasurer <sup>2</sup>


  
**LILY YU**  
 Comptroller / Principal Accounting Officer

  
**ATTY. JONATHAN P. ONG**  
 Corporate Secretary

SUBSCRIBED AND SWORN to before me this DEC 15 2023 day of \_\_\_\_\_ at CITY OF MANILA affiants exhibits to me Tax Identification Number (TIN), as follows:

Name	TIN
Ignacio B. Gimenez	228-111-486-000
Violeta O. Luym	109-731-437-000
Lily T. Yu	211-047-056-000
Atty. Jonathan P. Ong	162-906-632-000

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 Series of 2023

  
**ATTY. HENRY D. ADASA**  
 NOTARY PUBLIC CITY OF MANILA  
 APPOINTMENT 097/12/31/2023 (MANILA)  
 IBP NO. 181139 / 01/03/2023  
 PTR NO. 0861145 / 01/03/2023  
 ROLL NO. 29679, TIN NO. 172-528-620  
 MCLE COMP. NO. VII-0000165 VALID UNTIL APRIL 14, 2025  
 (15) STA. CRUZ, MANILA

<sup>1</sup> Equivalent to Principal Executive Officer and Principal Operating Officer  
<sup>2</sup> Equivalent to Principal Financial Officer

## 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 Agreements
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