

A 1 9 9 8 1 6 2 2 1

S.E.C. Registration Number

P H I L E Q U I T Y P S E I N D E X F U N D , I N C .

[Empty grid]

[Empty grid]

(Company's Full Name)

1 5 T H F L O O R , P H I L I P P I N E S T O C K

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)

MA. ANGELICA CABANIT

Contact Person

8250-8713

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

1 2 - 1

FORM TYPE

[Empty]

Month

[Empty]

Day

[Empty]

Year

Period Ended

MUTUAL FUND

Secondary License Type, If applicable

[Empty]

Dept. Requiring this Doc.

[Empty]

Amended Articles Number/Section

[Empty]

Total No. of Stockholders

[Empty]

Domestic

[Empty]

Foreign

To be accomplished by SEC Personnel concerned

[Empty]

File Number

\_\_\_\_\_  
LCU

[Empty]

Document I.D

\_\_\_\_\_  
Cashier

STAMPS

Remarks = pls. Use black inc for scanning purposes

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 12-1, AS AMENDED**

**REGISTRATION STATEMENT UNDER THE SECURITIES REGULATION CODE**

1. SEC Identification Number: **A199816221**
2. **PHILEQUITY PSE INDEX 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. **201-884-062-000**  
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 28TH STREET BGC TAGUIG CITY, 1634;**  
**TELEPHONE NUMBER TELEPHONE NUMBER: (632) 8250-8700**  
Address, including postal code, telephone number, 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
Common shares	1,000,000,000	4.3505 per share (based on NAVPs as of November 30, 2023)	4,350,500,000	₱12,000.00
Add: Legal Research Fee				₱1,200.00
Total Registration Fees				₱13,200.00

# **DRAFT PROSPECTUS**

**OF**

## **PHILEQUITY PSE INDEX FUND, INC.**

**AN OPEN-END INVESTMENT COMPANY**

The fund offers One Billion (1,000,000,000) shares to be offered at current Net Asset Value per Share (NAVPs). All shares shall be offered and subscribed based on the Next Computed Net Asset Value Per Share after subscription is made. The shares to be offered are not listed in the Philippine Stock Exchange, and shall be issued and redeemed through its principal distributor, Philequity Management, Inc. (PEMI).

### **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. (632) 8250-8700

This Prospectus is dated March 14, 2024

**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
<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>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
<b>Index Licensing Fee</b>	Up to 3 basis points per annum of the Fund's NAV

**PHILEQUITY PSE INDEX FUND, INC.**

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

Telephone Number: (632) 8250-8700

This Offering Prospectus relates to the offer and sale of up to One Billion (1,000,000,000) common shares (the “Offer”, and such shares, the “Other Shares”) with a par value of P1.00 per share of Philequity PSE Index Fund, Inc. (hereinafter, the “Fund” or the “Company”), a corporation organized under Philippine law, at the prevailing Net Asset Value Per Share on the date of the sale of the shares. The Fund may terminate the Offer at any time or when the number of shares subscribed and paid for has reached one billion (1,000,000,000) common shares.

The Fund was incorporated on 22 February 1999 with an authorized capitalization of P100 million consisting of 100,000,000 shares with a par value of P1.00 per share. On May 5, 2015, the Fund’s authorized capital stock was increase to P250 million consisting of 250,000,000 shares with a par value of P1.00 each. As of April 18, 2017 the company has filed an application to increase its authorized capital stock to One Billion Pesos ₱1,000,000,000 for approval of the Commission.

The investment objective of Philequity PSE Index Fund, Inc. is to generate income and achieve long-term capital appreciation by matching the performance of the Philippine Stock Exchange Index (“PSEi”), through investment in the proportionate amount of Index stocks such that the performance of the Fund matches the PSEi. It is categorized under SEC ICA Rule 35-1 as growth-oriented.

The Offer Shares are offered at the net asset value (“NAV”) per share for the banking day, if payment is made within the daily cut-off, plus a sales load fee, if applicable.

All of the Common Shares of the Company in issue or to be issued pursuant to the Offer (collectively the “Shares”) are unclassified and have, or upon issue will have, identical rights and privileges. The Shares may be owned by any person or entity regardless of citizenship or nationality subject to the limits prescribed by Philippine laws on foreign ownership for certain types of domestic companies.

Each holder of Shares will be entitled to such dividends as may be declared by the Company’s Board of Directors (the “Board”). See “Dividend Policy” on page 8 and “Distribution of Dividends” on page 22 of this Prospectus for a more detailed discussion.

Unless the context indicates, otherwise, any references to the “Company” refer to Philequity PSE Index Fund, Inc. 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 is 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.

At present, there is no formal or organized secondary market for the purchase and sale of shares similar to the Offer Shares in the Philippines. The sale of the Offer Shares will not be underwritten. The Offer Shares will be primarily sold through the Fund’s investment manager, Philequity Management, Inc. (PEMI). PEMI, as distributor and investment manager of the Fund, shall be paid a fee equivalent to one percent (1.0%) per annum of the average net asset value of the fund computed on a daily basis.

In making an investment decision, investors must rely on their own examination of the Company and the terms of the Offer, including the material risks involved. The Offer is being made on the basis of this Prospectus only.

As the Fund will be investing primarily in PSE-listed companies, various factors, such as market conditions, general political and economic situations, and the performance of, and development of, the PSE listed companies may affect the prices of the stocks 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 shares may be less than the prices at which the shares were originally purchased.

Application has been made to and approval has been issued by the Philippine SEC to the registration of the Offer Shares under the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799).

Any inquiries regarding this Prospectus should be forwarded to the Company.

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.

The information contained in this Prospectus has been supplied by Philequity PSE Index Fund, Inc., unless otherwise stated. Philequity PSE Index Fund, Inc. accepts full responsibility for the accuracy of the information given herein, and confirms that there are no omissions of fact which would make any statement in this Prospectus misleading. Philequity Management, Inc., the investment manager of Philequity PSE Index Fund, Inc., has exerted reasonable efforts to verify the information herein and does not make any representations or warranties as to the accuracy or completeness of the materials contained herein.

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 PSE INDEX FUND, INC.

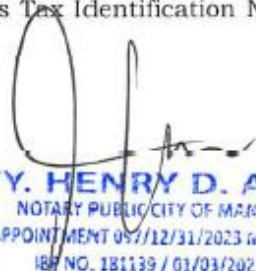
By:

  
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. 62;  
Page No. 14;  
Book No. XIV;  
Series of 2023

  
ATTY. HENRY D. ADASA  
NOTARY PUBLIC CITY OF MANILA  
APPOINTMENT 09/12/31/2023 MANILA  
IBF NO. 181139 / 01/03/2023  
PTR NO. 0861145 / 01/03/2023  
ROLL NO. 29679, TIN NO. 172-528-620  
MCLE COMP. NO. VII-8005155 VALID UNTIL APRIL 14, 2025  
15  
STA. CRUZ, MANILA

## TABLE OF CONTENTS

PROSPECTUS SUMMARY .....	7
SUMMARY OF FINANCIAL INFORMATION .....	8
GLOSSARY .....	11
RISK FACTORS .....	11
RISK OF INVESTING .....	11
FUND FEATURES .....	14
THE FUND .....	14
INVESTMENT OBJECTIVE AND POLICIES .....	15
COMPUTATION OF NET ASSET VALUE .....	19
BENEFITS TO THE INVESTOR .....	20
USE OF PROCEEDS .....	20
DETERMINATION OF OFFERING PRICE .....	21
SELLING SECURITY HOLDERS .....	21
PLAN OF DISTRIBUTION .....	21
DESCRIPTION OF SECURITIES TO BE REGISTERED .....	22
INTERESTS OF NAMED EXPERTS AND INDEPENDENT COUNSEL .....	23
DESCRIPTION OF BUSINESS .....	23
PROPERTIES .....	25
LEGAL PROCEEDINGS .....	25
MARKET FOR THE REGISTRANT’S COMMON EQUITY AND RELATED SHAREHOLDERS’ MATTER .....	25
MANAGEMENT’S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION .....	26
MANAGEMENT AND CERTAIN SECURITY HOLDERS .....	31
DIRECTORS AND EXECUTIVE OFFICERS .....	31
INCORPORATORS .....	33
SIGNIFICANT EMPLOYEES .....	33
FAMILY RELATIONSHIPS .....	33
INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS .....	33
COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS .....	34
SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT .....	34
INVESTMENT MANAGER AND PRINCIPAL DISTRIBUTOR .....	35
CUSTODIAN .....	36
TRANSFER AGENT .....	37
LEGAL COUNSEL .....	37
EXTERNAL AUDITOR .....	37
MATERIAL CONTRACTS AND AGREEMENTS .....	37
MANAGEMENT AND DISTRIBUTION AGREEMENT .....	37
CUSTODIAN AGREEMENT .....	38



STOCK TRANSFER AND DIVIDEND PAYING AGENCY AGREEMENT ..... 38  
CORPORATE GOVERNANCE ..... 39  
EXPENSES CHARGEABLE TO THE FUND AND THE INVESTMENT MANAGER..... 39  
    EXPENSES CHARGEABLE TO THE FUND ..... 39  
    EXPENSES CHARGEABLE TO THE INVESTMENT MANAGER ..... 39

## PRINCIPAL PARTIES TO THE OFFER

### REGISTRANT

#### **Philequity PSE Index 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

### 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**

Offices Units 101 and 102, G/F The Mondrian Residences  
5321 East Asia Drive, Filinvest Corporate City  
Alabang, Muntinlupa City  
Landline: 0285352445

### EXTERNAL AUDITOR

#### **SyCip GorresVelayo & Co.**

6760 Ayala Avenue Makati City  
Telephone No.: 8891-0307  
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 PSE Index Fund, Inc. formerly (formerly "Vantage PSE Index Fund, Inc.") with office address at 15th Floor PSE Tower, 5th Avenue corner 28th Street, BGC, Taguig City 1634. The Fund's telephone number is (+632 8250-8700).

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 operated as an investment company with a focus on long-term capital appreciation by investing primarily in companies listed on the PSE that distribute dividends.

### **Shares Offered/Par Value**

Common stock with par value of One Peso (₱1.00) per share. Stockholders who have subscribed and paid for the original capital of the Fund, are not allowed to sell, transfer, convey, encumber or otherwise dispose of their shares/securities within twelve (12) months from the registration of the Fund.

### **Offering Price**

At the NAV per share for the banking day, if payment is made within the daily cut-off time, plus a sales load fee, if applicable.

### **Total Outstanding Shares after the Offer**

The total number of outstanding shares of the Fund is One Billion (1,000,000,000).

### **Proceeds from the Offering**

The total proceeds expected to be raised by the Fund is Four Billion Eight Hundred Sixty Million Pesos (4,173,000,000) at the Net Asset Value per share of ₱4.1730 as of October 31, 2023. The net proceeds from the sale of securities will be used in investing primarily in companies listed with the Philippine Stock Exchange. All proceeds, including the original subscription payments at the time of incorporation constituting the paid in capital of the investment company shall be held by the settlement bank, specifically Eastwest Bank (EWB). On the other hand, the custodian for the securities shall be the BPI Asset Management and Trust Corporation. For a more detailed discussion, please refer to the section entitled "Use of Proceeds."

### **Sales Load**

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

### **Daily Cut-Off Time**

12:00 noon

### **Minimum Investment**

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

### **Redemption Price**

The redemption price of the securities surrendered within the daily cut-off time shall be the next computed NAV per share 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.

### **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 on a daily basis 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 account of Philequity Management, Inc.

**Investment Policies and Objective**

The investment objective of Philequity PSE Index Fund, Inc. is to generate income and achieve long-term capital appreciation by matching the performance of the Philippine Stock Exchange Index ("PSEi"), through investment in the proportionate amount of Index stocks such that the performance of the Fund matches the PSEi. It is categorized under SEC ICA Rule 35-1 as growth-oriented.

**Risk Factors**

As the Fund will be investing in PSE Index stocks, various factors, such as market conditions, general political and economic situations, and the performance of corporations whose stocks comprise the PSEi may affect the prices of the stocks 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 shares may be less than the prices at which the shares were originally purchased.

**Dividend Policy**

Subject to compliance with the requirements of applicable laws and regulations, and the absence of circumstances which may restrict the payment of dividends, only surplus profits in excess of one hundred (100%) percent of the Corporation's paid-in capital stock shall be declared as cash dividends. The existence of surplus profits available for distribution as cash dividends shall be reviewed in the month of April of every year, or when the annual audited financial statements become available, whichever is later. The declaration and payment of such cash dividends shall be made by the Company on the following month thereof. The amount of cash dividends declared and paid shall automatically be reinvested in new shares of stock of the Fund, for which no sales load fees will be charged. Any redemption of such reinvested shares shall be subject to redemption charges as stated under the heading Redemption of Shares.

**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, 2022 and interim unaudited Financial Statements for the third quarter ending September 30, 2023. This consolidated financial data should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included elsewhere in this Prospectus.

The 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 PSE INDEX FUND, INC.

(An Open-End Mutual Fund Company)

STATEMENTS OF FINANCIAL POSITION

	(Unaudited)	Audited
	September 30, 2023	December 31, 2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	110,622,609	72,540,124
Financial assets at fair value through profit and loss	3,615,573,577	3,711,064,600
Loans and receivables	4,305,814	1,864,411
Other assets	481,109	5,000
<b>Total Current Assets</b>	<b>3,730,983,110</b>	<b>3,785,474,135</b>
<b>Total Assets</b>	<b>3,730,983,110</b>	<b>3,785,474,135</b>
<b>LIABILITY AND EQUITY</b>		
<b>Current Liabilities</b>		
Accrued expenses and other liabilities	14,861,187	14,119,354
<b>Equity</b>		
Capital stock	842,878,623	838,892,288
Additional paid-in capital	3,366,807,513	3,358,821,997
Retained earnings	-493,564,213	-426,359,504
<b>Total Equity</b>	<b>3,716,121,923</b>	<b>3,771,354,781</b>
<b>Total Liabilities and Equity</b>	<b>3,730,983,110</b>	<b>3,785,474,135</b>

**PHILEQUITY PSE INDEX FUND, INC.**  
**(An Open-End Mutual Fund Company)**

**STATEMENTS OF COMPREHENSIVE INCOME**

	<b>For the Nine-Month Period Ended</b>	<b>For the Nine-Month Period Ended</b>
	<b>September 30, 2023</b>	<b>September 30, 2022</b>
<b>INVESTMENT INCOME (LOSS)</b>		
Net gain (loss) on financial assets at FVTPL	-145,675,966	-757,321,866
Dividends	102,609,720	63,529,094
Interest	1,106,865	209,316
Other Income	0	
	<b>-41,959,381</b>	<b>-693,583,456</b>
<b>EXPENSES</b>		
Management Fee	32,730,688	32,286,396
Commission Expense	877,231	1,543,152
Taxes and Licenses	1,821,373	2,458,304
Transaction Cost	177,855	194,574
Director's Fee	43,278	
Professional Fee	134,630	134,630
Other Expense	2,109,834	981,610
	<b>37,894,889</b>	<b>37,598,666</b>
<b>INVESTMENT INCOME (LOSS) BEFORE INCOME TAX</b>	<b>-79,854,270</b>	<b>-731,182,122</b>
<b>PROVISION FOR INCOME TAX</b>		
Current - RCIT	-	-
Provision for Final Tax	221,372	41,863
	<b>221,372</b>	<b>41,863</b>
<b>INVESTMENT INCOME (LOSS) AFTER INCOME TAX</b>	<b>-80,075,642</b>	<b>-731,223,985</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>	<b>-</b>	
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>-80,075,642</b>	<b>-731,223,985</b>

## GLOSSARY

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

<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 shares of the Fund
<b>NAV</b>	Net Asset Value
<b>NIRC or R.A. 8424, As Amended</b>	National Internal Revenue Code of 1997, as amended
<b>Pesos or ₱</b>	Philippine Peso, lawful currency of the Philippines
<b>PSEi</b>	Philippine Stock Exchange Index is a fixed basket of thirty (30) common stocks of listed companies, carefully selected to represent the general movement of the stock market.
<b>PPSE</b>	Philequity PSE Index Fund, Inc.
<b>Principal Distributor</b>	Philequity Management, Inc.
<b>PSE or the "Exchange"</b>	Philippine Stock Exchange, Inc.
<b>R.A. 2629</b>	Republic Act No. 2629 or the Investment Company Act
<b>SEC or the "Commission"</b>	Securities and Exchange Commission
<b>Shareholder or Stockholder</b>	Any natural or juridical person who has subscribed to the shares of the Fund.
<b>The "Fund" or the "Company"</b>	Philequity PSE Index Fund, Inc.
<b>Transfer Agent</b>	Philequity Management, Inc.

## 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.

The Fund intends to invest in an equity-based portfolio designed to match the Philippine Stock Exchange Index ("PSEi" or "Index"). As with any investment, a fund's past performance is no guarantee of its future success. Over the long-term, however, the success or failure to profit in the Fund will depend on the following: (i) the Fund's sales charges, fees and expenses; and (ii) the Fund's risks and volatility

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 below-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 (PSE-listed companies) of the shares of stocks. Through proper portfolio diversification, this risk can be minimized as losses on one particular stock may be off-set by gains in another.

There are two types of market risk namely:

- a. **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 securities 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.
  - b. **Equity Price Risk** – This refers to the changes in prices of equity investments held by the Fund. This is affected by the volatility due to different market factors, changes in prices of equity refer to the equity investments held by the Fund either for strategic or trading purposes. These equity investments, if any, are subject to the daily price fluctuations, as determined by market forces. Hence, prices may vary as a result of the general economic and political conditions, as well as developments in the company's operations and overall profitability. To manage this risk, the equity investments included in the Fund's portfolio are carefully selected based on their fundamental soundness.
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 shares. The Fund is exposed to the risk of being unable to meet its payment obligations to redeeming shareholders. It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

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 shareholder 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. As a consequence, these instances can result to the redemption prices of redeemed shares being less than the prices at which the shares were originally purchased. Investors who redeem their shares may not be able to recover the full cost of their investment.

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 shareholders of the Fund. To address this risk the

Fund will keep itself abreast with 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 of 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. In order 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 companies listed in the Philippine Stock Exchange will be strictly observed by the Fund.

**3. Dilution Risk**

Being an open-ended mutual fund, shares are continuously subscribed and redeemed which may dilute its current shareholders as more shares are being subscribed. In addition the control and influence investors have over the management of Fund decreases as shares 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 has a direct impact on the performance of the Fund. In order to mitigate this risk the Fund Manager will adhere to a thorough investment process, considering macroeconomic as well as company-specific factors before making an investment decision.

## **FUND FEATURES**

### **THE FUND**

Philequity PSE Index Fund, Inc. (formerly "Vantage PSE Index Fund, Inc.") was incorporated on 22 February 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 investment objective of Philequity PSE Index Fund, Inc. is to generate income and achieve long-term capital appreciation by matching the performance of the Philippine Stock Exchange Index ("PSEi"), through investment in the proportionate amount of Index stocks such that the performance of the Fund matches the PSEi. The Fund issues mutual fund shares for sale to the public. Said mutual fund shares 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 shares of any investor at the applicable NAV per share.

The Fund aims to provide small investors with the opportunity of accessing the stock market by investing in shares of stock that comprise the PSEi in such proportion that the performance of the Fund matches that of the PSEi. Inasmuch as the PSEi is subject to upturns and downturns, the Funds' focus is to capitalize on both short-term and long-term capital appreciation.

The Fund shall maintain a portfolio of equity securities consisting solely of stocks of companies comprising the Index stocks. 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

The investment objective of Philequity PSE Index Fund, Inc. is to generate income and achieve long-term capital growth by matching the components and weightings of the Philippine Stock Exchange Index ("PSEI").

Inasmuch as immediately investing the entire Fund, or large amounts of investments, at any one time in the PSEI stocks may result in an artificial increase in stock prices, a portion of the Fund shall also be invested in short term instruments such as but not limited to debt securities and fixed-income securities until such time that the entire Fund can be properly allocated among all the PSEI stocks.

The percentage of the Fund which will be invested in any one company and the percentage of voting securities of any one company which the Fund may acquire shall be determined by the size of the Fund, the composition of the PSEI, and the proportion that the market capitalization of the company bears to the aggregate market capitalization of the PSEI stocks. In general, the larger the size of the Fund, the greater the percentage may be invested in any one company.

The Fund will act within the provision of applicable laws and regulations as stated in the investment restrictions.

## INVESTMENT RESTRICTIONS

The investments and operation of the Fund shall be subject to the following limitations and restrictions:

1. The maximum investment in any single enterprise, except obligations of the Philippine government and its instrumentalities, shall not exceed an amount equivalent to fifteen percent (15%) of the Fund's net asset value, nor shall the total investment of the fund exceed ten percent (10%) of the outstanding securities of any one investee company.

2. For liquidity purposes, unless otherwise prescribed by the Commission, the Fund shall invest at least five percent (5%) of its net assets in liquid/semi-liquid assets, such as:

(a) Treasury notes or bills, Bangko Sentral ng Pilipinas ("BSP") Certificates of Indebtedness which are short-term, and other government securities or bonds and such other evidences of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines or any other government.

(b) Savings or time deposits with government-owned banks or commercial banks, provided that in no case shall any such savings or time deposit account be accepted or allowed under a "bearer", "numbered" account or other similar arrangement.

In accordance with the requirement of SEC Memorandum Circular No. 8 (series 2016), the Company is exempted from the 5% liquidity requirement of mutual fund index trackers.

3. Unless the applicable Philippine laws, rules and regulations, and orders of the Securities and Exchange Commission ("SEC") provide otherwise, the Fund shall not sell securities short nor invest in any of the following:

- (a) margin purchase of securities (investments in partly paid shares are excluded)
- (b) commodity futures contract
- (c) precious metals
- (d) unlimited liability investments

4. Unless otherwise prescribed by the Commission, the total operational expenses of the Fund shall not exceed ten percent (10%) of its average investment fund or net worth as shown in the previous year's audited financial statements. The formula shall be as follows:

$$\text{Expense Ratio (\%)} = \frac{\text{Total Operating Expenses}}{\text{Average Net Asset Value}} * 100$$

5. The Fund shall not incur any further debt or borrowing unless at the time of its incurrence or immediately thereafter there is a net asset coverage of at least three hundred percent (300%) for all its borrowing, or such net asset coverage as the applicable Philippine laws and regulations may prescribe. In the event that such asset coverage shall at any time fall below 300% or the coverage required by law, the Fund shall within three (3) days after, or such period as the applicable Philippine laws and regulations may require, reduce the amount of borrowings to an extent that the net asset coverage shall be at least 300% or the coverage required by law.

6. Unless permitted by applicable Philippine laws, rules or regulations, the Fund shall not participate in an underwriting or selling group in connection with the public distribution of securities, except its own capital stock.

7. The Fund shall not purchase from or sell to any of its officers or directors, or to any of the officers or directors of its investment adviser/s, manager or distributor/s or firm/s of which any of them are members, any security other than the capital stock of the Fund.

8. The Fund may invest one hundred percent (100%) of its net assets in foreign securities subject to the limitations provided by SEC Memorandum Circular (MC) No. 7 Series of 2005, as amended by SEC MC, No. 10 Series of 2006, providing for the "Guidelines on the Evaluation of Foreign Investment by Mutual Fund Companies", and any other limitations and restrictions as the Commission may prescribe.

## **TERMS AND PRICING OF SECURITIES**

### **1. Eligible Investors**

The shares 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 shares of stock of the Fund which 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 corporate books of the Fund. The Investor shall declare and warrant that there are no legal restrictions prohibiting the purchase of the shares applied for and that the Investor is otherwise eligible throughout the duration of the period that the Investor remains a shareholder of the Fund.

### **2. Offering Price**

The price at which the securities are to be sold is at the Net Asset Value ("NAV") per share 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 shares shall be valued based on the NAV per share for the same banking day. For applications received after the cut-off time, it shall be deemed to have been received the next banking day, and the NAV per share for the next banking 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.

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

### **3. Sales Load**

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

### **4. Minimum Investment**

Minimum initial investment of One Thousand Pesos (₱1,000.00) and a minimum of Five Hundred Pesos (₱ 500.00) worth of shares for additional investments. Payment shall be on cash basis only. No installment payment is allowed.

### **5. Income Distribution Policy**

All investment income generated by the Fund will be distributed indirectly to all the shareholders through the daily adjustment of the Fund's Net Asset Value Per Share. Subject to compliance with the requirements of applicable laws and regulations, and the absence of circumstances which may restrict the payment of dividends, only surplus profits in excess of one hundred (100%) percent of the Corporation's paid-in capital stock shall be declared as cash dividends. The existence of surplus profits available for distribution as cash dividends shall be reviewed in the month of April of every year, or when the annual audited financial statements become available, whichever is later. The declaration and payment of such cash dividends shall be made by the Company on the following month thereof. The amount of cash dividends declared and paid shall automatically be reinvested in

new shares of stock of the Fund, for which no sales load fees will be charged. Any redemption of such reinvested shares shall be subject to redemption charges as stated under the heading Redemption of Shares.

## **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 NAVPS 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.

#### **Requirements for Corporate Applicants**

For Investors other than individuals, the following documents, in addition to the Account Opening Form (AOF), Investor Risk Profiling Questionnaire (IRPQ), Investment Application Form (IAF) and Specimen Signature Card, must be submitted and shall be considered integral parts thereof:

- a. Certified True Copy of the Investor's SEC Certificate of Registration, Articles of Incorporation and By-Laws;
- b. Notarized corporate secretary's certificate setting forth the resolutions of the Investor's Board of Directors or equivalent body:
  - i. authorizing the purchase of the shares of the Fund;
  - ii. designating the signatories for the purpose; and
  - iii. certifying the percentage of capital stock held by non-Filipinos
- c. Certified True Copy of the Latest General Information Sheet

#### **2. Acceptance of Investment Applications**

Applications for the number of shares 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 the confirmation of the acceptance.

The Principal Distributor reserves the right to reject, scale-down and reallocate any application for the shares for whatever reason. Applications for which check payments are dishonored upon first presentment, as well as those which do not comply with the requirements set in 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 upon submission of a duly accomplished and executed Investment Application Form. Securities sold shall be on cash basis only. Sales subject to installment payments are prohibited. Payments must be made in the form of: (a) cash deposit; (b) personal or corporate check, (c) fund transfer, (d) Cashier's or Manager's check (e) auto deduct facility or (f) Bills Payment, drawn against a bank account with a BSP authorized agent bank located in Metro Manila. All such checks must be made payable to "Philequity PSE Index Fund, Inc." dated as of the date of the Investment Application,

and remitted directly to the Principal Distributor at its principal office. A confirmation notice will be issued to the Investors in case of payments made in cash and cashier's or manager's check. In the case of payments made by personal or corporate check and an official receipt shall be issued only when the check clears.

#### **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. The respective Investor shall receive a check, crossed "Payee's Account Only," mailed and delivered at the Investor's risk to the address specified in the Account Opening Form or to the corresponding distributor or any authorized investment salesman of the Investor.

#### **5. Delivery of Stock Certificates**

Stock certificates are issued to investors in scripless format. In the interest of economy and convenience, certificates for shares purchased will only be issued if so requested in writing by the shareholders. Shares are recorded on a stock register by the Corporation's duly appointed Transfer Agent and shareholders 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, stock certificates representing ownership of the shares 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 stock certificates shall be borne by the shareholder.

#### **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 Share Computation**

The NAV per share shall be the computed difference between the total assets of the Fund and its total liabilities divided by the number of shares outstanding. The NAV shall be posted in the conspicuous place of the principal office of the Fund as well as in all its branches and designated redemption centers. It shall also be published in at least two (2) newspapers of general circulation in the Philippines on a daily basis.

#### **2. Manner and Method of Redemption**

Upon the presentation to the Principal Distributor of the securities for redemption, the holder of the shares of the Fund is entitled to receive by way of redemption approximately his proportionate share of the Fund's current net assets or the cash equivalent thereof, i.e. the net current asset value per share, subject to existing laws and the By-Laws of the Fund. Any request for redemption should always be accompanied by duly endorsed stock certificates and custodian receipt/s, if they have been issued. The redemption proceeds shall be paid within seven (7) banking 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 next computed NAV per share 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 banking day. The daily cut-off time shall be 12:00 o'clock noon.

#### 4. 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.

#### 5. Special Considerations

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

- a. The Philippine Stock Exchange is closed for reasons other than the customary weekend or holiday closings;
- b. Trading at the Philippine Stock Exchange is suspended or restricted;
- c. There exists an emergency as a result of which disposal by the Fund of securities owned by it is not reasonably practicable, or the computation or determination of the net asset value is not practicable;
- d. The Commission, by order permits suspension of the right of redemption for the protection of the Fund's stockholders; or
- e. Such other circumstance as the applicable Philippine laws or regulations may allow.

#### 6. Applicable Taxes

Under the NIRC, gains realized by the Investor upon redemption of shares of stock in a mutual fund company are excluded from the computation of a taxpayer's gross income and are thus exempt from taxation. However, the amount of cash and/or property dividends received by an individual from a mutual fund company shall be subject to a final tax at the rate of 10% for Filipino citizens and resident aliens while 20% for non-resident aliens engaged in trade or business within the Philippines and 25% for non-resident aliens not engaged in trade or business within the Philippines. However, non-resident aliens shall be subject to the existing tax treaty, if any, entered into by the Philippines and by the country where they are residents. On the other hand, cash and/or property dividends received by corporations are not subject to tax, with the exception of dividends received by non-resident foreign corporations which, in general, shall be taxed at the rate of 15% of the amount of dividends received pursuant to the tax-sparing credit provision of the Tax Code, or to the existing tax treaty, if any.

### COMPUTATION OF NET ASSET VALUE

The net asset value of each share of the capital stock of the Fund, as of the close of business of any day, shall be the quotient obtained by dividing the value, as of such closing date, of the assets of the Fund less the liabilities (exclusive of capital stock and surplus) by the total number of shares of capital stock outstanding at such close, all determined and computed as follows:

1. The assets of the Fund shall be deemed to include (i) all cash on hand, deposit in a bank, (ii) all bills and notes and accounts receivable, (iii) all shares of stock and subscription rights and other securities owned or contracted for by the Fund, other than its own capital stock, (iv) all stock and cash dividends and cash distributions to be received by the Fund and not yet received by it but declared to stockholders of record on a date on or before the date as of which the net asset value is being determined, (v) all interests accrued on any interest bearing securities owned by the Fund, (vi) all other property of every kind and nature including prepaid expenses.

In determining the value of the assets of the Fund for the purpose of obtaining the net asset value for acquisition, purchase, repurchase or redemption by the Fund of shares of its capital stock from its stockholders, each security listed in the Philippine Stock Exchange shall be valued on the basis of the average closing price thereon on the

business day on which such net asset value for sale and redemption purposes is to be calculated. If there be no transaction on particular issue listed, then the value to be used is that of the previous day or the last day that a transaction was closed. As used herein "business day" shall mean a day on which the Philippine Stock Exchange is open for trading in securities and each business day will be at the hour and minute when such Exchange closes for the trading of securities for the day.

All other assets of the Fund, including real estate, prepaid and accrued expenses and dividends receivable shall be valued by such standard and acceptable accounting methods as the Board of Directors and its auditor shall deem to reflect their fair market value.

2. The liabilities of the Fund shall be deemed to include (i) all bills and notes and accounts payable, (ii) all administrative expenses payable and/or accrued (including management fees), (iii) all contractual obligations for the payment of money or property, including the amount of any unpaid dividend declared upon the Fund's stock and payable to stockholders of record on or before the day as of which the value of the Fund's stock is being determined, (iv) all reserves authorized or approved by the Board of Directors for taxes or contingencies, and (v) all other liabilities of the Fund of whatsoever kind and nature except liabilities represented by the outstanding capital stock and surplus of the Fund.

The NAV per share shall consistently be computed in accordance with the foregoing formula. Any change of the computation or valuation shall be subject to the approval of the Commission.

The NAV shall be posted in the conspicuous place of the principal office of the Fund as well as in all its branches and designated redemption centers. It shall also be published in at least two (2) newspapers of general circulation in the Philippines on a daily basis.

## **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. The Investment Manager takes on the task of analyzing the various securities and issues available in the market, and determining the daily market capitalization of each Index stock and the proportion it bears to the aggregate market capitalization of the PSEi. Accordingly, the Investment Manager, who has the expertise, the time and the facilities to undertake such activities, can buy and sell the proportionate number of stocks in order to maintain a portfolio that parallels the composition of the PSEi.

### **2. Diversification**

An Investor in the Fund achieves instant diversification at a minimal investment, especially as the Fund's assets shall be proportionately allocated among all Index stocks. As the objective of the Fund is to match the performance of the Philippine Stock Exchange Index, the Investor is given an opportunity to participate in the equities market.

### **3. Liquidity**

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

## **USE OF PROCEEDS**

The total proceeds from the sale of the securities shall be invested and reinvested by the Fund in stocks comprising the PSEi.



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 Eastwest Bank (EWB), 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. Inasmuch as immediately investing the entire Fund, or large amounts of investments, at any one time in the Index stocks may result in an artificial increase in stock prices, a portion of the Fund shall also be invested in short-term debt securities and fixed-income securities until such time that the entire Fund can be properly allocated among all the Index stocks.

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 shareholder of the Fund for any services rendered, assets previously transferred, and money loaned or advance or otherwise.

## **DETERMINATION OF OFFERING PRICE**

The price at which the securities are to be sold is at the Net Asset Value per share ("NAVPS") 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 shares shall be valued based on the NAVPS for the same banking day. For applications received after the cut-off time, it shall be deemed to have been received the next banking day, and the NAVPS for the next banking 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.

NAVPS shall be the computed difference between total assets of the Fund and its total liabilities divided by the number of shares outstanding. The sales load fees for the amount of investment in an Investment Application shall be a maximum of five percent (5%).

## **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 Shares will not be underwritten. There are no shares designated to be sold to specified persons and none of the shares are to be allocated to an Exchange and/or to its members. No securities are to be offered pursuant to a dividend or interest reinvestment plan the terms of which provide for the purchase of some securities on the market. Nor are there any securities being registered or to be offered other than for cash.

The Fund has appointed Philequity Management, Inc. ("PEMI") as Principal Distributor of capital stock of the Fund and agreed that it will not sell any shares of its capital stock except to or through PEMI. The Fund also authorized PEMI to set up a marketing network and accredited sub dealers or agents who are directly liable to PEMI. As such, PEMI will sell the Fund's shares through its Registered Certified Investment Solicitors and dealers with whom it has entered into distribution agreements.

PEMI is licensed by the Commission as an Investment Company Adviser with Certificate of Registration No. 01-2004-00156 issued on 30 March 2004 and License Number ICA-00007. The said certification is being renewed annually.

PEMI shall be paid 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 on a daily basis as its management and distribution fee. A sales load not exceeding five percent (5%) may also be charged.

## **DESCRIPTION OF SECURITIES TO BE REGISTERED**

### **Procedure for Handing Customer Complaints**

In case of complaints, investors may contact:

Philequity Management Inc,  
15<sup>th</sup> Floor PSE Tower, 5th Avenue corner 28th Street, BGC, Taguig City 1634  
E-mail: ask@philequity.net  
Website: www.philequity.net  
Telephone No.: +63 2 8250-8700

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

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

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

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

### **Procedure for Monitoring Fund Distribution**

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

### **Policies on the Conflict of Interest, Management and Procedures in Monitoring and Resolving Conflicts Of Interest (After Procedure for monitoring fund distribution/customer complaints)**

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 (after policies on the conflict of interest)**

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

### **Statement of liability of the shareholders to the Investment Company**

The Fund has an authorized capital stock of One Billion (1,000,000,000) composed of One Billion (1,000,000,000) common shares with par value of One Peso (₱1.00) per share.

The SEC has permitted the Fund to have a paid-in capital lower than Fifty Million Pesos (₱50,000,000.00) as the Fund is one of a group of investment companies in existence under management by one investment company manager, Philequity Management, Inc.

The Fund registered its entire authorized capital stock with the Securities and Exchange Commission under SEC Form 8-1 Registration Statement under the Securities Regulation Code.

Unless applicable Philippine laws and regulations shall allow otherwise the original promoters of the investment company who have subscribed and paid for the original capital of the Fund, shall not be allowed to sell, transfer, convey, encumber or otherwise dispose of their shares/securities within twelve (12) months from the registration of the Fund.

Each share of stock of the Fund shall have full voting rights equal to every other outstanding share of stock in accordance with the Corporation Code of the Philippines, and subject to the following:

1. **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, the holder of a share of stock is entitled to receive by way of redemption approximately his proportionate share of the Fund's current net assets in cash, i.e. the net current asset value per share, subject to existing laws and the By-Laws of the Fund.

2. **Denial of Pre-emptive rights**

The Articles of Incorporation of the Fund provide that no stockholder shall, because of his ownership of stock, have a pre-emptive or other right to purchase, subscribe for, or take any part of any stock or of any other securities convertible into or carrying options or warrants to purchase stock of the Fund. The Fund's Articles of Incorporation further provide that any part of such stock or other securities may be disposed of by the Fund pursuant to the resolution of its Board of Directors, to such persons and upon such terms as the Board may deem proper, without first offering such stock or securities or any part thereof to existing stockholders.

3. **Distribution of Dividends**

Subject to compliance with the requirements of applicable laws and regulations, and the absence of circumstances which may restrict the payment of dividends, only surplus profits in excess of one hundred (100%) percent of the Corporation's paid-in capital stock shall be declared as cash dividends. The existence of surplus profits available for distribution as cash dividends shall be reviewed in the month of April of every year, or when the annual audited financial statements become available, whichever is later. The declaration and payment of such cash dividends shall be made by the Company on the following month thereof. The amount of cash dividends declared and paid shall automatically be reinvested in new shares of stock of the Fund, for which no sales load fees will be charged. Any redemption of such reinvested shares shall be subject to redemption charges as stated under the heading Redemption of Shares.

4. **Restriction on Transfers**

No transfer of stock 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.

## **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 PSE Index Fund, Inc. (formerly "Vantage PSE Index Fund, Inc.") is a domestic corporate duly authorized to operate as an open-ended investment company with an investment objective of investing in Philippine Stock Exchange Index. The Fund was incorporated on February 22, 1999 with an authorized capitalization of One Hundred Million Pesos (₱100,000,000) consisting of 100,000,000 common shares at a par value of ₱1.00 per share. On May 5, 2015, the Securities and Exchange Commission approved the increase of authorized capital stock to Two Hundred Million Pesos (₱250,000,000) consisting of 250,000,000 common shares at a par value of ₱1.00 per share. On April 18, 2017 the Commission approved the company's application to increase its authorized capital stock to One Billion Pesos ₱1,000,000,000. The Fund aims to provide small investors with the opportunity of accessing the stock market by investing in shares of stock that comprise the PSEi in such proportion that the performance of the Fund matches that of the PSEi.

Inasmuch as the PSEi is subject to upturns and downturns, the Fund's focus is to capitalize on both short-term and 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 account 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 fifty hundredths percent (0.50%) and distribution fee equivalent to fifty hundredths percent (0.50%) for performing its functions.

### ***Competition***

As of October 31, 2023 there are seventy 70 mutual funds being offered to the public. The Fund is categorized as a stock fund and is in direct competition with twenty three (23) other equity mutual funds.

Specifically, the Fund competes against other index tracking funds. Data sourced from the Philippine Investment Fund Association (PIFA) shows five (5) other index tracker mutual funds namely First Metro Save and Learn Phil. Index Fund, Inc., PAMI Equity Index Fund, Inc., Philequity PSE Index Fund, Inc., Philippine Stock Index Fund Corp., and Sun Life Prosperity Phil. Stock Index Fund, Inc. In terms of net asset value, Philequity ranks third amongst its peers. While the aforementioned funds have vast resources and extensive networks through global and regional branches, the Fund believes it has its own competitive advantages. Mutual funds mainly compete on performance followed by fees charged by the funds. If the performance of a fund is superior to its peers it will most certainly see increases in its subscription. Philequity has maintained its reputation as a leader in relative performance amongst its peers. Fees like sales load, management and exit fees are also factors that affect the decision making process of potential investors. To date, the Fund charges the lowest fees and shortest holding periods.

\* PIFA Statistical Report, October 31, 2023

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

The Fund does not foresee to have 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***

As an investment company registered with the SEC, the Fund must comply with the requirements of the Corporation Code of the Philippines as well as the minimum subscribed and paid-up capital of ₱50.0 million as required under Section 12 Structure and Capitalization of Investment Companies of the ICA.

The Investment Company Act requires that any securities proposed to be issued and distributed or sold by the investment company must likewise be registered with the SEC.

### ***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.

***Effect of existing governmental regulations***

Government regulations have both positive and negative effects on the interest of mutual fund investors. The positive effect is the sense of security that the investors feel that investment companies are regulated by the Securities and Exchange Commission. Ultimately, it gives our capital market a sense of integrity which boosts investors’ confidence in the Philippine equity market.

The negative effect of government regulation can be seen with the lowering of the threshold amount of covered transactions under the Anti-Money Laundering Act of 2001 (Republic Act No. 9160) from ₱4,000,000.00 to ₱500,000.00, making the investing public wary of attempting to invest an amount that would place their investment in such a position that would entail a report to the AMLA Council. Moreover, investors would consider the reportorial provision of the Anti-Money Laundering Act as an invasion of their secrecy of deposit, more so if the source of such investment is legitimate. Hence, with the AMLA as a discouraging factor, the Fund expects limited capital investment by shareholders.

**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 shares of stock of the Fund. The Fund’s shares shall be sold through its appointed Principal Distributor.

Stated below are the Net Asset Value per Share for the last five years:

	<b>1<sup>st</sup>Qtr</b>	<b>2<sup>nd</sup>Qtr</b>	<b>3<sup>rd</sup>Qtr</b>	<b>4<sup>th</sup>Qtr</b>
<b>2019</b>	5.2781	5.3531	5.2024	5.2235
<b>2020</b>	3.5854	4.1709	3.9490	4.7912
<b>2021</b>	4.3480	4.6551	4.6949	4.8182
<b>2022</b>	4.9219	4.2101	3.9239	4.4956
<b>2023</b>	4.5043	4.5039	4.4090	N/A

Stated below are the High and Low Net Asset Value per share for the indicated quarters:

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
Year	High	Low	High	Low	High	Low	High	Low
2019	5.4054	4.9738	5.4082	5.0041	5.5947	5.1863	5.4873	5.0464
2020	5.2394	3.1304	4.4213	3.599	4.2762	3.8376	4.9008	3.951
2021	4.9002	4.3107	4.7059	4.1702	4.7429	4.2334	5.0318	4.6681
2022	5.0668	4.6367	4.8942	4.1495	4.691	3.9239	4.6439	3.9519
2023	4.8520	4.3900	4.6452	4.4537	4.6461	4.2197	N/A	N/A

### ***Holdings***

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.

### ***Dividends***

Subject to compliance with the requirements of applicable laws and regulations, and the absence of circumstances which may restrict the payment of dividends, only surplus profits in excess of one hundred (100%) percent of the Corporation's paid-in capital stock shall be declared as cash dividends. The existence of surplus profits available for distribution as cash dividends shall be reviewed in the month of April of every year, or when the annual audited financial statements become available, whichever is later. The declaration and payment of such cash dividends shall be made by the Company on the following month thereof. The amount of cash dividends declared and paid shall automatically be reinvested in new shares of stock of the Fund, for which no sales load fees will be charged. Any redemption of such reinvested shares shall be subject to redemption charges as stated under the heading Redemption of Shares

### ***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**

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

<b>Financial Position</b>	<b>Unaudited September 30, 2023</b>	<b>Audited December 31, 2022</b>	<b>Increase/ Decrease</b>	<b>Percentage</b>
Total Assets	3,730,983,110	3,785,474,135	-54,491,025.46	-1.44%
Total Liabilities	14,861,187	14,119,354	741,832.95	5.25%
Total Equity	3,716,121,923	3,771,354,781	-55,232,858.41	-1.46%

A total asset decreased by 1.44% is attributable to negative effect or declined of market prices of equity securities.

Increase of 5.25% in total liabilities is mainly due to brokers and redemptions confirmed and reclassified to equity from accounts payable to shareholders for unpaid redemption proceeds and subscriptions.

#### B. NAV Per Share

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
NAV attributable to holders of redeemable shares (a)	3,716,121,923	3,771,354,781
Number of shares outstanding (b)	842,878,623	838,892,288
<b>NAV per share (a/b)</b>	<b>4.4088</b>	<b>4.4956</b>

#### C. Operating Revenues and Expenses

<b>Income Statement</b>	<b>For the Nine-Month Period Ended September 30, 2023</b>	<b>For the Nine-Month Period Ended September 30, 2022</b>	<b>Increase/ Decrease</b>	<b>Percentage</b>
Investment Income (Loss)	-41,959,381	-693,583,456	651,624,075	-93.95%
Expenses	38,116,261	37,640,529	475,732	1.26%
Net Income (Loss)	-80,075,642	-731,223,985	651,148,343	-89.05%

Investment income – For the period ended September 30, 2023, the Fund incurred total investment loss of ₱41,959,381 from loss of ₱693,583,456 of same period last year. Increase in total investment loss is attributable to negative effect or declined of market prices of equity securities.

Operating expense – Comparing this year and last year's operating expenses, there was an increase of 1.26% brought by increase in stock transaction tax due to higher equity trades and documentary stamp tax paid for new subscription this period.

Net Income – Due to the positive performance of market prices of equity securities in September 30, 2023 versus September 30, 2022, the net loss decreased by ₱651,148,343 as compared last year.

#### D. Earnings per Share

The following table reflects the net earnings per share data:

	<b>For the Nine-Month Period Ended September 30, 2023</b>	<b>For the Nine-Month Period Ended September 30, 2022</b>
Net investment income/(loss) (a)	-80,075,642	<b>-731,223,985</b>
Weighted average number of outstanding shares of stock (b)	848,261,271	822,617,946
Earnings (loss) per share (a/b)	-0.0944	-0.8889

#### 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>September 30, 2023</b>	<b>December 31, 2022</b>
Current Ratio	25073.34%	26797.29%
Acid Test Ratio	25073.34%	26797.29%
Solvency Ratio	-538.82%	-1833.09%
Debt-to-Equity Ratio	0.40%	0.37%
Asset-to-Equity Ratio	100.40%	100.37%
Interest Rate Coverage Ratio	N/A	N/A
Return on Assets	-2.29%	-6.71%
Return on Equity	-2.30%	-6.73%
Net Profit Margin	52.40%	80.82%

#### 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 PSEi as its benchmark in order to compare the Fund's performance.

Below is a comparative performance of the Fund against the PSEi.

	<b>October 31, 2023</b>	<b>December 31, 2022</b>	<b>Return (%)</b>
PSEi	5973.78	6,566.39	-9.02%
PPSE	4.173	4.4956	-7.18%

##### 2. Assets under Management

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, 2022.

<b>October 31, 2023</b>	<b>December 31, 2022</b>	<b>Growth (%)</b>
3,506,687,863	3,771,324,170	-7.02%



### 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.

	October 31, 2023		December 31, 2022	
	Net Assets (P'm)	%	Net Assets (PHP)	%
First Metro Save and Learn Phil. Index Fund, Inc.	94.43	0%	101.25	0%
PAMI Equity Index Fund, Inc.	1,107.20	5%	1,315.12	5%
Philequity PSE Index Fund, Inc.	3,506.68	15%	3,771.33	14%
Philippine Stock Index Fund Corp.	7,633.45	34%	9,094.03	35%
Sun Life Prosperity Phil. Stock Index Fund, Inc.	10,356.84	46%	11,824.31	45%
Total	22,698.60	100%	26,106.04	100%

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

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

As of October 31, 2023, below are the performances of the various equity funds.

Fund Name	Return (%)
First Metro Save and Learn Phil. Index Fund, Inc.	-8.76%
PAMI Equity Index Fund, Inc.	-8.18%
Philequity PSE Index Fund, Inc.	-7.18%
Philippine Stock Index Fund Corp.	-7.32%
Sun Life Prosperity Phil. Stock Index Fund, Inc.	-7.59%

### 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 stock funds.

	October 31, 2023	October 31, 2022
First Metro Save and Learn Phil. Index Fund, Inc.	0.6397	0.6606
PAMI Equity Index Fund, Inc.	39.6575	40.4828
Philequity PSE Index Fund, Inc.	4.173	4.2132
Philippine Stock Index Fund Corp.	694.14	701.75
Sun Life Prosperity Phil. Stock Index Fund, Inc.	0.7872	0.7988

#### A. Causes for any Material Changes (+/-5% or more) in the Financial Statements

## **Income Statement Items – Quarter ended September 30, 2023 versus Quarter ended September 30, 2022**

- 80.76% decrease in net loss on changes in fair value bought by favourable market performance of the securities during the period.
- 61.52% increase in dividend income is mainly attributable to increase in dividend declaration during the period.
- 428.80% increase in interest income is due to increase in short term investment activities.
- 25.91% decrease in taxes and licenses corresponds to lower sales taxes during the period.
- 43.15% decrease in broker's commission is mainly due to lower volume in buying and selling activity of equity securities.
- 8.59% decrease in transaction cost is due to movement of equity trades as compared last year.
- 114.94% increase in other expenses is mainly attributed to Bank Charges such payment of transfer, and cancellation fee.

## **Balance sheet items – September 30, 2023 versus December 31, 2022:**

- 52.50% increase in cash and cash equivalents is attributable to increase of equity dividend debited to the bank account during the period.
- 130.95% increase in loans and receivables is due to higher dividends earned from equity investments but are not yet collected.
- 9522.19% increase in other assets is mainly due to prepaid taxes.
- 5.25% increase in accrued expense and other liabilities is due to increase in accounts payable.

### **B. 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 ₱108,000, ₱113,344 and ₱ 87,661 for 2022, 2021 and 2020, respectively. These fees pertain to the audit of the financial statements of the Fund in relation to statutory and regulatory filings.

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

#### **2. Tax Fees**

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

### 3. All Other Fees

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

#### 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	2006 to Present
Violeta O. Luym	Filipino	76	Treasurer	2000 to Present
Leo M. Garcia	Filipino	88	Director	2013 to Present
Gregorio U. Kilayko	Filipino	68	Director	2013 to Present
Felipe U. Yap	Filipino	86	Director	2000 to Present
Daniel A. Ongchoco	Filipino	55	Independent Director	2021 to Present
Dobbin A. Tan	Filipino	59	Independent Director	2019 to Present
Kevin A. Sy	Filipino	38	Assistant Treasurer	2015 to Present
Ma. Angelica D. Cabanit	Filipino	54	Compliance Officer	2010 to Present
Jonathan P. Ong	Filipino	56	Corporate Secretary	2020 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 A. 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).

#### **Leo M. Garcia**

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

#### **Gregorio U. Kilayko**

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

#### **Felipe U. Yap**

Mr. Yap is the Director of the following funds: Philequity PSE Index Fund, Inc., Philequity Fund, Inc., Philequity Peso Bond Fund, Inc. and Philequity Dollar Income Fund, Inc (2000 to present). Since 1988 until the present year, he is the Chairman of the Board and Chief Executive Officer of Lepanto Consolidated Mining Company, Lepanto Investment & Development Corporation, Diamant Manufacturing and Trading Corporation (formerly 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.

#### **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).

### **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.

## **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**

Since the fund’s inception, the directors and executive officers of the Fund have not received any form of compensation from incorporation up to present.

## **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 September 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	Direct	Filipino	0.00%
Common	530676	1	Direct	Filipino	0.00%
Common	506269	1	Direct	Filipino	0.00%
Common	529383	1	Direct	Filipino	0.00%
Common	529401	1	Direct	Filipino	0.00%
Common	592167	1	Direct	Filipino	0.00%
Common	504918	1	Direct	Filipino	0.00%

### ***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 1.00% of the average NAV of the Fund's assets. Also, the Fund shall remit to PEMI sales commission of a maximum of 3.5% of the gross investment based on tiered-front end sales schedule.

Related party transactions and balances with PEMI as of and for the period ended December 31, 2022:

	<b>Management fee</b>	<b>Sales commission</b>	<b>Due to PEMI</b>
2022	42,491,877	133,595	3,378,943

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

##### **Edmundo Marco P. Bunyi, Jr.**

Mr. Bunyi is currently the President of PEMI. Concurrently, He is also the President and CEO of Vantage Equities, Inc. and Vice Chairman and CEO of Vantage Financial Corporation (formerly e-Business Services, 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.

##### **Andy O. Co**

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

**Bert C. Hontiveros**

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

**Antonio C. Moncupa, Jr.**

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

**Willy N. Ocier**

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

**Valentino C. Sy**

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

**Wilson L. Sy**

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

**Atty. Jonathan P. Ong**

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

**CUSTODIAN**

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



## **TRANSFER AGENT**

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

## **LEGAL COUNSEL**

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

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

1. Manage the resources and operations of the Fund
2. Invest and re-invest the assets of the Fund
3. Prepare and submit such information and data relating to economic conditions, industries, business, corporation or securities as may be required by the Fund's Board of Directors;
4. Coordinate all activities and extend all necessary assistance to the custodian, auditors and legal counsel of the Fund;
5. Prepare and submit reports, circulars, notices and other information required by the Fund;
6. Provide representation with government offices, instrumentalities and agencies;
7. Provide accounting, bookkeeping, clerical and other administrative services;
8. Provide office space and other administrative facilities;
9. Transact with stockbrokers for the account of the Fund;
10. Distribute and sell shares of the capital stock of the Fund on a best efforts basis at a public offering price equal to the sum of (i) the net asset value per share in effect at the time of the sale of each share; and (ii) the sales load fee payable to the investment manager/principal distributor; and

In purchasing and selling securities and making or disposing of investments for the account of the Fund, PEMI may act without need of prior approval or prior notification to the Fund, provided that it is within the limits of the investment policies and guidelines prescribed by the Board of Directors of the Fund and subject to the provisions of applicable Philippine laws and regulation and the registration 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 charged monthly equivalent to 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, if any for every sale of the Fund's shares.

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 shareholder of the Fund. The Agreement may be terminated at any time by the Board of Directors of the Fund, by vote of two thirds (2/3) of the outstanding capital stock of the Fund or upon written notice of not less than sixty (60) days.

## **CUSTODIAN AGREEMENT**

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

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

BPI Asset Management and Trust Corporation 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, Philequity Management, Inc. was engaged by the Fund to act as the stock transfer and dividend paying agent of the Fund.

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

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

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

1. An on boarding fee of Thirty Thousand Pesos (Php30, 000.00)
2. A monthly retainer's fee of Thirty Thousand Pesos (Php30, 000.00)
3. A fee of Forty Five Pesos (Php45.00), for each scripless shares issuance or certificate issued by the AGENT and Twenty Pesos (Php20.00) for each scripless shares cancellation/ certificate cancelled.
4. For the performance of special non-recurring functions such as proxy tabulation, stock rights and stock conversions, and other similar functions, all fees shall be subject to prior mutual agreement before the performance of each said special function if not otherwise agreed upon in Annex A of this Agreement.
5. For the preparation of cash dividend checks, the Agent shall charge the COMPANY the amount of Thirty Pesos (Php30.00) per check.

6. All direct cost of records, reports, and forms, and all out-of-pocket expenses shall be chargeable to the COMPANY.

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

## **CORPORATE GOVERNANCE**

To fully comply with the adopted leading practices on good corporate governance, the Company has prepared and executed its Manual on Corporate Governance, the latest amendment of 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:

1. 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.
2. Responsibilities, specific duties, and functions of the Board of Directors, which includes ensuring that the Company complies with all relevant laws, regulations and codes 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 shareholders and stakeholders.
3. Creation of Board Committees, such as Audit Committee, the Nominations Committee and the Compensation and Remuneration Committee.
4. Procedures for monitoring and assessment compliance of the Manual of Corporate Governance.
5. The conduct of a training process for the purpose of conducting orientation program or workshop to implement the Manual of Corporate Governance
6. Penalties for non-compliance of the Manual of Corporate Governance

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

### **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 shares as may be required by applicable Philippine law or by rules and regulations of the SEC;

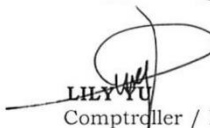
2. Expenses of providing the office space and other administrative facilities referred to in Section 1(b) of the Management and Distribution Agreement, including office rentals, cost of office equipment and supplies, cost of utilities, such as telephone, light and water facilities;
3. All other operating 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>

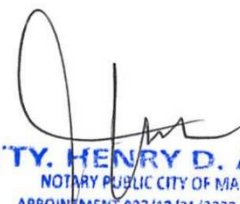
  
**LILY T. YU**  
 Comptroller / Principal Accounting Officer

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

SUBSCRIBED AND SWORN to before me this DEC 15 2023 day of 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

Doc. No. 70;  
 Page No. 15;  
 Book No. XIV  
 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-0000155 VALID UNTIL APRIL 14, 2025  
 (LS) 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 Agreement
Exhibit 6B	Custodian Agreement
Exhibit 6C	Stock Transfer and Dividend Paying Agency Agreement
Exhibit 6D	Certification by the President and Chairman of the Board describing the involvement, if any, by management or members of the Board of Directors in companies which the investment company will be dealing with
Exhibit 7A	Notarized Curriculum Vitae of Officers and Directors of the Fund
Exhibit 7B	Notarized Curriculum Vitae of Officers and Directors of the Investment Manager
Exhibit 8	Authorization to Commission to access registrant's bank accounts
Exhibit 9	Copy of Board Resolution approving the securities offering and authorizing the filing of the Registration Statement
Exhibit 10	Duly verified resolution of the issuer's Board of Directors approving the disclosures contained in the registration statement and assuming liability for the information contained therein
Exhibit 11	Secretary's Certificate as to adoption by the Board of certain corporate governance principles
Exhibit 12	Secretary's Certificate as to approval and adoption of Anti-Money Laundering Operating Manual
Exhibit 13	Secretary's Certificate as to the election of the members of the Board of Directors