

PHILEQUITY DOLLAR INCOME FUND, INC.

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO: ALL STOCKHOLDERS

NOTICE is hereby given that there will be an annual meeting of the stockholders of **Philequity Dollar Income Fund, Inc.** (the 'Fund') on **Saturday, 31 August 2019**, at **9:30 a.m.** at the **Meralco Theatre, Ortigas Avenue, Pasig City** to consider the following:

AGENDA

1. Call to Order
2. Proof of Notice of Meeting
3. Certification of Quorum
4. Approval of the Minutes of the Previous Meeting of Stockholders
5. Approval of 2018 Operations and Results
6. Ratification of all Acts of the Board of Directors and Officers
7. Election of Directors
8. Appointment of External Auditors
9. Other Matters
10. Adjournment

The Fund has, in accordance with its By-Laws, fixed the close of business on **25 July 2019** as the record date for the determination of the stockholders entitled to notice of and vote at said meeting and any adjournment thereof.

Registration for those who are personally attending the meeting will start at 8:00 a.m. and end promptly at 8:30 a.m. All stockholders who will not, are unable, or do not expect to attend the meeting in person are encouraged to date, sign, and send a proxy to the Fund's business address at 15th Floor, Philippine Stock Exchange, 5th Ave. cor. 28th Street, Bonifacio Global City, Taguig City, Metro Manila. All proxies should be received by the Fund **at least ten (10) days** before the meeting, or on or before **21 August 2019 (Wednesday)**. Proxies submitted shall be validated by a Committee of Inspectors on 22 August 2019 at 1:00 p.m. at 15th Floor, Philippine Stock Exchange, 5th Ave. cor. 28th Street, Bonifacio Global City, Taguig City, Metro Manila. For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.

To avoid inconvenience in registering your attendance at the meeting, you or your proxies are requested to bring identification paper(s) containing a photograph and signature, e.g. passport, driver's license, etc.

City of Taguig, Metro Manila, 07 August 2019.


ANN MARGARET K. LORENZO
Assistant Corporate Secretary

15th Floor, Philippine Stock Exchange, 5th Avenue corner 28th Street
Bonifacio Global City, Taguig City, Metro Manila, Philippines

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

Information Statement Pursuant to Section 20
of The Securities Regulation Code

1. Check the appropriate box:
☐ Preliminary Information Statement ☒ Definitive Information Statement
2. Name of Company as specified in its charter: **Philequity Dollar Income Fund, Inc.**
(formerly "Vantage Dollar Income Fund, Inc.")
3. Province, country, or other jurisdiction of incorporation or organization: **Metro Manila, Philippines**
4. SEC Identification Number: **A199816216**
5. BIR Tax Identification Code: **201-883-916-000**
6. Address of principal office: **15th Floor, Philippine Stock Exchange, 5th Ave.
cor. 28th Street, Bonifacio Global City, Taguig
City, Metro Manila 1630**
7. Company's telephone number, including area code: **(632) 250-8700**
8. Date, time and place of the meeting of security holders:
Date : 31 August 2019
Time : 9:30 a.m.
Venue : Meralco Theatre, Ortigas Avenue, Pasig City
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **07 August 2019**
10. Securities registered pursuant to Sections 4 and 8 of the Code (information on number of shares and amount of debt is applicable only to corporate registrants):
- | Title of Each Class | Number of shares of |
|---------------------|--------------------------|
| Common Stock, | Common Stock Outstanding |
| ₱1.00 par value | 90,963,785 |
| | (as of 31 July 2019) |
11. Are any or all Company's securities listed on a Stock Exchange?
Yes ☐ No ☒

WE ARE NOT ASKING OR REQUIRING YOU TO SEND US A PROXY

GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders

- A. **Date** : **31 August 2019**
 Time : **9:30 a.m.**
 Venue : **Meralco Theatre, Ortigas Avenue, Pasig City**

Mailing Address: 15th Floor, Philippine Stock Exchange, 5th Ave. cor. 28th Street, Bonifacio Global City, Taguig City, Metro Manila 1630

- B. The approximate date on which this Information Statement will be sent or given to security holders is on **07 August 2019**.

Item 2. Dissenter's Right of Appraisal

The Revised Corporation Code of the Philippines, specifically Sections 41 and 80 thereof, gives to a dissenting stockholder who votes against certain corporate actions specified by law, the right to demand payment of the fair market value of their shares, commonly referred to as Appraisal Right.

The following are the instances provided by law when dissenting stockholders can exercise their Appraisal Right:

1. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge, or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code;
3. In case the Company decides to invest its funds in another corporation or business outside of its primary purpose; and
4. In case of merger or consolidation.

There is no matter or item to be submitted to a vote or acted upon in the annual stockholders' meeting of Philequity Dollar Income Fund, Inc. (hereinafter referred to as the 'Fund' or the 'Company'), which falls under the instances provided by law when dissenting stockholders can exercise their Appraisal Right.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- A. No person who has been a director or officer or a nominee for election as director of the Company or associate of such persons, has a substantial interest, direct or indirect, in any matter to be acted upon other than the election of directors for the year 2019-2020.
- B. No director of the Company has informed the Company in writing that he intends to oppose any action to be taken by the Company at the meeting.

CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- A. The Company has **90,963,785** outstanding common shares as of **31 July 2019**. Each common share shall be entitled to one vote with respect to all matters to be taken up during the annual stockholders' meeting.
- B. The record date for determining the stockholders entitled to notice of and to vote during the annual stockholders' meeting is on **25 July 2019**.
- C. In the forthcoming annual stockholders' meeting, stockholders shall be entitled to elect seven (7) members to the Board of Directors. Each stockholder may vote such number of shares for as many as seven (7) persons he may choose to be elected from the list of nominees, or he may cumulate said shares and give one candidate as many votes as the number of his shares multiplied by seven (7) shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by seven (7).

D. Security Ownership of Certain Record and Beneficial Owners

(1) Security Ownership of Certain Record and Beneficial Owners

The Securities and Exchange Commission (SEC) has approved the Company's request for confidential treatment of information regarding the holders of its shares. A separate disclosure on this matter was filed with the SEC.

(2) Security Ownership of Management

The following is a tabular presentation of the shares beneficially owned by all directors of the Company as of 31 July 2019:

Class	Name of Director	Citizenship	No. of Shares	Percentage
Common	Ignacio B. Gimenez	Filipino	1	0.00%
Common	Violeta O. Luym	Filipino	1	0.00%
Common	Aurora L. Shih	Filipino	1	0.00%
Common	Ramon Y. Sy	Filipino	1	0.00%
Common	Felipe U. Yap	Filipino	1	0.00%
Common	Dobbin A. Tan	Filipino	1	0.00%
Common	Gregorio U. Kilayko	Filipino	1	0.00%
TOTAL			7	0.00%

(3) Voting Trust Holders of 5% or more

There is no party which holds any voting trust or any similar agreement involving 5% or more of the Company's voting securities.

(4) Changes in Control

The Company is not aware of any arrangement which may result in a change in control of the Company. There has been no change in control of the Company since the beginning of the last fiscal year.

Item 5. Directors and Executive Officers

A. Directors, Executive Officers, Promoters, and Control Persons

The names, ages, and periods of service of all incumbent Directors and Executive Officers of the Company, are as follows:

Name	Position	Citizenship	Age	Period Served
Ignacio B. Gimenez	Chairman/President	Filipino	74	2006 to present
Violeta O. Luym	Director/Treasurer	Filipino	72	2000 to present
Aurora L. Shih	Director	Filipino	78	2013 to present
Ramon Y. Sy	Director	Filipino	88	2013 to present
Felipe U. Yap	Director	Filipino	82	2000 to present
Dobbin A. Tan	Independent Director	Filipino	55	2013 to present
Gregorio U. Kilayko	Independent Director	Filipino	64	2013 to present
A. Bayani K. Tan	Corporate Secretary	Filipino	63	2000 to present
Ann Margaret K. Lorenzo	Assistant Corporate Secretary	Filipino	30	2017 to present

The information on the business affiliations and experiences of the following persons who are also nominated for election as members of the Board for 2019-2020, to serve a period of one (1) year until their successors shall have qualified, and officers of the Company are current and/or within the past five (5) years. All nominees are incumbent directors.

Ignacio B. Gimenez

Mr. Gimenez is the Chairman and President of the Fund. He is also the Chairman and President of the following mutual funds: Philequity Peso Bond Fund, Inc., Philequity Fund Fund, Inc., Philequity PSE Index Fund, Inc., Philequity Dividend Yield Fund, Inc., Philequity Balanced Fund, Inc., Philequity Foreign Currency Fixed Income, Philequity Resources Fund, Inc., Philequity Strategic Growth Fund, Inc., Philequity MSCI Philippines Index Fund, Inc., Philequity Alpha One Fund, Inc., and Philequity Global Fund, Inc. Concurrently, he is also a Director of Vantage Equities Inc., and Vantage Financial Corporation. At the same time, he also holds positions as Chairman of Philippine Investment Funds Association (PIFA) and as President 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 Fund since 1994. She is also a Director and the Treasurer of the following mutual funds: Philequity Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity Dividend Yield Fund, Inc., Philequity MSCI Philippines index Fund, Inc., Philequity Alpha One Fund, Inc., Philequity Global Fund, Inc., Philequity Resources Fund, Inc., Philequity Strategic Growth Fund, Inc., Philequity Foreign Currency Fixed Income Fund, Inc., Philequity PSE Index Fund, Inc., and Philequity Balanced Fund, Inc. She is also a Director and the Treasurer of BDO Capital & Investment Corporation and Venture Vision Realty Development Corporation. She also serves as a Director of BDO Private Bank, Inc., and Tangiers Resources Corporation. She is likewise the Corporate Secretary of Homeworld Shopping Corporation. She was also a director of Banco de Oro Universal Bank from 1967 to 2006. 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).

Aurora L. Shih

Ms. Shih is a Director of the Fund. She is also a Director of the following mutual fund companies: Philequity Peso Bond Fund, Inc., Philequity Fund, Inc., Philequity Dividend Yield Fund, Inc., Philequity MSCI Philippines Index Fund, Inc., Philequity Alpha One Fund, Inc., and Philequity Global Fund, Inc. She is also the Vice President of Luys Securities Company, Inc. Ms. Shih graduated from University of the East with a degree in Business Administration (1963).

Ramon Y. Sy

Mr. Sy is a Director the Fund. He is also a Director of the following mutual funds: Philequity Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity Strategic Growth Fund, Inc., Philequity Foreign Currency Fixed Income Fund, Inc., Philequity Resources Fund, Inc., Philequity Balanced Fund, Inc. Philequity PSE Index Fund, Inc., Philequity Alpha One Fund, Inc., Philequity Global Fund, Inc., Philequity MSCI Philippines Index Fund, Inc., and Philequity Dividend Yield Fund, Inc. Mr. Sy also serves as the Vice Chairman and a Director of Asia United Bank Corporation (2012 to present). Mr. Sy also serves as Chairman of the following companies: Apex Mining Co., Inc. (publicly-listed), Ramsy Corporation, Xcell Property Ventures, Inc. Mr. Sy also served as the President and Chief Executive Officer of the United Coconut Planters Bank (2007-2011). He was formerly the President and CEO of International Exchange Bank and was also Vice Chairman of Metropolitan Bank and Trust Corporation He graduated with a degree of Bachelor of Science in Commerce from Far Eastern University (1952) and Master of Business Administration from the University of the Philippines. He also received a Doctor of Humanities (Honoris Causa) from Far Eastern University and Doctor of Public Administration (Honoris Causa) from Centro Escolar University.

Felipe U. Yap

Mr. Yap is a Director of the Fund. He is likewise a Director of Philequity Peso Bond Fund, Inc., Philequity Fund, Inc. Philequity PSE Index Fund, Inc., Philequity Resources Fund, Inc., Philequity Balanced Fund, Inc., Philequity Strategic Growth Fund, Inc., and Philequity Foreign Currency Fixed Income Fund, Inc. 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 Corp., Diamond Drilling Corporation of the Philippines, Far Southeast Gold Resources, Inc., and Shipside, Inc. He is the Chairman of the Board of Kalayaan Copper-Gold Resources Inc., Zeus Holdings, Inc. and Yapster e-Conglomerate. He is the Vice-Chairman of Prime Orion Philippines, Inc. and Director of the following Philippine corporations namely: Orion Land Inc., Tutuban Properties Inc., Lepanto Condominium Corp., Manila Peninsula Hotel, Inc. and Philippine Associated Smelting and Refining Corporation. Until 2006, he was Chairman of the Board of Pepsi Cola Products Phils., Inc. and a director of South China Petroleum & Exploration, Inc. 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.

Dobbin A. Tan (Independent Director)

Mr. Tan is an Independent Director of the Fund. He is also an Independent Director of the following mutual fund companies: Philequity Peso Bond Fund, Inc., Philequity MSCI Philippines Index Fund, Inc., Philequity Fund, Inc., Philequity PSE Index Fund, Inc., Philequity Dividend Yield Fund, Inc., Philequity Alpha One Fund, Inc., Philequity Global Fund, Inc., Philequity Foreign Currency Fixed Income Fund, Inc., Philequity Resources Fund, Inc., Philequity Balanced Fund, Inc., and Philequity Strategic Growth Fund, Inc. He is currently the CEO of New Sunlife Ventures Inc., Rising Tide Mobile Entertainment, Inc., and Red Rock Securities, Inc. He is also the School Treasurer of Xavier School, Inc. Mr. Tan also serves as an Independent Director of Alliance Select Foods International, Inc. He was also the former Managing Director and Chief Operating Officer of Information Gateway (2002-2012). Mr. Tan holds a Master's degree in Business Administration from the University of Chicago, Booth School of Business and a Bachelor of Science degree in Management Engineering from the Ateneo de Manila University. Mr. Tan is the Independent Director of Philequity Foreign Currency Fixed Income Fund Inc., Philequity Resources Fund Inc., Philequity Balanced Fund Inc., and Philequity Strategic Growth Fund Inc. He is currently the President of New Sunlife Ventures Inc. and was the former Managing Director and Chief Operating Officer of Information Gateway (2002-2012). Mr. Tan holds a Master's degree in Business Administration from the University of Chicago, Booth School of Business and a Bachelor of Science degree in Management Engineering from Ateneo de Manila University.

Gregorio U. Kilayko (Independent Director)

Mr. Kilayko is an Independent Director of the Fund. He is also an Independent Director of the following mutual fund companies: Philequity PSE Index Fund, Inc., Philequity Peso Bond Fund, Inc. and Philequity Dividend Yield Fund, Inc. He concurrently serves as an Independent Director of Belle Corporation and SM Prime Holdings, Inc. He is the former Chairman of ABN Amro's banking operations in the Philippines. He was the founding head of ING Barings' stock brokerage and investment banking business in the Philippines, and a Philippine Stock Exchange Governor in 1996 and 2000. He was a director of the Philippine Stock Exchange in 2003. Mr. Kilayko holds a Master of Business Administration degree from the Wharton School of the University of Pennsylvania.

A. Bayani K. Tan

Mr. A. Bayani K. Tan, 63, Filipino, is the Corporate Secretary of the Corporation (since March 1999). He is also a Director, Corporate Secretary or both of the following reporting and/or listed companies: Belle Corporation (since May 1994, Publicly Listed), Coal Asia Holdings, Inc. (since July 2012, Publicly-Listed), Discovery World Corporation (since March 2013, Publicly-Listed), I-Remit, Inc. (since May 2007, Publicly-Listed), Pacific Online Systems Corporation (since May 2007, Publicly-Listed), Philequity Dividend Yield Fund, Inc. (since January 2013), Philequity Fund, Inc. (since June 1997), Philequity MSCI Philippines Index Fund, Inc. (since December 2017), Philequity Peso Bond Fund, Inc. (since June 2000), Philequity PSE Index Fund, Inc. (since February 1999), Premium Leisure Corporation (since December 1993, Publicly-Listed), Sterling Bank of Asia Inc (A Savings Bank) (since December 2006), TKC Metals Corporation (since February 2007, Publicly-Listed), Tagaytay Highlands International Golf Club, Inc. (since November 1993), Tagaytay Midlands Golf Club, Inc. (since June 1997), The Country Club at Tagaytay Highlands, Inc. (since August 1995), The Spa and Lodge at Tagaytay Highlands, Inc. (since December 1999), and Vantage Equities, Inc. (since January 1993, Publicly-Listed). He is the Managing Partner of the law offices of Tan Venturanza Valdez (since it was established in 1988), Managing Director/President of Shamrock Development Corporation (since May 1988), Director of Destiny LendFund, Inc. (since December 2005), Pascual Laboratories, Inc. (since March 2014), and Pure Energy Holdings Corporation (since October 2016), President of Catarman Chamber Elementary School Foundation, Inc. (since August 2012), Managing Trustee of SCTan Foundation, Inc. (since 1986), Trustee and Treasurer of Rebisco Foundation, Inc. (since April 2013) and Trustee and Corporate Secretary of St. Scholastica's Hospital, Inc. (since February 2011).

Mr. Tan holds a Master of Laws degree from New York University (Class of 1988) and earned his Bachelor of Laws degree from the University of the Philippines (Class of 1980) where he was a member of the Order of the Purple Feather (U.P. College of Law Honor Society) and ranked ninth in his class. Mr. Tan passed the bar examinations in 1981 where he placed sixth. He has a Bachelor of Arts major in Political Science degree from the San Beda College (Class of 1976) from where he graduated Class Valedictorian and was awarded the medal for Academic Excellence.

Ann Margaret K. Lorenzo

Ann Margaret K. Lorenzo is the Assistant Corporate Secretary of the Fund. She concurrently serves as Assistant Corporate Secretary/Corporate Secretary of the following listed firms: Vantage Equities, Inc., Asia United Bank Corporation, TKC Metals Corporation, Coal Asia Holdings, Incorporated and Crown Asia Chemicals Corporation. She also serves as Assistant Corporate Secretary of the following reporting companies: Philequity PSE Index Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity Fund, Inc., Philequity MSCI Philippines Index Fund, Inc., and Philequity Dividend Yield Fund, Inc. She is also the Assistant Corporate Secretary of the following private companies: Philequity Strategic Growth Fund, Inc., Philequity Balanced Fund, Inc., Philequity Resources Fund, Inc., Philequity Foreign Currency Fixed Income Fund, Inc., Philequity Alpha One Fund, Inc. and Philequity Global Fund, Inc. She is also the Corporate Secretary of Athena Ventures, Inc., Galileo Software Services, Inc. and GGO Realty Holdings, Inc. Ms. Lorenzo is currently an Associate at Tan Venturanza

Valdez. She holds a Juris Doctor and a Bachelor of Arts Degree in English Studies, cum laude, from the University of the Philippines obtained in 2010 and 2014, respectively. She was admitted to the Philippine Bar in April 2015.

Ma. Angelica D. Cabanit

Ms. Cabanit is the Compliance Officer of Vantage Equities, Inc. Presently, she manages the Treasury Operations of Vantage Equities, Inc. as well as the settlement and transaction control of Business Services, Inc (2010 to present). Ms. Cabanit is a graduate of Bachelor of Science in Commerce major in Accounting from St. Scholastica's College (1989).

Nomination of Directors

All nominations for the Fund's Board of Directors are submitted to the Nomination Committee by any stockholder of record within such reasonable time to allow the Nomination Committee sufficient time to assess and evaluate the qualifications of the nominees. The persons nominated are, in turn, elected during the annual stockholders' meeting to serve for a term of one year until their successors shall have been duly elected and qualified.

The Nomination Committee is responsible for providing the stockholders with an independent and objective evaluation and assurance that the membership of its Board is competent and will foster its long-term success and secure its competitiveness. It is likewise responsible for the review and evaluation of the qualifications of all persons nominated to positions requiring appointment by the Board and the assessment of the Board's effectiveness in directing the process of renewing and replacing Board members. The Fund's Nomination Committee is composed of three (3) members from the Board, consisting of Messrs. Ignacio B. Gimenez (Chairman), Gregorio U. Kilayko, and Ms. Violeta O. Luym.

Independent Directors

Pursuant to principles of good corporate governance, the Company currently has two (2) independent directors. As defined in Section 38 of the Securities Regulations Code (SRC), an independent director is a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in the Company. Each independent director of the Company shall submit to the Corporate Secretary a letter of confirmation stating that he holds no interest affiliated with the Company, management or the Company's substantial shareholders before his election or appointment and/or re-election as a director.

The nomination, pre-screening, and election of independent directors were made in compliance with the requirements of the Revised Code of Corporate Governance and the SEC's Guidelines on the Nomination and Election of Independent Directors which have been adopted and made part of the Corporation's By-Laws. The Nomination Committee constituted by the Company's Board of Directors, indorsed the respective nominations given in favor of Messrs. Dobbin A. Tan (by Mr. Felipe U. Yap), and Gregorio U. Kilayko (by Ms. Aurora L. Shih).

The Nomination Committee has determined that these nominees for independent directors possess all the qualifications and have none of the disqualifications for independent directors as set forth in the Company's Amended Manual on Corporate Governance and Rule 38 of the Implementing Rules of the Securities Regulation Code (SRC).

The nominees, whose required information are discussed above (Board of Directors section), are in no way related to the stockholders who nominated them and have signified their acceptance of the nominations. These nominees are expected to attend the scheduled Annual Stockholders' Meeting.

B. Significant Employees

The Company has no significant employees.

C. 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 by the Company to become directors or executive officers of the Company.

D. Material Pending Legal Proceedings

Except as provided below, the Company is not aware of any of the following events wherein any of its directors, executive officers, nominees for election as director, executive officers, underwriter, or control persons were involved during the past five (5) years up to the latest date.

- (a) any bankruptcy petition filed by or against any business of which any of the above persons was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- (b) 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 above persons in any type of business, securities, commodities, or banking activities; and,
- (c) any finding by a domestic or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, that any of the above persons has violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

As a result of the delay in the delivery of the facilities of the Universal Leisure Club, Inc., some of its members initiated a Complaint for Estafa (I.S. No. 08K-19713) against ULC, the Universal Rightfield Property Holdings, Inc. and the Universal Leisure Corp., as well as their respective officers and directors, including their former Corporate Secretary, Atty. A. Bayani K. Tan, the incumbent Corporate Secretary of the Company. The Complaint was submitted for resolution in 2009 and was acted upon and dismissed by the City Prosecutor of Manila (OCP) only on March 18, 2013. Complainants belatedly filed a motion for reconsideration for which reason, among others, the OCP denied motion on June 16, 2014. A Petition for Review dated March 31, 2014 was filed by the Complainant before the Department of Justice (DOJ). On August 7, 2014, Atty. Tan filed his Comment to the said Petition. In a Resolution dated April 17, 2015, the Petition for Review was denied and the DOJ dismissed the complaint for Estafa.

E. Certain Relationships and Related Transactions/List of Parents of Company

Parties are considered to be related if one party has the ability to, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operating decisions. These include: (a) individuals owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Fund; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Fund that gives them significant influence over the Fund and close members of the family of any such individual. Transactions are based on terms agreed by related parties. Other related parties include PEMI and other funds with common set of directors with the Fund and being managed by PEMI.

The Fund has an existing Agreement with PEMI, the Fund manager. Pursuant to the terms of the Management and Distribution Agreement, the Fund shall pay an annual management fee of a maximum of 1.50% of the average NAV of the Fund's assets. On December 16, 2016, management fee rate is reduced to a maximum of 1.00% of the average NAV of the Fund. The NAV shall be determined in accordance with the procedures agreed upon by both parties. Also, the Fund shall remit to PEMI sales commission of a maximum of 3.50% of the gross investment based on tiered-front end sales schedule.

Related party transactions and balances with Philequity Management, Inc. (PEMI), the Fund's Fund Manager, as of and for the years ended December 31, 2018, 2017, and 2016 are as follows:

	Management Fee	Sales Commission	Due to PEMI
2018	₱ 3,012,263	-	₱ 218,173
2017	2,869,852	-	215,424
2016	3,792,521	-	247,300

Due to related parties includes amount payable to PEMI, fund manager, for sales load fees, exit fees, and other expenses. This is included as part of the "Accrued expenses and other liabilities" account in the Statements of Financial Position.

The Fund has no key management personnel. The key management functions are being handled by PEMI.

The total number of shares held by directors is 7 as of December 31, 2018, and 2017.

F. Disagreement with Director

None of the directors have resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of security holders because of disagreement with the Company on any matter relating to the Company's operations, policies, or practices.

Item 6. Compensation of Directors and Executive Officers

The directors and officers have not received any form of compensation from inception up to the present. Their contributed efforts to the Fund are on a voluntary basis only. Also, there are no bonuses, profit sharing, or other compensation plan, pension or retirement plan, contract or arrangement in which any director, nominee for election as a director, or executive officer of the Fund will participate. There are no outstanding warrants or options issued by the Fund.

Item 7. Independent Public Accountants

The Company's Board of Directors reviews and approves the engagement of services of the Company external auditors, who are appointed upon the recommendation of the Audit Committee, and which appointment shall be ratified by the stockholders during the annual stockholders' meeting. The Chairman of the Company's Audit Committee is Mr. Dobbin A. Tan, an independent director. The two other members of the Committee are Mr. Felipe U. Yap and Ms. Violeta O. Luym.

The principal accountants and external auditors of the Company is the accounting firm of SyCip, Gorres, Velayo & Company ("SGV & Co.") with address at SGV Building, 6760 Ayala Avenue, Makati City. The same accounting firm is being recommended for re-election at the scheduled annual meeting. Representatives of said firm are expected to be present at the upcoming annual stockholders' meeting to respond to appropriate questions and to make a statement if they so desire.

In compliance with SRC Rule 68(3) (b)(iv), as amended, the assignment of SGV's engagement partner for the Fund shall not exceed five (5) consecutive years. Mr. Michael C. Sabado was the partner in charge for the year 2017 and Mr. Juan Carlo B. Maminta for 2018.

The audit and audit-related fees paid by the Company in the last two (2) fiscal years are as follows:

A. Audit and Audit-related Fees	2018	2017
1. Audit of the registrant's annual financial statements or services that are normally provided by the external auditor in connection with the statutory and regulatory filings or engagements.	₱99,105	₱99,105

2. Other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the registrant's financial statements.	N/A	N/A
B. Taxes/Fees	-	-
C. All other Fees	-	-

It is the Fund's Board of Directors which approves the audit fees as recommended by the Audit Committee.

The Independent Accountant does not render tax accounting compliance, advice, planning, and other forms of tax services for the Company. The Independent Accountant also does not render other services for the Company.

OTHER MATTERS

Item 15. Action with Respect to Reports

The Company will seek the approval by the stockholders of the Minutes of the previous Stockholders' Meeting during which the following were taken up: (1) Call to Order, (2) Proof of Notice of Meeting, (3) Certification of Quorum, (4) Approval of the Minutes of the Previous Meeting of Stockholders, (5) Approval of 2017 Operations and Results, (6) Ratification of all Acts of the Board of Directors and Officers, (7) Election of Directors, (8) Appointment of External Auditors, (9) Delegation to the Board of the Power to Amend or Repeal By-Laws or to Adopt New By-Laws, (10) Other Matters, and (11) Adjournment.

Management reports will be submitted for approval by the stockholders at the meeting. Approval of the reports will constitute approval and ratification of the acts of management for the past year.

Item 16. Matters Not Required to be Submitted

No action is to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

Item 18. Other Proposed Action

The items covered with respect to the ratification of the acts of the Board of Directors and officers for the past year up to the date of the meeting are those items entered into in the ordinary course of business, such as the opening of bank accounts and designation of bank signatories, financing activities of the Company, transfer of BIR RDO, and other requirements in connection with the Company's operations.

Item 19. Voting Procedures

Each stockholder shall be entitled to one (1) vote, in person or thru proxy, for each share with voting right. All elections and all questions, except as otherwise provided by law, shall be decided by the plurality vote of the stockholders present in person or by proxy, a quorum (majority of the issued and outstanding capital stock having voting powers) being present. For the election of Directors, stockholders shall be entitled to elect seven (7) members to the Board of Directors. Each stockholder may vote such number of shares for as many as seven (7) persons he may choose to be elected from the list of nominees, or he may cumulate said shares and give one candidate as many votes as the number of his shares multiplied by seven (7) shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by seven (7). The seven (7) nominees receiving the most number of votes will be elected to the Board of Directors. Representatives from the Company's stock transfer agent and the Corporate Secretary are tasked to count votes manually.

SIGNATURE

After reasonable inquiry and to the best of our knowledge and belief, we certify that the information set forth in this report is true, complete, and correct. This report is signed in the City of Taguig on 07 August 2019.

PHILEQUITY DOLLAR INCOME FUND, INC.

By:


ANN MARGARET K. LORENZO
Assistant Corporate Secretary

PHILEQUITY DOLLAR INCOME FUND, INC.

BUSINESS

A. Incorporation

Philequity Dollar Income Fund, Inc. was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on March 4, 1999, as an open-end mutual fund company. The purposes of which are to, among others, engage in the sale of its capital stock and to invest such proceeds in dollar-denominated debt securities. The Fund is ready to redeem the shareholdings of any investor at the applicable net asset value per share. The Fund has no parent company.

B. Investment Objective

PDIF is an open-end mutual fund. The Fund's investment objective is to seek long-term capital appreciation through investment primarily in debt instruments of Philippine sovereign bonds and Philippine companies while taking into consideration the liquidity and safety of its investments to protect the interest of its investors.

The Fund intends to invest its assets in different types of debt instruments as well as range of different bond durations to achieve diversification, but will act as such within the provision of applicable laws and regulations.

C. Investment Limitations/Restrictions

The following are the limitations and fundamental policies of the Fund and the provisions of the Investment Company Act of the Philippines:

- (1) The Fund shall not participate in any underwriting or selling group in connection with public distribution of securities, except for its own capital stock.
- (2) The maximum investment in any single enterprise shall not exceed an amount equivalent to fifteen percent (15%) of the Fund's Net Asset Value, and in no case shall the total investment of the Fund exceed ten percent (10%) of the outstanding securities of any one investee company.
- (3) The Fund shall not incur any further debt or borrowings unless at the time of its occurrence or immediately thereafter there is an asset coverage of at least three hundred percent (300%) for all its borrowings. In the event that such asset coverage shall fall below 300%, the Fund shall within (3) days thereafter reduce the amount of its borrowings to an extent that the asset coverage of such borrowings shall be at least 300%.
- (4) Operational expenses shall not exceed ten percent (10%) of its average investment fund or net worth as shown in the previous audited financial statements.
- (5) The Fund shall not make any investment for the purpose of exercising control of management.
- (6) The Securities and Exchange commission, by order, unless it provides otherwise, the Fund may not engage in any of the following:
 - (a) margin purchase of securities;
 - (b) commodity futures contracts;
 - (c) precious metals;
 - (d) unlimited liability investments;
 - (e) short selling of currencies;

- (f) short selling of investments;
- (7) Other investment as the Securities & Exchange Commission shall, from time to time, prescribe.

D. Investment Guidelines and Strategy

A portion of the Fund's investment portfolio shall be invested in short to medium-term corporate debt papers registered with the Securities and Exchange Commission and had been approved by the Board of Directors of the Philequity Management, Inc.

E. Investment Manager and Principal Distributor

Philequity Management, Inc. (PEMI) is the Investment Adviser, Principal Distributor and Investment Manager of Philequity Fund. PEMI provides and renders professional management and technical services to Philequity Dollar Fund, Inc. (PDIF). PEMI is a corporation organized by a group of individuals who have track record in the stock brokerage business, having successfully managed their clients' resources. Philequity Dollar Fund, Inc. does not employ any personnel. The Fund's administrative and accounting functions are undertaken by Philequity Management, Inc. (PEMI, fund manager). Pursuant to its Management and Distribution Agreement, the Fund shall pay the following for services rendered and facilities provided by PEMI:

1. Management fee computed at a maximum of one and a half percent per annum of the monthly average net asset value of the Fund's assets. On December 16, 2016, management fee rate is reduced to a maximum of 1.00% of the average NAV of the Fund. The net asset value shall be determined in accordance with the procedures agreed upon by both parties.
2. Sales load charge of maximum three and a half percent for every sale of the Fund's shares of stocks.

However, PEMI reserves the right to reduce and/or waive the above charges on certain transactions.

F. Sub-distribution Agreement

In order to reach additional prospective investors, Philequity Management, Inc. (PEMI), the Funds' principal distributor has formed various partnerships with sub-distributors to promote the Funds. The sub-distributor will act as an agent to distribute, present and explain to their client the structure of the fund. If necessary, the sub-distributor will hire, train and maintain additional personnel for the performance of its obligations as contracted in the Memorandum of Agreement. Any expenses in terms of marketing and distribution if any will be shouldered by the sub-distributor. To compensate, the sub-distributor will receive a percentage of the management fee and/or the corresponding sales load fee charged of the total referred investments. The Funds shall be made available to the public primarily through accredited firms and authorized distributors and sales agents of BDO Private Bank Wealth Advisory and Trust Group, COL Financial Group, Inc., East West Banking Corporation – Trust Department, Rampver Financials and Insurance Agency, Inc., and RCBC Savings Bank Trust Services Division.

G. Capitalization and Ownership

The Fund's authorized capital is one hundred million pesos (P100,000,000) divided into 100,000,000 shares with a par value of P1.00 per unit. Each unit of stock of the fund is a voting stock with voting rights equal to every other outstanding share of stock, and subject to right of redemption.

(1) Right of Redemption

The holder of any unit of stock of the fund, upon its presentation to the fund, or its duly authorized representatives, is entitled to receive by way of redemption approximately his proportionate share of the fund's net assets or cash equivalent thereof, i.e., the current net asset value, subject to the existing laws and the by-laws of the Fund; provided, however, that no such redemption may be made unless the remaining unimpaired capital of the Fund shall be 50% of its outstanding liabilities to the creditors of the fund. Provided further, the redemption maybe suspended during any periods specified under the by-laws and under any applicable laws and regulation.

(2) Waiver of Pre-Emptive Rights

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

(3) Restriction on Transfer

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 on regulations shall be caused or allowed to be recorded in the proper books of the fund.

H. Effects of Government Regulation

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 of covered transactions under the Anti-Money Laundering Act of 2001 (Republic Act No. 9160) from P4,000,000.00 to P500,000.00, 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, PDIF expects limited capital investment by shareholders in the near future.

I. Size and Strength of the Fund's Competitors

The Philippine mutual fund industry continues to grow with 64 funds as of June 30, 2019 according to data tracked by the Philippine Investment Funds Association. The industry continues to benefit from the low interest rate environment with investors looking for higher yields apart from regular savings and time deposit accounts. It was however a challenging year for capital markets with net assets dropping 4% to P 255 billion from P 266 billion in net assets a year ago. Of the 64 mutual funds, 22 are classified as stock funds or funds that primarily invest in equities, 17 are classified as balanced funds, 20 are classified as bond funds and 5 are classified as money market funds.

The following is a summary of the assets held by mutual funds in the Philippines as of 30 June 2019.

Fund Category	Fund Name	ASSETS	LIABILITIES	NET ASSETS	EQUITY INV.	NO. OF A/C
Stock Funds						
<i>Primarily invested in Peso securities</i>						
1	ALFM Grow th Fund, Inc.	7,201,767,718	111,515,085	7,090,252,633	6,128,576,890	8,862
2	ATRAM Alpha Opportunity Fund, Inc. (formerly, ATRKE Alpha Opportunity Fund, Inc.)	583,989,541	8,179,844	575,809,697	544,786,385	1,672
3	ATRAM Phil. Equity Opportunity Fund, Inc. (formerly, ATRKE Equity Opportunity Fund, Inc.)	1,670,654,230	49,928,254	1,620,725,976	1,537,886,919	2,060
4	Climbs Share Capital Equity Investment Fund Corp.	407,072,038	9,864,906	397,207,132	333,663,125	1,172
5	First Metro Consumer Fund on MSCI Phils. IML, Inc.	414,352,298	1,146,621	413,205,676	406,913,185	965
6	First Metro Save and Learn Equity Fund, Inc.	4,461,183,176	68,597,242	4,392,585,934	4,184,101,203	16,906
7	First Metro Save and Learn Phil. Index Fund, Inc. (formerly, One Wealthy Nation Fund, Inc.)	69,747,046	387,122	69,359,924	68,716,854	351
8	MBG Equity Investment Fund, Inc.	167,084,122	1,909,566	165,174,556	157,000,690	44
9	PAMI Equity Index Fund, Inc.	10,831,897,774	46,940,294	10,784,957,481	10,663,085,336	14,359
10	Philam Strategic Grow th Fund, Inc.	34,996,986,397	198,807,067	34,798,179,330	32,097,675,408	14,639
11	Philequity Dividend Yield Fund, Inc.	2,763,535,394	41,731,269	2,721,804,126	2,462,290,102	3,786
12	Philequity Fund, Inc.	12,000,992,491	152,260,445	11,848,732,046	10,854,780,139	36,070
13	Philequity MSCI Phils. Index Fund, Inc.	314,858,590	509,437	314,349,153	313,389,180	279
14	Philequity PSE Index Fund, Inc.	3,996,864,598	26,868,961	3,969,995,637	3,966,021,769	17,691
15	Philippine Stock Index Fund Corp.	13,028,360,347	129,640,779	12,898,719,568	12,854,441,680	15,873
16	Soldivo Strategic Grow th Fund, Inc.	1,150,650,071	3,956,651	1,146,693,419	1,063,098,132	11,670
17	Sun Life Prosperity Philippine Equity Fund, Inc.	10,330,380,538	69,137,137	10,261,243,401	9,747,163,144	57,915
18	Sun Life Prosperity Phil. Stock Index Fund, Inc.	10,544,423,522	42,093,901	10,502,329,620	10,400,178,252	40,757
19	United Fund, Inc.	708,766,231	4,954,126	703,812,105	633,884,029	1,146
<i>Exchange Traded Fund</i>						
20	First Metro Phil. Equity Exchange Traded Fund, Inc.	1,651,289,345	1,484,504	1,649,804,841	1,629,438,391	1,231
Sub total - Peso Currency		117,294,855,466	969,913,211	116,324,942,256	110,047,090,813	247,448
<i>Primarily invested in foreign currency securities</i>						
21	ATRAM AsiaPlus Equity Fund, Inc. (formerly, ATR KimEng AsiaPlus Recovery Fund, Inc.)	52,204,088	512,836	51,691,253	0	51
22	Sun Life Prosperity World Voyager Fund, Inc.	587,630,530	2,701,406	584,929,123	0	1,134
Sub total - US Currency		639,834,618	3,214,242	636,620,376	0	1,185
Sub total - stock funds		117,934,690,084	973,127,452	116,961,562,632	110,047,090,813	248,633

Fund Category	Fund Name	ASSETS	LIABILITIES	NET ASSETS	EQUITY INV.	NO. OF A/C
Balanced Funds						
<i>Primarily invested in Peso securities</i>						
23	ATRAM Dynamic Allocation Fund, Inc. (formerly, Optima Balanced Fund, Inc.)	45,215,643	311,694	44,903,950	35,854,698	354
24	ATRAM Philippine Balanced Fund, Inc. (formerly, ATRKE Philippine Balanced Fund, Inc.)	914,943,301	29,038,755	885,904,546	514,043,194	2,199
25	First Metro Save and Learn Balanced Fund, Inc. Grepalife Balanced Fund Corporation (formerly, Grepalife Bond Fund, Inc.)	1,745,737,573	24,968,766	1,720,768,807	1,074,218,536	5,173
26		177,066,063	387,254	176,678,809	0	79
27	NCM Mutual Fund of the Phils., Inc.	382,011,339	1,488,716	380,522,623	146,843,261	62
28	PAMI Horizon Fund, Inc.	803,668,163	16,413,967	787,254,196	417,355,010	11,446
29	Philam Fund, Inc.	11,228,057,404	58,614,676	11,169,442,728	5,856,986,337	10,456
30	Solidaritas Fund, Inc. (formerly, Bahay Pari Solidaritas Fund)	165,082,463	995,833	164,086,631	101,096,314	207
31	Sun Life Prosperity Balanced Fund, Inc.	10,592,525,750	70,654,329	10,521,871,422	6,346,776,940	48,809
32	Sun Life Prosperity Achiever Fund 2028, Inc.	56,550,074	146,808	56,403,266	34,719,966	187
33	Sun Life Prosperity Achiever Fund 2038, Inc.	52,750,277	183,934	52,566,343	42,083,489	44
34	Sun Life Prosperity Achiever Fund 2048, Inc.	51,296,797	180,083	51,116,714	42,900,443	29
35	Sun Life Prosperity Dynamic Fund, Inc.	1,795,304,508	11,590,556	1,783,713,952	1,274,882,071	4,980
Sub total - Peso Currency		28,010,209,355	214,975,369	27,795,233,987	15,887,760,258	84,025
<i>Primarily invested in foreign currency securities</i>						
36	Cocolife Dollar Fund Builder, Inc.	66,101,354	335,700	65,765,654	0	58
37	PAMI Asia Balanced Fund, Inc.	513,527,385	13,235,479	500,291,906	232,914,526	354
38	Sun Life Prosperity Dollar Advantage Fund, Inc.	1,795,527,464	13,168,833	1,782,358,632	0	3,648
39	Sun Life Prosperity Dollar Wellspring Fund, Inc.	337,561,440	803,242	336,758,198	0	510
Sub total - US Currency		2,712,717,643	27,543,254	2,685,174,389	232,914,526	4,570
Sub total - balanced funds		30,722,926,999	242,518,623	30,480,408,376	16,120,674,784	88,595

Fund Category	Fund Name	ASSETS	LIABILITIES	NET ASSETS	EQUITY INV.	NO. OF A/C
Bond Funds						
<i>Primarily invested in Peso securities</i>						
40	ALFM Peso Bond Fund, Inc.	46,783,494,070	1,497,516,160	45,285,977,910	3,370,181,307	28,523
41	ATRAM Corporate Bond Fund, Inc. (formerly, Prudentiallife)	201,110,176	2,797,905	198,312,271	0	577
42	Cocolife Fixed Income Fund, Inc.	1,607,651,293	43,901,425	1,563,749,867	0	1,787
43	Ekklesia Mutual Fund, Inc.	246,093,209	359,490	245,733,719	4,500,000	108
44	First Metro Save and Learn Fixed Income Fund, Inc.	1,589,846,291	3,961,754	1,585,884,537	0	1,751
45	Grepalife Fixed Income Fund Corp.	400,361,730	824,782	399,536,948	0	720
46	Philam Bond Fund, Inc.	6,529,611,042	28,686,493	6,500,924,549	0	6,924
47	Philequity Peso Bond Fund, Inc.	217,296,565	294,479	217,002,086	17,368,826	1,884
48	Soldivo Bond Fund, Inc.	366,140,122	1,872,390	364,267,732	0	678
49	Sun Life Prosperity Bond Fund, Inc.	4,106,090,934	9,524,559	4,096,566,375	0	10,899
50	Sun Life Prosperity GS Fund, Inc.	231,359,793	438,750	230,921,044	0	1,856
Sub total - Peso Currency		62,279,055,224	1,590,178,187	60,688,877,038	3,392,050,133	55,707
<i>Primarily invested in foreign currency securities</i>						
51	ALFM Dollar Bond Fund, Inc.	12,171,087,756	150,999,243	12,020,088,513	0	8,726
52	ATRAM Total Return Dollar Bond Fund, Inc. (formerly, ATR)	593,616,911	43,964,118	549,652,793	0	75
53	First Metro Save and Learn Dollar Bond Fund, Inc.	262,731,418	626,836	262,104,582	0	59
54	Grepalife Dollar Bond Fund Corp.	540,002,732	977,864	539,024,868	0	261
55	PAMI Global Bond Fund Phils., Inc.	122,110,137	4,580,353	117,529,784	0	32
56	Philam Dollar Bond Fund, Inc.	2,810,033,985	19,394,890	2,790,639,095	0	2,421
57	Philequity Dollar Income Fund, Inc.	269,356,298	248,689	269,107,609	0	122
58	Sun Life Prosperity Dollar Abundance Fund, Inc.	546,582,227	3,419,349	543,162,878	0	2,251
Sub total - US Currency		17,315,521,464	224,211,342	17,091,310,121	0	13,947
59	ALFM Euro Bond Fund, Inc.	955,704,133	9,038,308	946,665,825	0	638
Sub total - Euro Currency		955,704,133	9,038,308	946,665,825	0	638
Sub total - bond funds		80,550,280,821	1,823,427,837	78,726,852,985	3,392,050,133	70,292
Money Market Funds						
<i>Primarily invested in Peso securities</i>						
60	ALFM Money Market Fund, Inc.	14,928,053,763	9,896,814	14,918,156,948	0	15,437
61	First Metro Save and Learn Money Market Fund, Inc.	300,437,508	703,557	299,733,951	0	98
62	Philam Managed Income Fund, Inc.	655,500,330	4,886,467	650,613,863	0	1,411
63	Sun Life Prosperity Money Market Fund, Inc.	12,776,072,356	159,458,556	12,616,613,801	0	32,243
<i>Primarily invested in foreign currency securities</i>						
64	Sun Life Prosperity Dollar Starter Fund, Inc.	886,017,691	1,051,372	884,966,319	0	569
Sub total - money market funds		29,546,081,648	175,996,765	29,370,084,882	0	49,758
GRAND TOTAL		258,753,979,552	3,215,070,677	255,538,908,875	129,559,815,730	457,278

PROPERTIES

Operations are conducted within the premises of Philequity Management, Inc., the Fund Manager. All facilities are either owned or provided by the fund manager pursuant to the Management and Distribution Agreement (refer to Item 1 Section E). As a fund, Philequity Dollar Fund, Inc. has no properties under its fixed assets accounts.

LEGAL PROCEEDINGS

There are no legal proceedings that concern the fund at the time of reporting and for the past five (5) years.

SUBMISSION OF MATTERS TO A VOTE

There were no matters submitted to a vote of security holders during the fourth quarter of calendar year 2018.

PART II. OPERATIONAL AND FINANCIAL INFORMATION

MARKET FOR COMMON EQUITY and RELATED STOCKHOLDERS MATTERS

A. Fund Performance

Philequity Dollar Fund, Inc. offers its investors above-average returns ever since its inception. Below is the historical performance of the Fund since 2014.

Calendar Year Returns (%)

	2018	2017	2016	2015	2014
PDIF	-0.41	1.49%	1.65%	1.36%	5.34%

Total return assumes re-investment of all dividends and capital gains distributions. Investment return and principal value may fluctuate such that, when redeemed, an investor's units may be worth more or less than their original cost. No dividends were declared from the date of incorporation to the date of this report. There is no restriction that limits PDIF's ability to pay dividends on common equity.

Below is the comparative tabulation of the Fund's Net Asset Value per share since 2001.

Year	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	High	Low	High	Low	High	Low	High	Low
2019	0.05807	0.05699	0.05914	0.05802				
2018	0.05720	0.05638	0.05689	0.05653	0.05688	0.05671	0.05699	0.05684
2017	0.05692	0.05639	0.05720	0.05692	0.05744	0.05720	0.05751	0.05722
2016	0.05604	0.05548	0.05647	0.05603	0.05693	0.05650	0.05680	0.05632
2015	0.05559	0.05476	0.05564	0.05507	0.05555	0.05508	0.05556	0.05526
2014	0.05321	0.05195	0.05408	0.05318	0.05436	0.05407	0.05474	0.05421

2013	0.05401	0.05282	0.05376	0.05007	0.05152	0.05048	0.05226	0.05139
2012	0.05015	0.04843	0.05089	0.04962	0.05275	0.05109	0.05407	0.05284
2011	0.04664	0.04593	0.04707	0.04623	0.04802	0.04617	0.04842	0.04610
2010	0.04369	0.04207	0.04441	0.04330	0.04683	0.04427	0.04700	0.04597
2009	0.03972	0.03774	0.04033	0.03949	0.04160	0.04001	0.04271	0.04159
2008	0.03798	0.03758	0.03829	0.03788	0.03824	0.03796	0.03808	0.03749
2007	0.03642	0.03584	0.03675	0.03639	0.03703	0.03667	0.03757	0.03701
2006	0.03398	0.03310	0.03422	0.03358	0.03493	0.03376	0.03582	0.03495
2005	0.03104	0.03026	0.03137	0.03049	0.03211	0.03138	0.03230	0.03178
2004	0.02962	0.02904	0.02960	0.02924	0.03000	0.02929	0.03061	0.02962
2003	0.02860	0.02788	0.02897	0.02840	0.02881	0.02829	0.02911	0.02854
2002	0.02580	0.02524	0.02675	0.02571	0.02743	0.02609	0.02790	0.02743
2001							0.02576	0.02553

The Fund's NAVPS are reported to the Investment Company Association of the Philippines and published daily in Business World and reflected in Technistock.

B. Holders

The number of common shareholders of record as of June 30, 2019 is 122. Common shares outstanding as of July 31, 2019 are 90,963,785. The SEC approved confidential treatment for the top 20 stockholders of the Fund. A separate disclosure will be filed with the Commission for the Top 20 shareholders as of June 30, 2019 along with this Information Statement.

C. Dividends

There were no cash dividends declared from date of incorporation to the date of this report.

D. Sale of Unregistered or Exempt Securities

There is no sale of unregistered or exempt securities within the past five (5) years.

MANAGEMENT ANALYSIS AND DISCUSSION

In Millions Php	2018	2017	2016
Balance Sheet			
Assets	266.91	253.38	238.93
Liabilities	1.00	1.63	0.87
Stockholder's Equity	265.91	251.75	238.06
Book Value Per Share	2.9989	2.8584	2.8024
Income Statement			
Income	4.28	9.78	10.52
Expenses	5.14	5.09	4.92
Net Income	(0.86)	4.69	5.60
Earnings per Share (using weighted Average number of Outstanding Shares)	(0.0097)	0.0535	0.0667

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.

Key Performance Indicators	2018	2017	2016
Current Ratio ¹	26523.00%	15,587.85%	27,501.49%
Assets to Equity Ratio ²	100.38%	100.65%	100.36%
Liabilities to Equity Ratio ³	0.38%	0.65%	0.36%
Return on Ave. Assets Ratio ⁴	-0.33%	1.90%	2.45%
Return on Ave. Equity Ratio ⁵	-0.33%	1.91%	2.46%

The manner by which the Fund calculates the above performance indicators for is as follows:

Formula	
1	Current Assets / Current Liabilities
2	Total Assets / Total Equity
3	Total Liabilities / Total Equity
4	Net Income / Average Total Assets
5	Net Income / Average Total Equity

Management's Analysis and Plan of Operation

It was a euphoric start of 2018, a spillover from a great 2017. Inflation remained low, GDP remained within NEDA's target, the Fed making incremental and telegraphed rate hikes, and optimism on tax reform in the US and Philippines had investors feeling the rally would continue. This was however short-lived as the impact of TRAIN was felt by the end of the first quarter, sending inflation to ten year highs. The peso likewise fell to multi-year lows as the impact of the twin deficits and the balance of trade ballooned. Markets were sent into tailspin as volatility reared its ugly head. The BSP remained calm and initially kept rates unchanged after the US and global markets started raising. This ultimately had to change as the BSP set a hawkish tone as global interest rates started moving up and inflation needed to be contained. More bad news continued as US President Trump threatens to impose tariffs on multiple countries including the world's second largest economy China and eventually pave way for a full blown trade war and set the direction of capital markets. Market players took cues from every Trump jab, and every tidbit from Chinese President Xi Jinping.

We expect another volatile 2019, dictated by the unresolved trade war between the US and China. Higher interest rates will benefit the bond fund as investors shift from a volatile equity market. We believe inflation has peaked in 2018 and look forward to a stable peso. Economic data such as GDP, remittances, the peso, trade balance and the twin deficits will be closely monitored moving forward as any sharp and unexpected moves will impact the performance of the fund. The country's credit rating will also be closely watched as the S&P, Moody's and Fitch have already cited risks to the country's credit score.

B. Financial Condition

Y2018 compared to Y2017

INCOME AND EXPENSES

Comprehensive Income	Y2018	Y2017	Inc/(Dec)	Percent
Total Income	₱ 4,281,269	₱ 9,778,601	(₱ 5,497,332)	-56%
Total Expenses*	5,140,909	5,090,208	50,701	1%
Net Income	₱ (859,640)	₱ 4,688,393	(₱ 5,548,033)	-118%

**total expenses include provision for income tax*

Investment Income

Investment Income	Y2018	Y2017	Inc/(Dec)	Percent
Net gain/(loss) on financial assets at FVPL	(₱6,936,380)	(₱ 2,800,807)	(₱ 4,135,569)	147.66%
Interest income	11,139,202	11,885,657	(746,460)	-6.28%
Net foreign exchange gains	52,590	693,751	(641,161)	-92.42%
Miscellaneous income	25,858	-	25,858	100%
Total	₱ 4,281,269	₱9,778,601	(₱ 5,497,332)	-56%

Decrease in investment income by 56% compared to 2017 is significantly attributable to lower net foreign exchange gains and higher loss on financial assets at FVPL.

Expenses

Expenses	Y2018	Y2017	Inc/(Dec)	Percent
Management fee	₱ 3,012,263	₱2,869,852	₱142,411	4.96%
Professional fees	755,360	698,873	56,487	8.08%
Taxes and licenses	193,770	133,494	60,276	45.15%
Income tax expense	967,765	1,284,944	(317,179)	-24.68%
Other expenses	212,105	103,045	109,060	105.84%
Total	₱ 5,141,263	₱5,090,208	₱51,055	1.00%

The Fund's net increase in total expense by 1.00% is mainly attributed to higher management fee due to increase in asset under management by PEMI. Increase in other expenses is due to higher transfer agent fees paid for the year while lower income tax was paid for the year.

ASSETS AND LIABILITIES

Financial Position	Y2018	Y2017	Inc/(Dec)	Percent
Financial assets at fair value through profit or loss	₱ 143,467,515	₱159,362,974	(₱ 15,895,459)	-9.97%
Cash and cash equivalent	121,080,039	92,289,147	28,790,892	31.20%
Accrued interest receivable	2,368,559	1,726,616	641,943	37.18%

Total Assets	₱ 266,916,113	₱ 253,378,737	₱ 13,537,376	5.34%
Total Liabilities	1,006,357	1,625,582	(619,225)	-38.09%
Total Equity	₱ 265,909,756	₱ 251,753,155	₱ 14,156,601	5.62%

Assets

Cash and cash equivalent

This account consists of:

	Y2018	Y2017
Cash in banks	₱ 6,192,805	₱2,115,557
Short-term deposits	114,887,234	90,173,590
Total	₱ 121,080,039	₱92,289,147

Financial assets at fair value through profit or loss

The Fund's financial assets at FVPL consist of held-for-trading investments in government securities issued by the Philippines and other foreign governments and corporate bonds.

Accrued interest receivable pertains to interest income receivable from bonds.

Liabilities

The Fund's total liabilities are composed of accounts payable, due to related parties, accrual of expenses and government remittances. Accounts payable pertains to payable to shareholders for the unpaid redemption proceeds, and subscriptions without confirmation from the investors. Subscription is confirmed by submitting the required subscription documents. Once confirmed, these subscriptions are reclassified to equity.

Net increase in liabilities is due to higher income tax payable arising from interest income on bonds.

As an open-end mutual fund company, the Fund stands ready at anytime to redeem the outstanding capital stock at Net Asset Value (NAV) per share as follows:

	Y2018	Y2017
Net asset value attributable to holders of redeemable shares	₱265,909,756	₱251,753,155
Number of shares outstanding	88,668,771	88,074,976
NAV per share	₱ 2.9989	₱ 2.8584

Below is comparative study of the net asset value per share of selected mutual funds for the years 2018 and 2017:

Fund Name		2018 NAV Per Share	1 yr. Return (%)	2017 NAV Per Share	1 yr. Return (%)
STOCK FUNDS					
<i>Primarily invested in Peso securities</i>					
1	ALFM Growth Fund, Inc *	252.23	-13.98%	293.23	22.15%
2	ATRAM Alpha Opportunity Fund, Inc.*	1.4411	-9.76%	1.5968	22%
3	ATRAM Philippine Equity Opportunity Fund, Inc.*	3.9037	-15.01%	4.5927	19.89%
4	Climbs Share Capital Equity Investment Fund Corp.*	0.8904	-12.4%	1.0161	n.a.
5	First Metro Consumer Fund on MSCI Phils. IMI, Inc. *	0.8208	n.a.		
6	First Metro Save and Learn Equity Fund, Inc.*	5.2719	-12.32%	6.0121	23.23%
7	MBG Equity Investment Fund, Inc. *	116.63	n.a.	N.S.	N.S.
8	One Wealthy Nation Fund, Inc.*	0.8326	-16.06%	0.9919	12.41%
9	PAMI Equity Index Fund, Inc.*	49.2235	-12.72%	56.3924	24.1%
10	Philam Strategic Growth Fund, Inc.*	514.86	-12.52%	588.46	20.02%
11	Philequity Dividend Yield Fund, Inc.*	1.254	-10.7%	1.4043	21.03%
12	Philequity Fund, Inc.*	36.6323	-10.86%	41.0954	23.38%
13	Philequity PSE Index Fund Inc.*	4.9588	-12.61%	5.6741	25.14%
14	Philippine Stock Index Fund Corp.*	828.49	-12.4%	945.8	24.62%
15	Soldivo Strategic Growth Fund, Inc. *	0.8614	-10.95%	0.9671	19.17%
16	Sun Life Prosperity Philippine Equity Fund, Inc.*	4.0597	-11.37%	4.5802	22.32%
17	Sun Life Prosperity Philippine Stock Index Fund, Inc.*	0.9544	-12.71%	1.0933	24.72%
18	United Fund, Inc.*	3.5013	-9.15%	3.8942	25.95%
<i>Exchange Traded Fund</i>					
19	First Metro Phil. Equity Exchange Traded Fund, Inc.	110.7537	-12.07%	129.7344	26.34%
<i>Primarily invested in foreign currency securities</i>					
20	ATRAM AsiaPlus Equity Fund, Inc.	\$0.9242	-16.25%	\$1.1096	34.19%
21	Sun Life Prosperity World Voyager Fund, Inc.	\$1.1053	-12.64%	\$1.2652	21.89%
BALANCED FUNDS					
<i>Primarily invested in Peso securities</i>					
22	ATRAM Dynamic Allocation Fund, Inc	1.6516	-11.38%	1.8635	11.8%
23	ATRAM Philippine Balanced Fund, Inc.	2.2094	-10.08%	2.457	11.39%
24	Bahay Pari Solidaritas Fund, Inc.			2.2452	12.45%
25	First Metro Save and Learn Balanced Fund Inc.	2.5439	-8.16%	2.7691	14.98%
26	Grepalife Balanced Fund Corporation*	1.3043	-10.36%		
27	NCM Mutual Fund of the Phils., Inc.	1.8428	-7.29%	1.4549	n.a.
28	One Wealthy Nation Fund, Inc.			1.9876	11.68%
29	PAMI Horizon Fund, Inc.	3.5346	-9.79%	3.9181	11.81%
30	Philam Fund, Inc.	15.9103	-9.39%	17.5577	11.5%
31	Solidaritas Fund, Inc.*	2.0723	-7.7%		
32	Sun Life of Canada Prosperity Balanced Fund, Inc.*	3.6517	-8.63%	3.9962	14.82%

33	Sun Life Prosperity Dynamic Fund, Inc.*	0.9218	-9.66%	1.0203	14.05%
Primarily invested in foreign currency securities					
34	Cocolife Dollar Fund Builder, Inc.	\$0.03524	-2.19%	\$0.03611	3.59%
35	PAMI Asia Balanced Fund, Inc.	\$0.928	-12.08%	\$1.0561	21.2%
36	Sun Life Prosperity Dollar Advantage Fund, Inc.	\$3.3089	-9.42%	\$3.6525	17.22%
37	Sun Life Prosperity Dollar Wellspring Fund, Inc.	\$1.0101	-9.18%	\$1.1122	10.38%
BOND FUNDS					
Primarily invested in Peso securities					
38	ALFM Peso Bond Fund, Inc.*	343.38	1.87%	337.07	2.3%
39	ATRAM Corporate Bond Fund, Inc.*	1.8589	-1.76%	1.8923	-0.9%
40	Cocolife Fixed Income Fund, Inc.*	2.9708	5.44%	2.8184	5.32%
41	Ekklesia Mutual Fund Inc.*	2.1305	1.27%	2.1037	1.63%
42	First Metro Save and Learn Fixed Income Fund, Inc.*	2.209	-0.32%	2.215	0.49%
43	Grepalife Fixed Income Fund Corp.*	P 1.5639	-2.83%	P 1.6095	3.23%
44	Philam Bond Fund, Inc.*	3.92	-3.21%	4.05	0.39%
45	Philequity Peso Bond Fund, Inc.	3.5171	0.35%	3.472	-0.22%
46	Soldivo Bond Fund, Inc.	0.8925	-3.33%	0.9217	0.53%
47	Sun Life of Canada Prosperity Bond Fund, Inc.	2.7652	-0.41%	2.6879	-0.53%
48	Sun Life Prosperity GS Fund, Inc.	1.5396	-0.63%	1.5066	-1.14%
Primarily invested in foreign currency securities					
49	ALFM Dollar Bond Fund, Inc. *	\$448.28	0.55%	\$432.3	3.29%
50	ALFM Euro Bond Fund, Inc. *	€212.65	-0.5%	€209.58	1.67%
51	ATRAM Total Return Dollar Bond Fund, Inc.**	\$1.1254	-0.82%	\$1.097	0.25%
52	First Metro Save and Learn Dollar Bond Fund, Inc.*	\$0.0249	-0.4%	\$0.0247	1.65%
53	Grepalife Dollar Bond Fund Corp.*	\$1.6903	-4.58%	\$1.7121	0.08%
54	MAA Privilege Dollar Fixed Income Fund, Inc.	N.S.	N.S.	N.S.	N.S.
55	MAA Privilege Euro Fixed Income Fund, Inc.	€N.S.	N.S.	€N.S.	N.S.
56	PAMI Global Bond Fund, Inc.*	\$1.035	-3.64%	\$1.0488	-0.11%
57	Philam Dollar Bond Fund, Inc.*	\$2.1708	-3.56%	\$2.1572	2.22%
58	Philequity Dollar Income Fund Inc.*	\$0.0569814	-0.41%	\$0.0564	1.62%
59	Sun Life Prosperity Dollar Abundance Fund, Inc.*	\$2.8719	-4.67%	\$2.8995	1.83%
MONEY MARKET FUNDS					
Primarily invested in Peso securities					
60	ALFM Money Market Fund, Inc.	120.84	2.76%	115.61	1.14%
61	Philam Managed Income Fund, Inc.	1.1813	2.06%	1.1476	-0.68%
62	Sun Life Prosperity Money Market Fund, Inc.	1.2187	2.67%	1.1611	1.9%
Primarily invested in foreign currency securities					
63	Sun Life Prosperity Dollar Starter Fund, Inc.*	\$1.0157	1.7%	N.S.	N.S.

2017 compared to Y2016

INCOME AND EXPENSES

Comprehensive Income	Y2017	Y2016	Inc/(Dec)	Percent
Total Income	P 9,778,599	P10,517,004	(P738,405)	-7%
Total Expenses*	5,090,111	4,918,418	171,693	3%
Net Income	P 4,688,488	P5,598,586	(P910,098)	-16%

**total expenses include provision for income tax*

Investment Income

Investment Income	Y2017	Y2016	Inc/(Dec)	Percent
Net gain/(loss) on financial assets at FVPL	(P2,800,809)	(P1,373,646)	(P1,427,163)	104%
Interest income	11,885,657	10,107,544	1,778,113	18%
Net foreign exchange gains	693,751	1,783,007	(1,089,256)	-61%
Miscellaneous income	-	99	(99)	0%
Total	P9,778,599	P10,517,004	(P738,405)	-7%

Decrease in investment income by -7% compared to 2016 is significantly attributable to lower net foreign exchange gains and higher loss on financial assets at FVPL.

Expenses

Expenses	Y2017	Y2016	Inc/(Dec)	Percent
Management fee	P2,869,852	P3,792,521	(P922,669)	-24%
Professional fees	698,873	360,438	338,435	94%
Taxes and licenses	132,994	138,781	(5,787)	-4%
Income tax expense	1,285,021	504,142	780,579	155%
Other expenses	103,371	122,536	(19,165)	-16%
Total	P5,090,111	P4,918,418	P171,693	3%

The Fund's net increase in total expense by 3% is mainly attributed to lower management fee due to the decline in asset under management by PEMI while higher income tax was paid for the year.

ASSETS AND LIABILITIES

Financial Position	Y2017	Y2016	Inc/(Dec)	Percent
Financial assets at fair value through profit or loss	P159,362,973	P173,084,805	(P13,721,832)	-8%
Cash and cash equivalent	92,288,922	63,611,123	28,677,799	45%
Accrued interest receivable	1,726,621	2,234,291	(507,670)	-23%
Total Assets	P253,378,517	P238,930,219	P14,448,298	6%
Total Liabilities	1,625,487	868,790	756,697	87%
Total Equity	P251,753,030	P238,061,049	P13,691,601	6%

Assets

Cash and cash equivalent

This account consists of:

	Y2017	Y2016
Cash in banks	P2,115,332	P1,643,152
Short-term deposits	90,173,590	53,554,267
Total	P92,288,922	P55,197,419

Financial assets at fair value through profit or loss

The Fund's financial assets at FVPL consist of held-for-trading investments in government securities issued by the Philippines and other foreign governments and corporate bonds.

Accrued interest receivable pertains to interest income receivable from equity securities and bonds.

Liabilities

The Fund's total liabilities are composed of accounts payable, due to related parties, accrual of expenses and government remittances. Accounts payable pertains to payable to shareholders for the unpaid redemption proceeds, and subscriptions without confirmation from the investors. Subscription is confirmed by submitting the required subscription documents. Once confirmed, these subscriptions are reclassified to equity.

Net increase in liabilities is due to higher income tax payable arising from interest income on bonds.

As an open-end mutual fund company, the Fund stands ready at anytime to redeem the outstanding capital stock at Net Asset Value (NAV) per share as follows:

	Y2017	Y2016
Net asset value attributable to holders of redeemable shares	P251,753,030	P238,061,429
Number of shares outstanding	88,074,976	84,948,772
NAV per share	P 2.8584	P2.8024

Below is comparative study of the net asset value per share of selected mutual funds for the years 2017 and 2016:

		2017		2016	
Fund Name		NAV Per Share	1 yr. Return (%)	NAV Per Share	1 yr. Return (%)
STOCK FUNDS					
<i>Primarily invested in Peso securities</i>					
1	ALFM Growth Fund, Inc *	293.23	22.15%	240.14	-2.41%
2	ATRAM Alpha Opportunity Fund, Inc.*	1.5968	22%	1.3203	12.68%
3	ATRAM Philippine Equity Opportunity Fund, Inc.*	4.5927	19.89%	3.8509	5.41%
4	Climbs Share Capital Equity Investment Fund Corp.*	1.0161	n.a.	N.S.	N.S.
5	First Metro Save and Learn Equity Fund, Inc.*	6.0121	23.23%	4.9058	-7.05%
6	MBG Equity Investment Fund, Inc. * *****	N.S.	N.S.	-	-
7	One Wealthy Nation Fund, Inc.*	0.9919	12.41%	0.888	-9.09%
8	PAMI Equity Index Fund, Inc.*	56.3924	24.1%	45.3772	-2.85%
9	Philam Strategic Growth Fund, Inc.*	588.46	20.02%	490.24	-3.06%
10	Philequity Dividend Yield Fund, Inc.*	1.4043	21.03%	1.1625	-0.86%
11	Philequity Fund, Inc.*	41.0954	23.38%	33.3286	-1.33%
12	Philequity PSE Index Fund Inc.*	5.6741	25.14%	4.5379	-1.57%

		2017		2016	
	Fund Name	NAV Per Share	1 yr. Return (%)	NAV Per Share	1 yr. Return (%)
13	Philippine Stock Index Fund Corp.*	945.8	24.62%	758.32	-2.19%
14	Soldivo Strategic Growth Fund, Inc. *	0.9671	19.17%	0.8108	-5.24%
15	Sun Life Prosperity Philippine Equity Fund, Inc.*	4.5802	22.32%	3.7454	-2.02%
16	Sun Life Prosperity Philippine Stock Index Fund, Inc.*	1.0933	24.72%	0.8755	-1.84%
17	United Fund, Inc.*	3.8942	25.95%	3.095	-1.1%
Exchange Traded Fund					
18	First Metro Phil. Equity Exchange Traded Fund, Inc.	129.7344	26.34%	102.6089	-9.67%
Primarily invested in foreign currency securities					
19	ATRAM AsiaPlus Equity Fund, Inc.	\$1.1096	34.19%	\$0.8366	-6.02%
20	Sun Life Prosperity World Voyager Fund, Inc.	\$1.2652	21.89%	\$1.0358	n.a.
BALANCED FUNDS					
Primarily invested in Peso securities					
21	ATRAM Dynamic Allocation Fund, Inc	1.8635	11.8%	1.6659	-4.13%
22	ATRAM Philippine Balanced Fund, Inc.	2.457	11.39%	2.2167	3.9%
23	Bahay Pari Solidaritas Fund, Inc.	2.2452	12.45%	1.9917	-0.31%
24	First Metro Save and Learn Balanced Fund Inc.	2.7691	14.98%	2.4192	- 10.08%
25	NCM Mutual Fund of the Phils., Inc.	1.4549	n.a.	N.S.	N.S.
26	One Wealthy Nation Fund, Inc.	1.9876	11.68%	1.7718	-0.91%
27	PAMI Horizon Fund, Inc.****	3.9181	11.81%	3.511	-1.45%
28	Philam Fund, Inc.	17.5577	11.5%	15.7503	-1.47%
29	Sun Life of Canada Prosperity Balanced Fund, Inc.*	3.9962	14.82%	3.4914	-2.71%
30	Sun Life Prosperity Dynamic Fund, Inc.*	1.0203	14.05%	0.8962	-3.22%
Primarily invested in foreign currency securities					
31	Cocolife Dollar Fund Builder, Inc.	\$0.03611	3.59%	\$0.0349	-1.41%
32	PAMI Asia Balanced Fund, Inc.	\$1.0561	21.2%	\$0.8823	-1.97%
33	Sun Life Prosperity Dollar Advantage Fund, Inc.	\$3.6525	17.22%	\$3.1106	-0.05%
34	Sun Life Prosperity Dollar Wellspring Fund, Inc.	\$1.1122	10.38%	\$1.0082	n.a.
BOND FUNDS					
Primarily invested in Peso securities					
35	ALFM Peso Bond Fund, Inc.*	337.07	2.3%	329.84	2.17%
36	ATRAM Corporate Bond Fund, Inc.*	1.8923	-0.9%	1.9198	0.34%
37	Cocolife Fixed Income Fund, Inc.*	2.8184	5.32%	2.6833	6.14%
38	Ekklesia Mutual Fund Inc.*	2.1037	1.63%	2.0803	2.07%
39	First Metro Save and Learn Fixed Income Fund, Inc.*	2.215	0.49%	2.2058	-0.01%
40	Grepalife Fixed Income Fund Corp.*	P 1.6095	3.23%	P 1.5745	-1.62%
41	Philam Bond Fund, Inc.*	4.05	0.39%	4.046	1.52%
42	Philequity Peso Bond Fund, Inc.	3.5049	0.95%	3.472	-0.22%
43	Soldivo Bond Fund, Inc.	0.9232	0.18%	0.9217	0.53%

		2017		2016	
Fund Name		NAV Per Share	1 yr. Return (%)	NAV Per Share	1 yr. Return (%)
44	Sun Life of Canada Prosperity Bond Fund, Inc.	2.7767	4.06%	2.6879	-0.53%
45	Sun Life Prosperity GS Fund, Inc.	1.5495	3.79%	1.5066	-1.14%
Primarily invested in foreign currency securities					
46	ALFM Dollar Bond Fund, Inc. *	\$445.85	3.21%	\$432.3	3.29%
47	ALFM Euro Bond Fund, Inc. *	€213.71	2.06%	€209.58	1.67%
48	ATRAM Total Return Dollar Bond Fund, Inc.**	\$1.1342	3.49%	\$1.097	0.25%
49	First Metro Save and Learn Dollar Bond Fund, Inc.*	\$0.025	1.21%	\$0.0247	1.65%
50	Grepalife Dollar Bond Fund Corp.*	\$1.7715	3.51%	\$1.7121	0.08%
51	MAA Privilege Dollar Fixed Income Fund, Inc.	N.S.	N.S.	N.S.	N.S.
52	MAA Privilege Euro Fixed Income Fund, Inc.	€N.S.	N.S.	€N.S.	N.S.
53	PAMI Global Bond Fund, Inc.*	\$1.0748	2.99%	\$1.0488	-0.11%
54	Philam Dollar Bond Fund, Inc.*	\$2.2512	4.45%	\$2.1572	2.22%
55	Philequity Dollar Income Fund Inc.*	\$0.0572159	1.51%	\$0.0564	1.62%
56	Sun Life Prosperity Dollar Abundance Fund, Inc.*	\$3.0128	3.95%	\$2.8995	1.83%
MONEY MARKET FUNDS					
Primarily invested in Peso securities					
57	ALFM Money Market Fund, Inc.	117.6	1.73%	115.61	1.14%
58	Philam Managed Income Fund, Inc.	1.1574	0.83%	1.1476	-0.68%
59	Sun Life Prosperity Money Market Fund, Inc.	1.1871	2.24%	1.1611	1.9%
Primarily invested in foreign currency securities					
60	Sun Life Prosperity Dollar Starter Fund, Inc.* *****	\$0.9986	n.a.	N.S.	N.S.

Y2016 compared to Y2015

INCOME AND EXPENSES

Comprehensive Income	Y2016	Y2015	Inc/(Dec)	Percent
Total Income	₱10,517,004	₱7,700,445	₱2,816,559	37%
Total Expenses*	4,918,418	4,597,504	320,914	7%
Net Income	₱5,598,586	₱3,102,941	₱2,495,645	80%

*total expenses include provision for income tax

Investment Income

Investment Income	Y2016	Y2015	Inc/(Dec)	Percent
Net gain/(loss) on financial assets at FVPL	(₱1,373,646)	(₱1,406,133)	₱32,487	-2%
Interest income	10,107,544	9,105,705	1,001,839	11%

Net foreign exchange gains	1,783,007	516	1,782,491	345,444%
Miscellaneous income	99	357	(258)	0%
Total	P10,517,004	P7,700,445	P2,816,559	37%

Increase in investment income by 37% compared to 2015 is significantly attributable to higher net foreign exchange gains and interest income.

Expenses

Expenses	Y2016	Y2015	Inc/(Dec)	Percent
Management fee	P3,792,521	P3,434,266	P358,255	10%
Professional fees	360,438	466,838	(106,400)	-23%
Taxes and licenses	138,781	114,879	23,902	21%
Other expenses	122,536	249,136	(126,600)	-51%
Total	P4,414,276	P4,265,119	P149,157	3%

The Fund's increase in total expense of 3% is mainly attributed to higher management fee due to higher asset under management.

ASSETS AND LIABILITIES

Financial Position	Y2016	Y2015	Inc/(Dec)	Percent
Financial assets at fair value through profit or loss	P173,084,805	P160,846,923	P12,237,404	8%
Cash and cash equivalent	63,611,123	55,197,419	8,413,704	15%
Accrued interest receivable	2,234,291	2,082,093	152,198	7%
Prepaid expenses	-	2,978	(2,978)	-
Total Assets	P238,930,219	P218,129,413	P20,800,328	10%
Total Liabilities	868,790	707,526	161,264	23%
Total Equity	P238,061,049	P217,421,887	P20,639,064	9%

Assets

Cash and cash equivalent

This account consists of:

	Y2016	Y2015
Cash in banks	P1,160,241	P1,643,152
Short-term deposits	62,450,882	53,554,267
Total	P63,611,123	P55,197,419

Financial assets at fair value through profit or loss

The Fund's financial assets at FVPL consist of held-for-trading investments in government securities issued by the Philippines and other foreign governments and corporate bonds.

Accrued interest receivable

Interest income receivable from bonds.

Liabilities

The Fund's total liabilities are composed of accounts payable, due to related parties, accrual of expenses and government remittances. Accounts payable pertains to payable to shareholders for the unpaid redemption proceeds, and subscriptions without confirmation from the investors. Subscription is confirmed by submitting the required subscription documents. Once confirmed, these subscriptions are reclassified to equity.

Increase in liabilities is due to higher income tax payable arising from interest income on bonds.

As an open-end mutual fund company, the Fund stands ready at anytime to redeem the outstanding capital stock at Net Asset Value (NAV) per share as follows:

	Y2016	Y2015
Net asset value attributable to holders of redeemable shares	P238,060,951	P217,421,891
Number of shares outstanding	84,948,772	83,265,991
NAV per share	P2.8024	P2.6112

Below is comparative study of the net asset value per share of selected mutual funds for the years 2016 and 2015:

		2016		2015	
Fund Name		NAV Per Share	1 yr. Return (%)	NAV Per Share	1 yr. Return (%)
STOCK FUNDS					
<i>Primarily invested in Peso securities</i>					
1	ALFM Growth Fund, Inc.	240.14	-2.41%	246.09	-5.8%
2	ATRAM Alpha Opportunity Fund, Inc.	1.3203	12.68%	1.1717	-29.56%
3	ATRAM Philippine Equity Opportunity Fund, Inc.	3.8509	5.41%	3.6532	-17.09%
4	First Metro Save and Learn Equity Fund, Inc.	4.905	-7.07%	5.278	-5.28%
5	One Wealthy Nation Fund, Inc.	0.8874	-9.15%	n.a.	n.a.
6	PAMI Equity Index Fund, Inc.	45.3772	-2.85%	46.711	n.a.
7	Philam Strategic Growth Fund, Inc.	490.24	-3.06%	505.74	-6.44%
8	Philequity Dividend Yield Fund, Inc.	1.1625	-0.86%	1.1725	-6.71%
9	Philequity Fund, Inc.	33.3286	-1.33%	33.7769	-9.17%
10	Philequity PSE Index Fund Inc.	4.5301	-1.74%	4.6102	-4.26%
11	Philippine Stock Index Fund Corp.	758.32	-2.19%	775.38	-3.83%
12	Soldivo Strategic Growth Fund, Inc.	0.8108	-5.24%	0.8556	-8.91%
13	Sun Life Prosperity Phil. Equity Fund, Inc.	3.7454	-2.02%	3.8227	-6.49%
14	Sun Life Prosperity Philippine Stock Index Fund, Inc.	0.8756	-1.83%	0.892	n.a.
15	United Fund, Inc.	3.0941	-1.12%	3.1293	-3.77%
<i>Exchange Traded Fund</i>					
	First Metro Phil. Equity Exchange Traded Fund, Inc.	112.8644	-0.64%	113.5944	-2.8%
<i>Primarily invested in foreign currency securities</i>					
16	ATRAM AsiaPlus Equity Fund, Inc.	\$0.8366	-6.02%	\$0.8902	-9.78%
17	Sun Life Prosperity World Voyager Fund, Inc.	\$1.036	n.a.	n.a.	n.a.
BALANCED FUNDS					
<i>Primarily invested in Peso securities</i>					
18	ATRAM Dynamic Allocation Fund, Inc.	1.6659	-4.13%	1.7376	-10.1%
19	ATRAM Philippine Balanced Fund, Inc.	2.2167	3.9%	2.1334	-9.19%
20	Bahay Pari Solidaritas Fund, Inc.	1.9944	-0.18%	2.0006	-1.64%

21	First Metro Save and Learn Balanced Fund Inc.	2.4116	-10.36%	2.6904	-3.91%
22	NCM Mutual Fund of the Phils., Inc.	1.7795	-0.48%	1.788	-4.12%
	One Wealthy Nation Fund, Inc.	n.a.	n.a.	1.0008	-3.68%
23	PAMI Horizon Fund, Inc.****	3.511	-1.45%	3.5627	-4.59%
24	Philam Fund, Inc.	15.7503	-1.47%	15.9855	-4.74%
25	Sun Life of Canada Prosperity Balanced Fund, Inc.*	3.4914	-2.71%	3.5886	-4.57%
26	Sun Life Prosperity Dynamic Fund, Inc.*	0.8962	-3.22%	0.926	-7.38%
Primarily invested in foreign currency securities					
27	Cocolife Dollar Fund Builder, Inc.	\$0.03488	-1.47%	\$0.03539	2.28%
28	PAMI Asia Balanced Fund, Inc.	\$0.8776	-2.49%	\$0.8855	-11.45%
29	Sun Life Prosperity Dollar Advantage Fund, Inc.	\$3.1106	-0.05%	\$3.1124	-2.96%
30	Sun Life Prosperity Dollar Wellspring Fund, Inc.	\$1.0083	n.a.	n.a.	n.a.
BOND FUNDS					
Primarily invested in Peso securities					
31	ALFM Peso Bond Fund, Inc.	329.84	2.17%	318.84	1.59%
32	ATRAM Corporate Bond Fund, Inc.	1.9198	0.34%	1.9133	-3.04%
33	Cocolife Fixed Income Fund, Inc.	2.6807	6.04%	2.4199	4.77%
34	Ekklesia Mutual Fund Inc.	2.0819	2.14%	2.018	1.25%
35	First Metro Save and Learn Fixed Income Fund, Inc.	2.2002	-0.27%	2.1858	-0.79%
36	Grepalife Bond Fund Corporation	1.3192	-1.2%	1.3577	-1.04%
37	Grepalife Fixed Income Fund Corp.	1.5745	-1.62%	1.6216	-0.55%
38	Philam Bond Fund, Inc.	4.046	1.52%	4.0221	1.99%
39	Philequity Peso Bond Fund, Inc.	3.472	-0.22%	3.4858	1.92%
40	Soldivo Bond Fund, Inc.	0.9217	0.53%	0.9588	n.a.
41	Sun Life of Canada Prosperity Bond Fund, Inc.	2.6881	-0.53%	2.7013	1.15%
42	Sun Life Prosperity GS Fund, Inc.	1.5066	-1.14%	1.533	0.95%
Primarily invested in foreign currency securities					
43	ALFM Dollar Bond Fund, Inc.	\$432.3	3.29%	\$418.46	2.5%
44	ALFM Euro Bond Fund, Inc.	€209.58	1.29%	€206.12	0.04%
45	ATRAM Total Return Dollar Bond Fund, Inc.	\$1.097	0.25%	\$1.0943	2.97%
46	First Metro Save and Learn Dollar Bond Fund, Inc.	\$0.0247	1.65%	\$0.0243	0.41%
47	Grepalife Fixed Income Fund Corp.	\$1.7121	0.08%	\$1.7108	0.7%
48	MAA Privilege Dollar Fixed Income Fund, Inc.	N.S.	N.S.	N.S.	N.S.
49	MAA Privilege Euro Fixed Income Fund, Inc.	€N.S.	N.S.	€N.S.	N.S.
50	PAMI Global Bond Fund, Inc.	\$1.0488	-0.11%	\$1.0486	-7.2%
51	Philam Dollar Bond Fund, Inc.	\$2.1572	2.22%	\$2.1103	1.69%
52	Philequity Dollar Income Fund Inc.	\$0.0563751	1.58%	\$0.055458	1.57%
53	Sun Life Prosperity Dollar Abundance Fund, Inc.	\$2.8996	1.83%	\$2.8375	0.91%
MONEY MARKET FUNDS					
Primarily invested in Peso securities					
54	ALFM Money Market Fund, Inc.	115.61	1.14%	112.91	0.99%
55	Philam Managed Income Fund, Inc.	1.1476	-0.68%	1.1543	0.19%
56	Sun Life Prosperity Money Market Fund, Inc.	1.1611	1.9%	1.1252	-0.08%

C. Other Matters

There are no events that will trigger direct or contingent financial obligations that are material to Philequity Dollar Fund, Inc. Neither are there material off-balance sheet transactions, arrangements, obligations, and other relationships of Philequity Dollar Fund, Inc. with entities or persons created during the immediately preceding period. There are no significant elements of income or loss that did not arise from Philequity Dollar Fund, Inc.'s continuing operations.

Financial Statements

Please refer to Annex "A" for the Company's audited financial statements as of the period ended 31 December 2018. Kindly see Annex "B" for the Company's second quarter operations results for 2019.

Compliance with Manual of Corporate Governance

In compliance with the directive of the Securities and Exchange Commission ("SEC") under Memorandum Circular No. 6, Series of 2009, the Company submitted its Revised Manual of Corporate Governance on 31 March 2011. Further, the Company filed with the SEC its amended Manual of Corporate Governance which was made effective on 1 August 2014 in compliance with SEC Memorandum Circular No. 9, Series of 2014.

The Company has been monitoring compliance with SEC Memorandum Circular No. 6, Series of 2009, as amended, as well as other relevant SEC circulars and rules on good corporate governance. All directors, officers, and employees complied with all the leading practices and principles on good corporate governance as embodied in the Corporation's Manual.

The Company is unaware of any non-compliance with or deviation from its Manual of Corporate Governance during the previous year. The Company will continue to monitor compliance with the SEC Rules on Corporate Governance and shall remain committed in ensuring the adoption of other systems and practices of good corporate governance to enhance its value to its shareholders.

UPON WRITTEN REQUEST OF ANY SHAREHOLDER OF RECORD ENTITLED TO NOTICE OF AND VOTE AT THE MEETING, THE COMPANY SHALL FURNISH SUCH SHAREHOLDER WITH A COPY OF THE COMPANY'S INFORMATION STATEMENT AND ANNUAL REPORT ON SEC FORM 17-A WITHOUT CHARGE. ANY SUCH WRITTEN REQUEST SHALL BE ADDRESSED TO:

**A. BAYANI K. TAN
THE CORPORATE SECRETARY
PHILEQUITY FUND, INC.
2704 EAST TOWER,
PHILIPPINE STOCK EXCHANGE CENTRE,
EXCHANGE ROAD, ORTIGAS CENTER
PASIG CITY, METRO MANILA, PHILIPPINES**

COVER SHEET

SEC Registration Number

A 1 9 9 8 - 1 6 2 1 6

Company Name

P H I L E Q U I T Y D O L L A R I N C O M E F U N D ,
I N C . (A n O p e n - E n d M u t u a l F u n d
C o m p a n y)
.

Principal Office (No./Street/Barangay/City/Town/Province)

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 , 2 8 t h S t . c o r . 5
t h . A v e . 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 .

Form Type

1 7 - A

Department requiring the
report

Secondary License Type, if
Applicable

N A

COMPANY INFORMATION

Company's Email Address

Company's Telephone Number/s

250-8738

Mobile Number

No. of Stockholders

118

Annual Meeting
Month/Day

09/01

Fiscal Year
Month/Day

12/31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Ms. Maribel Bere

Email Address

maribel.bere@vantage.ph

Telephone Number/s

250-8738

Mobile Number

0917-620-4040

Contact Person's Address

15th floor, Philippine Stock Exchange Tower, 28th St. Corner 5th Ave., Bonifacio Global City, Taguig
City, Metro Manila

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A



**ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE
PHILIPPINES**

1. For the calendar year ended **December 31, 2018**
2. SEC Identification No. **A1998-16216**
3. BIR Tax Identification No. **201-883-916-000**
Exact name of registrant as specified in its charter:
PHILEQUITY DOLLAR INCOME FUND, INC.
4. Province, Country or other jurisdiction of Incorporation or organization:
Philippines
6. (SEC Use Only)
Industry Classification Code
7. Address of Principal Office: **15th floor, Philippine Stock Exchange Tower, 28th St. Corner
5th Ave., Bonifacio Global City, Taguig City, Metro Manila**
8. Issuer's telephone number, including area code: **(632) 250-8700**
9. Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Shares Outstanding
Common Stock, P1.00 par value	88,668,771
11. Are any or all of these securities listed on the Philippine Stock Exchange
Yes ☐ No ☒
12. Check whether the registrant:
 - a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);
Yes ☒ No ☐
 - b) has been subject to such filing requirements for the past 90 days
Yes ☒ No ☐
13. Aggregate market value of the voting stocks held by non-affiliates: **P 265,910,961**

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PART I. BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

A. Incorporation

Philequity Dollar Income Fund, Inc. was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on March 4, 1999, as an open-end mutual fund company. The purposes of which are to, among others, engage in the sale of its capital stock and to invest such proceeds in dollar-denominated debt securities. The Fund is ready to redeem the shareholdings of any investor at the applicable net asset value per share. The Fund has no parent company.

B. Investment Objective

PDIF is an open-end mutual fund. The Fund's investment objective is to seek long-term capital appreciation through investment primarily in debt instruments of Philippine sovereign bonds and Philippine companies while taking into consideration the liquidity and safety of its investments to protect the interest of its investors.

The Fund intends to invest its assets in different types of debt instruments as well as range of different bond durations to achieve diversification, but will act as such within the provision of applicable laws and regulations.

C. Investment Limitations/Restrictions

The following are the limitations and fundamental policies of the Fund and the provisions of the Investment Company Act of the Philippines:

- (1) The Fund shall not participate in any underwriting or selling group in connection with public distribution of securities, except for its own capital stock.
- (2) The maximum investment in any single enterprise shall not exceed an amount equivalent to fifteen percent (15%) of the Fund's Net Asset Value, and in no case shall the total investment of the Fund exceed ten percent (10%) of the outstanding securities of any one investee company.
- (3) The Fund shall not incur any further debt or borrowings unless at the time of its occurrence or immediately thereafter there is an asset coverage of at least three hundred percent (300%) for all its borrowings. In the event that such asset coverage shall fall below 300%, the Fund shall within (3) days thereafter reduce the amount of its borrowings to an extent that the asset coverage of such borrowings shall be at least 300%.
- (4) Operational expenses shall not exceed ten percent (10%) of its average investment fund or net worth as shown in the previous audited financial statements.
- (5) The Fund shall not make any investment for the purpose of exercising control of management.
- (6) The Securities and Exchange commission, by order, unless it provides otherwise, the Fund may not engage in any of the following:
 - (a) margin purchase of securities;
 - (b) commodity futures contracts;

- (c) precious metals;
 - (d) unlimited liability investments;
 - (e) short selling of currencies;
 - (f) short selling of investments;
- (7) Other investment as the Securities & Exchange Commission shall, from time to time, prescribe.

D. Investment Guidelines and Strategy

A portion of the Fund's investment portfolio shall be invested in short to medium-term corporate debt papers registered with the Securities and Exchange Commission and had been approved by the Board of Directors of the Philequity Management, Inc.

E. Investment Manager and Principal Distributor

Philequity Management, Inc. (PEMI) is the Investment Adviser, Principal Distributor and Investment Manager of Philequity Fund. PEMI provides and renders professional management and technical services to Philequity Dollar Fund, Inc. (PDIF). PEMI is a corporation organized by a group of individuals who have track record in the stock brokerage business, having successfully managed their clients' resources. Philequity Dollar Fund, Inc. does not employ any personnel. The Fund's administrative and accounting functions are undertaken by Philequity Management, Inc. (PEMI, fund manager). Pursuant to its Management and Distribution Agreement, the Fund shall pay the following for services rendered and facilities provided by PEMI:

1. Management fee computed at a maximum of one and a half percent per annum of the monthly average net asset value of the Fund's assets. On December 16, 2016, management fee rate is reduced to a maximum of 1.00% of the average NAV of the Fund. The net asset value shall be determined in accordance with the procedures agreed upon by both parties.
2. Sales load charge of maximum three and a half percent for every sale of the Fund's shares of stocks.

However, PEMI reserves the right to reduce and/or waive the above charges on certain transactions.

F. Sub-distribution Agreement

In order to reach additional prospective investors, Philequity Management, Inc. (PEMI), the Funds' principal distributor has formed various partnerships with sub-distributors to promote the Funds. The sub-distributor will act as an agent to distribute, present and explain to their client the structure of the fund. If necessary, the sub-distributor will hire, train and maintain additional personnel for the performance of its obligations as contracted in the Memorandum of Agreement. Any expenses in terms of marketing and distribution if any will be shouldered by the sub-distributor. To compensate, the sub-distributor will receive a percentage of the management fee and/or the corresponding sales load fee charged of the total referred investments. The Funds shall be made available to the public primarily through accredited firms and authorized distributors and sales agents of BDO Private Bank Wealth Advisory and Trust Group, COL Financial Group, Inc., East West Banking Corporation – Trust Department, Rampover Financials and Insurance Agency, Inc., and RCBC Savings Bank Trust Services Division.

G. Capitalization and Ownership

The Fund's authorized capital is one hundred million pesos (P100,000,000) divided into 100,000,000 shares with a par value of P1.00 per unit. Each unit of stock of the fund is a voting stock with voting rights equal to every other outstanding share of stock, and subject to right of redemption.

- (1) Right of Redemption

The holder of any unit of stock of the fund, upon its presentation to the fund, or its duly authorized representatives, is entitled to receive by way of redemption approximately his proportionate share of the fund's net assets or cash equivalent thereof, i.e., the current net asset value, subject to the existing laws and the by-laws of the Fund; provided, however, that no such redemption may be made unless the remaining unimpaired capital of the Fund shall be 50% of its outstanding liabilities to the creditors of the fund. Provided further, the redemption may be suspended during any periods specified under the by-laws and under any applicable laws and regulation.

(2) **Waiver of Pre-Emptive Rights**

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

(3) **Restriction on Transfer**

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 on regulations shall be caused or allowed to be recorded in the proper books of the fund.

H. Effects of Government Regulation

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 of covered transactions under the Anti-Money Laundering Act of 2001 (Republic Act No. 9160) from P4,000,000.00 to P500,000.00, 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, PDIF expects limited capital investment by shareholders in the near future.

I. Size and Strength of the Fund's Competitors

The Philippine mutual fund industry continues to grow with 61 funds as of December 2018 according to data tracked by the Philippine Investment Funds Association. The industry continues to benefit from the low interest rate environment with investors looking for higher yields apart from regular savings and time deposit accounts. It was however a challenging year for capital markets with net assets dropping 13% to P 255 billion from P 294 billion in net assets a year ago. Of the 61 mutual funds, 21 are classified as stock funds or funds that primarily invest in equities, 14 are classified as balanced funds, 22 are classified as bond funds and 4 are classified as money market funds.

Following is a summary of the assets held by mutual funds in the Philippines as of 31 December 2018.

Fund Category	Fund Name	ASSETS	LIABILITIES	NET ASSETS	EQUITY INV.	NO. OF A/C
Stock Funds						
<i>Primarily invested in Peso securities</i>						
1	ALFM Growth Fund, Inc.	7,111,067,194.12	29,240,353.56	7,081,826,840.56	6,418,290,450.00	9,231
2	ATRAM Alpha Opportunity Fund, Inc. (formerly, ATRKE Alpha Opportunity Fund, Inc.)	467,247,351.95	6,696,645.89	460,550,706.06	433,155,111.93	928
3	ATRAM Alpha Opportunity Fund, Inc. (formerly, ATRKE Alpha Opportunity Fund, Inc.)	1,780,842,432.39	32,477,747.31	1,748,364,685.08	1,649,465,883.35	1,685
4	ATRAM Phil. Equity Opportunity Fund Corp.	360,255,221.21	3,570,052.98	356,685,168.23	302,031,640.15	825
5	Climbs Share Capital Equity Investment Fund Corp.	385,513,400.45	1,156,060.53	384,357,339.92	372,000,477.03	812
6	First Metro Consumer Fund on MSCI Phils. IMI, Inc.	4,505,057,097.68	81,576,546.12	4,423,480,551.56	3,968,276,830.00	17,405
7	First Metro Save and Learn Equity Fund, Inc.	159,687,863.00	1,792,924.00	157,894,939.00	148,146,289.00	35
8	MBS Equity Investment Fund, Inc.	90,606,225.26	22,421,519.09	68,184,706.17	62,766,640.45	387
9	One Wealthy Nation Fund, Inc.	9,073,545,006.79	11,816,890.30	9,061,728,116.49	8,768,172,358.10	13,646
10	PAMI Equity Index Fund, Inc.	31,816,291,183.82	157,698,215.68	31,658,592,968.14	28,645,215,198.40	15,149
11	Philam Strategic Growth Fund, Inc.	2,497,608,280.24	8,293,878.99	2,489,314,401.25	2,186,488,042.03	3,808
12	Phil equity Dividend Yield Fund, Inc.	11,281,192,341.50	6,727,965.91	11,217,555,499.95	9,902,085,950.67	35,270
13	Phil equity Fund, Inc.	12,574,922,272.27	20,479,590.59	12,554,442,681.68	3,736,077,305.34	16,139
14	Phil equity PSE Index Fund, Inc.	961,314,529.45	5,305,004.24	956,009,525.21	855,981,507.02	11,164
15	Philippine Stock Index Fund Corp.	10,486,436,850.17	61,190,763.11	10,425,246,087.06	9,911,837,813.10	55,954
16	Solidvo Strategic Growth Fund, Inc.	9,570,727,833.65	53,774,652.57	9,516,953,181.08	9,428,820,711.05	36,303
17	Sun Life Prosperity Phil. Stock Index Fund, Inc.	687,733,193.87	1,687,026.28	686,046,167.59	586,959,796.78	1,125
18	United Fund, Inc.	1,535,302,138.67	1,302,907.70	1,533,999,230.97	1,518,497,745.96	1,152
Exchange Traded Fund						
19	First Metro Phil. Equity Exchange Traded Fund, Inc.	109,094,362,535.79	570,845,586.40	108,523,516,949.39	101,430,774,323.82	237,116
<i>Sub total - Peso Currency</i>						
Primarily invested in foreign currency securities						
20	ATRAM AsiaPlus Equity Fund, Inc. (formerly, ATR KimEng AsiaPlus Recovery Fund, Inc.)	44,548,039.57	492,955.90	44,055,083.67	0.00	51
21	Sun Life Prosperity World Voyager Fund, Inc.	513,236,168.32	1,844,007.42	511,392,160.90	0.00	1,025
<i>Sub total - US Currency</i>						
Sub total - stock funds						
Balanced Funds						
<i>Primarily invested in Peso securities</i>						
22	ATRAM Dynamic Allocation Fund, Inc. (formerly, Optima Balanced Fund, Inc.)	45,784,504.23	3,127,748.41	42,656,755.82	21,849,215.92	279
23	ATRAM Philippine Balanced Fund, Inc. (formerly, ATRKE Philippine Balanced Fund, Inc.)	1,248,722,945.34	88,693,319.43	1,160,029,625.91	615,305,190.58	2,108
24	First Metro Save and Learn Balanced Fund, Inc.	1,772,170,096.31	32,883,129.69	1,739,286,966.62	1,116,740,000.08	5,413
25	Grepalife Balanced Fund Corporation (formerly, Grepalife Bond Fund, Inc.)	151,812,779.00	424,574.00	151,388,205.00	0.00	103
26	MCM Mutual Fund of the Phils., Inc.	457,551,984.69	1,844,207.84	455,707,776.85	190,951,499.30	67
27	PAMI Horizon Fund, Inc.	859,128,551.13	15,654,246.10	843,474,305.03	431,498,890.66	11,737
28	Philam Fund, Inc.	10,560,828,686.55	49,889,100.53	10,510,939,586.02	5,351,000,872.98	10,553
29	Solidaritas Fund, Inc. (formerly, Bahay Pori Solidaritas Fund, Inc.)	163,577,228.64	278,301.03	163,298,927.61	104,739,015.50	213
30	Sun Life Prosperity Balanced Fund, Inc.	11,501,598,077.09	289,944,780.48	11,211,653,296.62	7,000,030,125.55	47,793
31	Sun Life Prosperity Dynamic Fund, Inc.	1,777,683,161.10	13,308,813.40	1,764,374,347.70	1,446,691,963.95	4,978
<i>Sub total - Peso Currency</i>						
Primarily invested in foreign currency securities						
32	Cocoflife Dollar Fund Builder, Inc.	100,257,683.72	551,714.58	99,705,969.14	0.00	66
33	PAMI Asia Balanced Fund, Inc.	505,155,938.39	12,221,402.33	492,934,536.07	249,430,478.34	357
34	Sun Life Prosperity Dollar Advantage Fund, Inc.	1,711,986,487.96	3,293,465.55	1,708,693,022.41	0.00	3,596
35	Sun Life Prosperity Dollar WellSpring Fund, Inc.	316,798,185.33	789,964.55	316,008,220.78	0.00	482
<i>Sub total - US Currency</i>						
Sub total - balanced funds						
		28,538,858,014.08	496,048,220.90	28,042,809,793.18	16,278,806,774.52	83,244
		100,257,683.72	551,714.58	99,705,969.14	0.00	66
		505,155,938.39	12,221,402.33	492,934,536.07	249,430,478.34	357
		1,711,986,487.96	3,293,465.55	1,708,693,022.41	0.00	3,596
		316,798,185.33	789,964.55	316,008,220.78	0.00	482
		2,634,198,295.41	16,856,547.01	2,617,341,748.40	249,430,478.34	4,501
		31,173,056,309.49	512,904,767.91	30,660,151,541.58	16,528,237,252.86	87,745

Fund Category		Fund Name		ASSETS		LIABILITIES		NET ASSETS		EQUITY INV.		NO. OF A/C	
Bond Funds													
<i>Primarily invested in Peso securities</i>													
36	ALFM Peso Bond Fund, Inc.			54,007,520,592.33	186,652,290.07			53,820,868,302.26		3,323,218,100.00		29,575	
37	ATRAM Corporate Bond Fund, Inc. (formerly, Prudentiallife Fixed Income Fund, Inc.)			179,297,457.60	707,949.24			178,589,508.36		0.00		438	
38	Cocolife Fixed Income Fund, Inc.			1,864,607,389.27	28,182,755.48			1,836,424,633.79		0.00		1,615	
39	Ekklesia Mutual Fund, Inc.			253,862,850.96	383,375.54			253,479,475.42		4,500,000.00		114	
40	First Metro Save and Learn Fixed Income Fund, Inc.			1,616,674,045.37	5,881,769.80			1,610,792,275.57		0.00		1,822	
41	Grepalife Fixed Income Fund Corp.			352,006,563.00	4,145,646.00			347,860,917.00		0.00		673	
42	Philam Bond Fund, Inc.			6,429,693,065.71	23,585,669.02			6,406,107,396.69		0.00		7,007	
43	Philequity Peso Bond Fund, Inc.			208,494,165.21	950,276.72			207,543,888.49		16,724,312.00		1,538	
44	Soldivo Bond Fund, Inc.			320,663,063.03	845,756.48			319,817,306.55		0.00		651	
45	Sun Life Prosperity Bond Fund, Inc.			3,802,253,222.50	59,877,974.32			3,742,375,248.18		0.00		10,477	
46	Sun Life Prosperity GS Fund, Inc.			223,671,563.55	5,852,203.64			217,819,359.91		0.00		1,800	
<i>Sub total - Peso Currency</i>				69,258,743,978.53	317,065,666.31			68,941,678,312.22		3,344,442,412.00		55,710	
<i>Primarily invested in foreign currency securities</i>													
47	ALFM Dollar Bond Fund, Inc.			12,575,693,356.23	57,466,966.08			12,518,226,390.16		0.00		8,773	
48	ATRAM Total Return Dollar Bond Fund, Inc. (formerly, ATR KimEng Total Return Bond			478,348,609.03	1,853,578.03			476,495,031.00		0.00		57	
49	First Metro Save and Learn Dollar Bond Fund, Inc.			261,002,821.24	717,233.57			260,285,587.67		0.00		57	
50	Grepalife Dollar Bond Fund Corp.			491,792,044.70	882,029.50			490,910,015.20		0.00		293	
51	MAA Privilege Dollar Fixed Income Fund, Inc.			5,071,478.23	352,306.51			4,719,171.73		0.00		33	
52	PAMI Global Bond Fund Phils., Inc.			119,883,901.68	4,339,151.36			115,544,750.33		0.00		2,508	
53	Philam Dollar Bond Fund, Inc.*			2,768,005,891.65	21,606,671.53			2,746,399,220.11		0.00		118	
54	Philequity Dollar Income Fund, Inc.			266,448,068.84	920,692.00			265,527,376.85		0.00		2,220	
55	Sun Life Prosperity Dollar Abundance Fund, Inc.			530,982,068.70	998,546.25			529,983,522.44		0.00		14,059	
<i>Sub total - US Currency</i>				17,497,228,240.30	89,137,174.82			17,408,091,065.48		0.00		625	
56	ALFM Euro Bond Fund, Inc.			698,567,747.82	4,127,701.26			694,440,046.56		0.00		162	
57	MAA Privilege Euro Fixed Income Fund, Inc.			10,025,812.19	137,332.52			9,888,479.67		0.00		787	
<i>Sub total - Euro Currency</i>				708,593,560.01	4,265,033.77			704,328,526.23		0.00		70,556	
<i>Sub total - bond funds</i>				87,464,565,778.84	410,467,874.90			87,054,097,903.93		3,344,442,412.00			
Money Market Funds													
<i>Primarily invested in Peso securities</i>													
58	ALFM Money Market Fund, Inc.			12,969,278,546.85	5,588,487.44			12,963,690,059.41		0.00		11,880	
59	Philam Managed Income Fund, Inc.			660,845,896.57	4,089,149.11			656,756,747.46		0.00		1,071	
60	Sun Life Prosperity Money Market Fund, Inc.			15,244,864,547.93	57,922,861.45			15,186,941,686.48		0.00		28,804	
<i>Primarily invested in foreign currency securities</i>													
61	Sun Life Prosperity Dollar Starter Fund, Inc.			614,599,156.20	764,117.80			613,835,038.40		0.00		304	
<i>Sub total - money market funds</i>				29,489,588,147.54	68,364,615.80			29,421,223,531.74		0.00		42,059	
GRAND TOTAL				257,779,356,979.54	1,564,919,808.33			256,214,437,171.21		121,303,403,988.68		438,552	

ITEM 2. PROPERTIES

Operations are conducted within the premises of Philequity Management, Inc., the fund manager. All facilities are either owned or provided by the fund manager pursuant to the Management and Distribution Agreement (refer to Item 1 Section E). As a fund, Philequity Dollar Fund, Inc. has no properties under its fixed assets accounts.

ITEM 3. LEGAL PROCEEDINGS

There are no legal proceedings that concern the fund at the time of reporting and for the past five (5) years.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE

There were no matters submitted to a vote of security holders during the calendar year 2018 covered by this report.

PART II. OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR COMMON EQUITY and RELATED STOCKHOLDERS MATTERS

A. Fund Performance

Philequity Dollar Fund, Inc. offers its investors above-average returns ever since its inception. Below is the historical performance of the Fund since 2014.

Calendar Year Returns (%)

	2018	2017	2016	2015	2014
PDIF	-0.41%	1.49%	1.65%	1.36%	5.34%

Total return assumes re-investment of all dividends and capital gains distributions. Investment return and principal value may fluctuate such that, when redeemed, an investor's units may be worth more or less than their original cost. No dividends were declared from the date of incorporation to the date of this report. There is no restriction that limits PDIF's ability to pay dividends on common equity.

Below is the comparative tabulation of the Fund's Net Asset Value per share since 2001.

Year	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	High	Low	High	Low	High	Low	High	Low
2018	0.05720	0.05638	0.05689	0.05653	0.05688	0.05671	0.05699	0.05684
2017	0.05692	0.05639	0.05720	0.05692	0.05744	0.05720	0.05751	0.05722
2016	0.05604	0.05548	0.05647	0.05603	0.05693	0.05650	0.05680	0.05632
2015	0.05559	0.05476	0.05564	0.05507	0.05555	0.05508	0.05556	0.05526
2014	0.05321	0.05195	0.05408	0.05318	0.05436	0.05407	0.05474	0.05421
2013	0.05401	0.05282	0.05376	0.05007	0.05152	0.05048	0.05226	0.05139

2012	0.05015	0.04843	0.05089	0.04962	0.05275	0.05109	0.05407	0.05284
2011	0.04664	0.04593	0.04707	0.04623	0.04802	0.04617	0.04842	0.04610
2010	0.04369	0.04207	0.04441	0.04330	0.04683	0.04427	0.04700	0.04597
2009	0.03972	0.03774	0.04033	0.03949	0.04160	0.04001	0.04271	0.04159
2008	0.03798	0.03758	0.03829	0.03788	0.03824	0.03796	0.03808	0.03749
2007	0.03642	0.03584	0.03675	0.03639	0.03703	0.03667	0.03757	0.03701
2006	0.03398	0.03310	0.03422	0.03358	0.03493	0.03376	0.03582	0.03495
2005	0.03104	0.03026	0.03137	0.03049	0.03211	0.03138	0.03230	0.03178
2004	0.02962	0.02904	0.02960	0.02924	0.03000	0.02929	0.03061	0.02962
2003	0.02860	0.02788	0.02897	0.02840	0.02881	0.02829	0.02911	0.02854
2002	0.02580	0.02524	0.02675	0.02571	0.02743	0.02609	0.02790	0.02743
2001							0.02576	0.02553

The Fund's NAVPS are reported to the Investment Company Association of the Philippines and published daily in Business World and reflected in Technistock.

B. Holders

The number of common shareholders of record as of December 31, 2018 is 118. Common shares outstanding as of December 31, 2018 are 88,668,771. The SEC approved confidential treatment for the top 20 stockholders of the Fund. A separate disclosure was filed with the Commission for the Top 20 shareholders as of December 31, 2018.

C. Dividends

There were no cash dividends declared from date of incorporation to the date of this report.

D. Sale of Unregistered or Exempt Securities

There is no sale of unregistered or exempt securities within the past five (5) years.

ITEM 6. MANAGEMENT ANALYSIS AND DISCUSSION

In Millions Php	2018	2017	2016
Balance Sheet			
Assets	266.91	253.38	238.93
Liabilities	1.00	1.63	0.87
Stockholder's Equity	265.91	251.75	238.06
Book Value Per Share	2.9989	2.8584	2.8024
Income Statement			
Income	4.28	9.78	10.52
Expenses	5.14	5.09	4.92
Net Income	(0.86)	4.69	5.60
Earnings per Share (using weighted Average number of Outstanding Shares)	(0.0097)	0.0535	0.0667

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.

Key Performance Indicators	2018	2017	2016
Current Ratio ¹	26523.00%	15,587.85%	27,501.49%
Assets to Equity Ratio ²	100.38%	100.65%	100.36%
Liabilities to Equity Ratio ³	0.38%	0.65%	0.36%
Return on Ave. Assets Ratio ⁴	-0.33%	1.90%	2.45%
Return on Ave. Equity Ratio ⁵	-0.33%	1.91%	2.46%

The manner by which the Fund calculates the above performance indicators for is as follows:

	Formula
1	Current Assets / Current Liabilities
2	Total Assets / Total Equity
3	Total Liabilities / Total Equity
4	Net Income / Average Total Assets
5	Net Income / Average Total Equity

Management's Analysis and Plan of Operation

It was a euphoric start of 2018, a spillover from a great 2017. Inflation remained low, GDP remained within NEDA's target, the Fed making incremental and telegraphed rate hikes, and optimism on tax reform in the US and Philippines had investors feeling the rally would continue. This was however short-lived as the impact of TRAIN was felt by the end of the first quarter, sending inflation to ten year highs. The peso likewise fell to multi-year lows as the impact of the twin deficits and the balance of trade ballooned. Markets were sent into tailspin as volatility reared its ugly head. The BSP remained calm and initially kept rates unchanged after the US and global markets started raising. This ultimately had to change as the BSP set a hawkish tone as global interest rates started moving up and inflation needed to be contained. More bad news continued as US President Trump threatens to impose tariffs on multiple countries including the world's second largest economy China and eventually pave way for a full blown trade war and set the direction of capital markets. Market players took cues from every Trump jab, and every tidbit from Chinese President Xi Jinping.

We expect another volatile 2019, dictated by the unresolved trade war between the US and China. Higher interest rates will benefit the bond fund as investors shift from a volatile equity market. We believe inflation has peaked in 2018 and look forward to a stable peso. Economic data such as GDP, remittances, the peso, trade balance and the twin deficits will be closely monitored moving forward as any sharp and unexpected moves will impact the performance of the fund. The

country's credit rating will also be closely watched as the S&P, Moody's and Fitch have already cited risks to the country's credit score.

B. Financial Condition

Y2018 compared to Y2017

INCOME AND EXPENSES

Comprehensive Income	Y2018	Y2017	Inc/(Dec)	Percent
Total Income	P 4,281,269	P 9,778,601	(P5,497,332)	-56%
Total Expenses*	5,140,909	5,090,208	50,701	1%
Net Income	P (859,640)	P 4,688,393	(P5,548,033)	-118%

*total expenses include provision for income tax

Investment Income

Investment Income	Y2018	Y2017	Inc/(Dec)	Percent
Net gain/(loss) on financial assets at FVPL	(P6,936,380)	(P2,800,807)	(P4,135,569)	147.66%
Interest income	11,139,202	11,885,657	(746,460)	-6.28%
Net foreign exchange gains	52,590	693,751	(641,161)	-92.42%
Miscellaneous income	25,858	-	25,858	100%
Total	P 4,281,269	P 9,778,601	(P5,497,332)	-56%

Decrease in investment income by 56% compared to 2017 is significantly attributable to lower net foreign exchange gains and higher loss on financial assets at FVPL.

Expenses

Expenses	Y2018	Y2017	Inc/(Dec)	Percent
Management fee	P 3,012,263	P 2,869,852	P 142,411	4.96%
Professional fees	755,360	698,873	56,487	8.08%
Taxes and licenses	193,770	133,494	60,276	45.15%
Income tax expense	967,765	1,284,944	(317,179)	-24.68%
Other expenses	212,105	103,045	109,060	105.84%
Total	P 5,141,263	P 5,090,208	P 51,055	1.00%

The Fund's net increase in total expense by 1.00% is mainly attributed to higher management fee due to increase in asset under management by PEMI. Increase in other expenses is due to higher transfer agent fees paid for the year while lower income tax was paid for the year.

ASSETS AND LIABILITIES

Financial Position	Y2018	Y2017	Inc/(Dec)	Percent
Financial assets at fair value through profit or loss	P 143,467,515	P 159,362,974	(P15,895,459)	-9.97%
Cash and cash equivalent	121,080,039	92,289,147	28,790,892	31.20%
Accrued interest receivable	2,368,559	1,726,616	641,943	37.18%
Total Assets	P 266,916,113	P 253,378,737	P 13,537,376	5.34%

Total Liabilities	1,006,357	1,625,582	(619,225)	-38.09%
Total Equity	P 265,909,756	P 251,753,155	P 14,156,601	5.62%

Assets

Cash and cash equivalent

This account consists of:

	Y2018	Y2017
Cash in banks	P 6,192,805	P2,115,557
Short-term deposits	114,887,234	90,173,590
Total	P 121,080,039	P92,289,147

Financial assets at fair value through profit or loss

The Fund's financial assets at FVPL consist of held-for-trading investments in government securities issued by the Philippines and other foreign governments and corporate bonds.

Accrued interest receivable pertains to interest income receivable from bonds.

Liabilities

The Fund's total liabilities are composed of accounts payable, due to related parties, accrual of expenses and government remittances. Accounts payable pertains to payable to shareholders for the unpaid redemption proceeds, and subscriptions without confirmation from the investors. Subscription is confirmed by submitting the required subscription documents. Once confirmed, these subscriptions are reclassified to equity.

Net increase in liabilities is due to higher income tax payable arising from interest income on bonds.

As an open-end mutual fund company, the Fund stands ready at anytime to redeem the outstanding capital stock at Net Asset Value (NAV) per share as follows:

	Y2018	Y2017
Net asset value attributable to holders of redeemable shares	P265,909,756	P251,753,155
Number of shares outstanding	88,668,771	88,074,976
NAV per share	P 2.9989	P 2.8584

Below is comparative study of the net asset value per share of selected mutual funds for the years 2018 and 2017:

Fund Name		2018 NAV Per Share	1 yr. Return (%)	2017 NAV Per Share	1 yr. Return (%)
STOCK FUNDS					
<i>Primarily invested in Peso securities</i>					
1	ALFM Growth Fund, Inc. *	252.23	-13.98%	293.23	22.15%
2	ATRAM Alpha Opportunity Fund, Inc.*	1.4411	-9.76%	1.5968	22%
3	ATRAM Philippine Equity Opportunity Fund, Inc.*	3.9037	-15.01%	4.5927	19.89%
4	Climbs Share Capital Equity Investment Fund Corp.*	0.8904	-12.4%	1.0161	n.a.
5	First Metro Consumer Fund on MSCI Phils. IMI, Inc. *	0.8208	n.a.		
6	First Metro Save and Learn Equity Fund, Inc.*	5.2719	-12.32%	6.0121	23.23%
7	MBG Equity Investment Fund, Inc. *	116.63	n.a.	N.S.	N.S.
8	One Wealthy Nation Fund, Inc.*	0.8326	-16.06%	0.9919	12.41%
9	PAMI Equity Index Fund, Inc.*	49.2235	-12.72%	56.3924	24.1%
10	Philam Strategic Growth Fund, Inc.*	514.86	-12.52%	588.46	20.02%
11	Philequity Dividend Yield Fund, Inc.*	1.254	-10.7%	1.4043	21.03%
12	Philequity Fund, Inc.*	36.6323	-10.86%	41.0954	23.38%
13	Philequity PSE Index Fund Inc.*	4.9588	-12.61%	5.6741	25.14%
14	Philippine Stock Index Fund Corp.*	828.49	-12.4%	945.8	24.62%
15	Soldivo Strategic Growth Fund, Inc. *	0.8614	-10.95%	0.9671	19.17%
16	Sun Life Prosperity Philippine Equity Fund, Inc.*	4.0597	-11.37%	4.5802	22.32%
17	Sun Life Prosperity Philippine Stock Index Fund, Inc.*	0.9544	-12.71%	1.0933	24.72%
18	United Fund, Inc.*	3.5013	-9.15%	3.8942	25.95%
<i>Exchange Traded Fund</i>					
19	First Metro Phil. Equity Exchange Traded Fund, Inc.	110.7537	-12.07%	129.7344	26.34%
<i>Primarily invested in foreign currency securities</i>					
20	ATRAM AsiaPlus Equity Fund, Inc.	\$0.9242	-16.25%	\$1.1096	34.19%
21	Sun Life Prosperity World Voyager Fund, Inc.	\$1.1053	-12.64%	\$1.2652	21.89%
BALANCED FUNDS					
<i>Primarily invested in Peso securities</i>					
22	ATRAM Dynamic Allocation Fund, Inc.	1.6516	-11.38%	1.8635	11.8%
23	ATRAM Philippine Balanced Fund, Inc.	2.2094	-10.08%	2.457	11.39%
24	Bahay Pari Solidaritas Fund, Inc.			2.2452	12.45%
25	First Metro Save and Learn Balanced Fund Inc.	2.5439	-8.16%	2.7691	14.98%
26	Grepalife Balanced Fund Corporation*	1.3043	-10.36%		
27	NCM Mutual Fund of the Phils., Inc.	1.8428	-7.29%	1.4549	n.a.
28	One Wealthy Nation Fund, Inc.			1.9876	11.68%
29	PAMI Horizon Fund, Inc.	3.5346	-9.79%	3.9181	11.81%
30	Philam Fund, Inc.	15.9103	-9.39%	17.5577	11.5%
31	Solidaritas Fund, Inc.*	2.0723	-7.7%		
32	Sun Life of Canada Prosperity Balanced Fund, Inc.*	3.6517	-8.63%	3.9962	14.82%
33	Sun Life Prosperity Dynamic Fund, Inc.*	0.9218	-9.66%	1.0203	14.05%
<i>Primarily invested in foreign currency securities</i>					

34	Cocolife Dollar Fund Builder, Inc.	\$0.03524	-2.19%	\$0.03611	3.59%
35	PAMI Asia Balanced Fund, Inc.	\$0.928	-12.08%	\$1.0561	21.2%
36	Sun Life Prosperity Dollar Advantage Fund, Inc.	\$3.3089	-9.42%	\$3.6525	17.22%
37	Sun Life Prosperity Dollar Wellspring Fund, Inc.	\$1.0101	-9.18%	\$1.1122	10.38%
BOND FUNDS					
<i>Primarily invested in Peso securities</i>					
38	ALFM Peso Bond Fund, Inc.*	343.38	1.87%	337.07	2.3%
39	ATRAM Corporate Bond Fund, Inc.*	1.8589	-1.76%	1.8923	-0.9%
40	Cocolife Fixed Income Fund, Inc.*	2.9708	5.44%	2.8184	5.32%
41	Ekklesia Mutual Fund Inc.*	2.1305	1.27%	2.1037	1.63%
42	First Metro Save and Learn Fixed Income Fund, Inc.*	2.209	-0.32%	2.215	0.49%
43	Grepalife Fixed Income Fund Corp.*	P 1.5639	-2.83%	P 1.6095	3.23%
44	Philam Bond Fund, Inc.*	3.92	-3.21%	4.05	0.39%
45	Philequity Peso Bond Fund, Inc.	3.5171	0.35%	3.472	-0.22%
46	Soldivo Bond Fund, Inc.	0.8925	-3.33%	0.9217	0.53%
47	Sun Life of Canada Prosperity Bond Fund, Inc.	2.7652	-0.41%	2.6879	-0.53%
48	Sun Life Prosperity GS Fund, Inc.	1.5396	-0.63%	1.5066	-1.14%
<i>Primarily invested in foreign currency securities</i>					
49	ALFM Dollar Bond Fund, Inc.*	\$448.28	0.55%	\$432.3	3.29%
50	ALFM Euro Bond Fund, Inc.*	C212.65	-0.5%	C209.58	1.67%
51	ATRAM Total Return Dollar Bond Fund, Inc.**	\$1.1254	-0.82%	\$1.097	0.25%
52	First Metro Save and Learn Dollar Bond Fund, Inc.*	\$0.0249	-0.4%	\$0.0247	1.65%
53	Grepalife Dollar Bond Fund Corp.*	\$1.6903	-4.58%	\$1.7121	0.08%
54	MAA Privilege Dollar Fixed Income Fund, Inc.	N.S.	N.S.	N.S.	N.S.
55	MAA Privilege Euro Fixed Income Fund, Inc.	EN.S.	N.S.	CN.S.	N.S.
56	PAMI Global Bond Fund, Inc.*	\$1.035	-3.64%	\$1.0488	-0.11%
57	Philam Dollar Bond Fund, Inc.*	\$2.1708	-3.56%	\$2.1572	2.22%
58	Philequity Dollar Income Fund Inc.*	\$0.0569814	-0.41%	\$0.0564	1.62%
59	Sun Life Prosperity Dollar Abundance Fund, Inc.*	\$2.8719	-4.67%	\$2.8995	1.83%
MONEY MARKET FUNDS					
<i>Primarily invested in Peso securities</i>					
60	ALFM Money Market Fund, Inc.	120.84	2.76%	115.61	1.14%
61	Philam Managed Income Fund, Inc.	1.1813	2.06%	1.1476	-0.68%
62	Sun Life Prosperity Money Market Fund, Inc.	1.2187	2.67%	1.1611	1.9%
<i>Primarily invested in foreign currency securities</i>					
63	Sun Life Prosperity Dollar Starter Fund, Inc.*	\$1.0157	1.7%	N.S.	N.S.

Y2017 compared to Y2016

INCOME AND EXPENSES

Comprehensive Income	Y2017	Y2016	Inc/(Dec)	Percent
Total Income	P 9,778,601	P10,517,004	(P738,403)	-7%
Total Expenses*	5,090,208	4,918,418	171,790	3%
Net Income	P 4,688,393	P5,598,586	(P910,193)	-16%

*total expenses include provision for income tax

Investment Income

Investment Income	Y2017	Y2016	Inc/(Dec)	Percent
Net gain/(loss) on financial assets at FVPL	(P2,800,807)	(P1,373,646)	(P1,427,161)	104%
Interest income	11,885,657	10,107,544	1,778,113	18%
Net foreign exchange gains	693,751	1,783,007	(1,089,256)	-61%
Miscellaneous income	-	99	(99)	0%
Total	P9,778,601	P10,517,004	(P738,403)	-7%

Decrease in investment income by -7% compared to 2016 is significantly attributable to lower net foreign exchange gains and higher loss on financial assets at FVPL.

Expenses

Expenses	Y2017	Y2016	Inc/(Dec)	Percent
Management fee	P2,869,852	P3,792,521	(P922,669)	-24%
Professional fees	698,873	360,438	338,435	94%
Taxes and licenses	133,494	138,781	(5,287)	-4%
Income tax expense	1,284,944	504,142	780,802	155%
Other expenses	103,045	122,536	(19,491)	-16%
Total	P5,090,208	P4,918,418	P171,790	3%

The Fund's net increase in total expense by 3% is mainly attributed to lower management fee due to the decline in asset under management by PEMI while higher income tax was paid for the year.

ASSETS AND LIABILITIES

Financial Position	Y2017	Y2016	Inc/(Dec)	Percent
Financial assets at fair value through profit or loss	P159,362,974	P173,084,805	(P13,721,832)	-8%
Cash and cash equivalent	92,289,147	63,611,123	28,678,024	45%
Accrued interest receivable	1,726,616	2,234,291	(507,675)	-23%
Total Assets	P253,378,737	P238,930,219	P14,448,518	6%
Total Liabilities	1,625,582	868,790	756,792	87%
Total Equity	P251,753,155	P238,061,049	P13,692,106	6%

Assets

Cash and cash equivalent

This account consists of:

	Y2017	Y2016
Cash in banks	P2,115,557	P1,643,152
Short-term deposits	90,173,590	53,554,267
Total	P92,289,147	P55,197,419

Financial assets at fair value through profit or loss

The Fund's financial assets at FVPL consist of held-for-trading investments in government securities issued by the Philippines and other foreign governments and corporate bonds.

Accrued interest receivable pertains to interest income receivable from equity securities and bonds.

Liabilities

The Fund's total liabilities are composed of accounts payable, due to related parties, accrual of expenses and government remittances. Accounts payable pertains to payable to shareholders for the unpaid redemption proceeds, and subscriptions without confirmation from the investors. Subscription is confirmed by submitting the required subscription documents. Once confirmed, these subscriptions are reclassified to equity.

Net increase in liabilities is due to higher income tax payable arising from interest income on bonds.

As an open-end mutual fund company, the Fund stands ready at anytime to redeem the outstanding capital stock at Net Asset Value (NAV) per share as follows:

	Y2017	Y2016
Net asset value attributable to holders of redeemable shares	P251,753,155	P238,061,429
Number of shares outstanding	88,074,976	84,948,772
NAV per share	P 2.8584	P2.8024

Below is comparative study of the net asset value per share of selected mutual funds for the years 2017 and 2016:

Fund Name		2017 NAV Per Share	1 yr. Return (%)	2016 NAV Per Share	1 yr. Return (%)
STOCK FUNDS					
<i>Primarily invested in Peso securities</i>					
1	ALFM Growth Fund, Inc. *	293.23	22.15%	240.14	-2.41%
2	ATRAM Alpha Opportunity Fund, Inc.*	1.5968	22%	1.3203	12.68%
3	ATRAM Philippine Equity Opportunity Fund, Inc.*	4.5927	19.89%	3.8509	5.41%
4	Climbs Share Capital Equity Investment Fund Corp.*	1.0161	n.a.	N.S.	N.S.
5	First Metro Save and Learn Equity Fund, Inc.*	6.0121	23.23%	4.9058	-7.05%
6	MBG Equity Investment Fund, Inc. * *****	N.S.	N.S.	-	-
7	One Wealthy Nation Fund, Inc.*	0.9919	12.41%	0.888	-9.09%
8	PAMI Equity Index Fund, Inc.*	56.3924	24.1%	45.3772	-2.85%
9	Philam Strategic Growth Fund, Inc.*	588.46	20.02%	490.24	-3.06%
10	Philequity Dividend Yield Fund, Inc.*	1.4043	21.03%	1.1625	-0.86%
11	Philequity Fund, Inc.*	41.0954	23.38%	33.3286	-1.33%
12	Philequity PSE Index Fund Inc.*	5.6741	25.14%	4.5379	-1.57%
13	Philippine Stock Index Fund Corp.*	945.8	24.62%	758.32	-2.19%
14	Soldivo Strategic Growth Fund, Inc. *	0.9671	19.17%	0.8108	-5.24%
15	Sun Life Prosperity Philippine Equity Fund, Inc.*	4.5802	22.32%	3.7454	-2.02%
16	Sun Life Prosperity Philippine Stock Index Fund, Inc.*	1.0933	24.72%	0.8755	-1.84%
17	United Fund, Inc.*	3.8942	25.95%	3.095	-1.1%
<i>Exchange Traded Fund</i>					
18	First Metro Phil. Equity Exchange Traded Fund, Inc.	129.7344	26.34%	102.6089	-9.67%
<i>Primarily invested in foreign currency securities</i>					
19	ATRAM AsiaPlus Equity Fund, Inc.	\$1.1096	34.19%	\$0.8366	-6.02%
20	Sun Life Prosperity World Voyager Fund, Inc.	\$1.2652	21.89%	\$1.0358	n.a.

BALANCED FUNDS					
<i>Primarily invested in Peso securities</i>					
21	ATRAM Dynamic Allocation Fund, Inc.	1.8635	11.8%	1.6659	-4.13%
22	ATRAM Philippine Balanced Fund, Inc.	2.457	11.39%	2.2167	3.9%
23	Bahay Pari Solidaritas Fund, Inc.	2.2452	12.45%	1.9917	-0.31%
24	First Metro Save and Learn Balanced Fund Inc.	2.7691	14.98%	2.4192	-10.08%
25	NCM Mutual Fund of the Phils., Inc.	1.4549	n.a.	N.S.	N.S.
26	One Wealthy Nation Fund, Inc.	1.9876	11.68%	1.7718	-0.91%
27	PAMI Horizon Fund, Inc. ****	3.9181	11.81%	3.511	-1.45%
28	Philam Fund, Inc.	17.5577	11.5%	15.7503	-1.47%
29	Sun Life of Canada Prosperity Balanced Fund, Inc.*	3.9962	14.82%	3.4914	-2.71%
30	Sun Life Prosperity Dynamic Fund, Inc.*	1.0203	14.05%	0.8962	-3.22%
<i>Primarily invested in foreign currency securities</i>					
31	Cocolife Dollar Fund Builder, Inc.	\$0.03611	3.59%	\$0.0349	-1.41%
32	PAMI Asia Balanced Fund, Inc.	\$1.0561	21.2%	\$0.8823	-1.97%
33	Sun Life Prosperity Dollar Advantage Fund, Inc.	\$3.6525	17.22%	\$3.1106	-0.05%
34	Sun Life Prosperity Dollar Wellspring Fund, Inc.	\$1.1122	10.38%	\$1.0082	n.a.
BOND FUNDS					
<i>Primarily invested in Peso securities</i>					
35	ALFM Peso Bond Fund, Inc.*	337.07	2.3%	329.84	2.17%
36	ATRAM Corporate Bond Fund, Inc.*	1.8923	-0.9%	1.9198	0.34%
37	Cocolife Fixed Income Fund, Inc.*	2.8184	5.32%	2.6833	6.14%
38	Ekklesia Mutual Fund Inc.*	2.1037	1.63%	2.0803	2.07%
39	First Metro Save and Learn Fixed Income Fund, Inc.*	2.215	0.49%	2.2058	-0.01%
40	Grepalife Fixed Income Fund Corp.*	P 1.6095	3.23%	P 1.5745	-1.62%
41	Philam Bond Fund, Inc.*	4.05	0.39%	4.046	1.52%

42	Philequity Peso Bond Fund, Inc.	3.5049	0.95%	3.472	-0.22%
43	Soldivo Bond Fund, Inc.	0.9232	0.18%	0.9217	0.53%
44	Sun Life of Canada Prosperity Bond Fund, Inc.	2.7767	4.06%	2.6879	-0.53%
45	Sun Life Prosperity GS Fund, Inc.	1.5495	3.79%	1.5066	-1.14%
<i>Primarily invested in foreign currency securities</i>					
46	ALFM Dollar Bond Fund, Inc.*	\$445.85	3.21%	\$432.3	3.29%
47	ALFM Euro Bond Fund, Inc.*	C213.71	2.06%	C209.58	1.67%
48	ATRAM Total Return Dollar Bond Fund, Inc.**	\$1.1342	3.49%	\$1.097	0.25%
49	First Metro Save and Learn Dollar Bond Fund, Inc.*	\$0.025	1.21%	\$0.0247	1.65%
50	Grepalife Dollar Bond Fund Corp.*	\$1.7715	3.51%	\$1.7121	0.08%
51	MAA Privilege Dollar Fixed Income Fund, Inc.	N.S.	N.S.	N.S.	N.S.
52	MAA Privilege Euro Fixed Income Fund, Inc.	CN.S.	N.S.	CN.S.	N.S.
53	PAMI Global Bond Fund, Inc.*	\$1.0748	2.99%	\$1.0488	-0.11%
54	Philam Dollar Bond Fund, Inc.*	\$2.2512	4.45%	\$2.1572	2.22%
55	Philequity Dollar Income Fund Inc.*	\$0.0572159	1.51%	\$0.0564	1.62%
56	Sun Life Prosperity Dollar Abundance Fund, Inc.*	\$3.0128	3.95%	\$2.8993	1.83%
MONEY MARKET FUNDS					
<i>Primarily invested in Peso securities</i>					
57	ALFM Money Market Fund, Inc.	117.6	1.73%	115.61	1.14%
58	Philam Managed Income Fund, Inc.	1.1574	0.83%	1.1476	-0.68%
59	Sun Life Prosperity Money Market Fund, Inc.	1.1871	2.24%	1.1611	1.9%
<i>Primarily invested in foreign currency securities</i>					
60	Sun Life Prosperity Dollar Starter Fund, Inc.* *****	\$0.9986	n.a.	N.S.	N.S.

C. Other Matters

There are no events that will trigger direct or contingent financial obligations that are material to Philequity Dollar Fund, Inc. Neither are there material off-balance sheet transactions, arrangements, obligations and other relationships of Philequity Dollar Fund, Inc. with entities or persons created during the immediately preceding period. There are no significant elements of income or loss that did not arise from PDIF's continuing operations.

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

Income Statement Items – Y2018 versus Y2017

147.66% increase in net gain(loss) on financial assets at FVPL
Attributable to lower market price of debt securities

92.42% decrease in net foreign exchange gains
Attributable to lower maturity in debt securities

6.28% decrease in interest income
Attributable to lesser investment in debt securities

8.08% increase in professional fees
Due to higher custody fees

45.15% increase in taxes and licenses
Due to higher tax rates under TRAIN law

105.84% increase in other expense
Mainly due to higher transfer agent fees for the year

Balance Sheet Items – Y2018 versus Y2017

31.20% increase in cash and cash equivalents
Due to higher short term deposits outstanding as the reporting period.

9.97% decrease in financial assets at fair value through profit or loss
Attributable to maturity of bonds

37.18% increase in accrued interest receivable
Attributable to increase in the accrued interest in FVPL as of reporting period.

38.09% decrease in accrued expenses and other liabilities
Mainly due to decrease in accrual of other expenses.

ITEM 7 FINANCIAL STATEMENTS AND OTHER INFORMATION

A. FINANCIAL STATEMENTS

The audited financial statements and schedules listed in the accompanying index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

Information on Independent Accountant

The Company's Board of Directors reviews and approves the engagement of services of the Company external auditors, who are appointed upon the recommendation of the Audit Committee, and which appointment shall be ratified by the stockholders during the annual stockholders' meeting. The Chairman of the Company's Audit Committee is Mr. Dobbin A. Tan, an independent

FGEN	0.00%	3.20%
SECB PM	0.06%	3.06%
CN VLL	0.08%	4.40%
MEG18	0.00%	12.06%
FIRPAC6	0.24%	8.29%

(ii) TOTAL INVESTMENT OF THE FUND TO THE OUTSTANDING DEBT SECURITIES OF AN INVESTEE COMPANY

	As of December 31, 2018	As of December 31, 2017
INVESTMENT IN BONDS:		
SMIC 17	-	0.00%
EDC21	0.03%	0.03%
RCBC17	-	0.00%
ROP21	-	0.00%
PSALM	0.08%	0.08%
ICT23	0.03%	0.03%
FDC20	0.07%	0.07%
JG SUMMIT 23	0.04%	0.04%
FGEN	0.00%	0.05%
SECB PM	0.05%	0.05%
CN VLL	0.05%	0.05%
MEG18	0.00%	0.30%
FIRPAC6	0.16%	-

	December 31, 2018	December 31, 2017
(iii) Total investment in Liquid or Semi-Liquid Assets to Total Assets	45.36%	36.42%
(iv) Total Operating Expenses to Net Worth	1.55%	1.50%
(v) Total Assets to Total Borrowings	26590.83%	15586.96%

As of December 31, 2018 and December 31, 2017, the Fund's average daily net asset value is Php 265,249,939.47 and Php 252,342,970.31 respectively.

(vi) Number of Institutional and Retail Investors and the Percentage of their Investments

	Number of Investors	Percentage of Investment	Number of Shares
Retail	107	24.79%	21,983,560
Institutional	11	75.21%	66,685,211

(vii) Geographic Concentration of Investments

	Number of Investors	Percentage of Investment	Number of Shares
Philippines	117	99.90%	88,581,819
Europe	1	0.10%	86,952

(viii) Level of FATCA Compliance

The fund has implemented standard procedures to be FATCA-compliant. Currently, the fund has no investor qualified as US person.

ITEM 8. CHANGES AND DISAGREEMENTS WITH ACCOUNTANTS

There have been no changes in and any disagreements with accountants in the last five (5) years on any accounting and financial disclosures.

PART III.

CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS

A. Directors, Executive Officers, and Control Persons

The names, ages and periods of service of all incumbent Directors and Executive Officers of the Fund, are as follows:

Name	Position	Citizenship	Age	Period Served
Ignacio B. Gimenez	Chairman/President	Filipino	73	2006 to present
Violeta O. Luym	Director/Treasurer	Filipino	71	2000 to present
Aurora L. Shih	Director	Filipino	77	2013 to present
Ramon Y. Sy	Director	Filipino	87	2013 to present

Felipe U. Yap	Director	Filipino	80	2000 to present
Dobbin A. Tan	Independent Director	Filipino	53	Sept 2018 to present
Gregorio U. Kilayko	Independent Director	Filipino	63	2013 to present
A. Bayani K. Tan	Corporate Secretary	Filipino	60	2000 to present
Ann Margaret K. Lorenzo	Assistant Corporate Secretary	Filipino	30	2017 to present
Kevin Neil A. Sy	Assistant Treasurer	Filipino	33	2017 to present
Ma. Angelica D. Cabanit	Compliance Officer	Filipino	48	2010 to present

The information on the business affiliations and experiences of the following incumbent directors, who are also nominated for election as members of the Board for 2016-2017 to serve a period of one (1) year until their successors shall have qualified, and officers of the Company are current and/or within the past five (5) years:

Ignacio B. Gimenez

Mr. Gimenez is the Chairman and President of the Fund. Mr. Gimenez is the Chairman of Philequity Management, Inc. He is also the Chairman and President of the following mutual fund: Philequity Fund, Inc., (1994 to present), Philequity Peso Bond Fund, Inc., (1999 to present), Philequity Dividend Yield Fund (2012 to present), Philequity Balanced Fund, Inc., Philequity Foreign Currency Fixed Income, Philequity Resources Fund, Inc., and Philequity Strategic Growth Fund, Inc. (2008 to present). Concurrently, he is the Director of Vantage Equities Inc. and eBusiness Services Inc., (2007 to present). At the same time, he also holds positions as Director of PIFA-Philippine Investment Funds Association, and as the 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). He is the Treasurer of I. B. Gimenez Securities, Inc., a stock brokerage firm (1976 - present). He is also the Sales and Marketing Manager of Society Publishing, Inc. (1991 - present). 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 has been a Director and Treasurer of the Fund since 1994. She is also currently a director of the following corporations: (a) Vantage Equities, Inc. (2003 - present) (b) BDO Capital & Investment Corporation (1998 - present) and (c) Tangiers Resources Corporation (1997 - present). She is the Chairman of the Board of BDO Financial Services, Inc. (1998 - present) and was a director of Banco de Oro Universal Bank from 1967 to 2006. She holds a Masters Degree in Business Administration from the University of California Los Angeles and a Bachelor of Science Degree in Business Administration from the Assumption College.

Aurora L. Shih

Ms. Shih is currently the Director and Treasurer of the following Companies: International Copra Export Corporation, InterCo Manufacturing Corporation, ICEC Insurance Company, Inc. She is also a Director of Luys Securities Company, Inc. and ICEC Land Corporation. Ms. Shih graduated from the Ateneo de Zamboanga and University of the East.

Ramon Y. Sy

Mr. Sy is currently the Chairman of the following companies: Ramsy Corporation, Philippine General Insurance Corporation, Xcell Property Ventures, Inc., Travelman, Inc., and Philippine Dealing System Holding Corporation. He is the President of the Bankers Association of the Philippines and holds directorships in the following corporations: Metropolitan Bank and Trust

Company, Meridian Assurance Corporation, Pamantasan ng Lungsod ng Muntinlupa, Salcon Power Corporation, Asian Alliance Holdings and Development Corporation, Philippine Equities, Inc., Philippine Securities Settlement Corporation, Philippine Dealing and Exchange Corporation and Philippine Depository and Trust Corporation. He was formerly the President and CEO of International Exchange Bank. He graduated with a Bachelor of Science in Commerce from Far Eastern University and Master of Business Administration from University of the Philippines. He also received a Doctor of Humanities (Honoris Causa) from Far Eastern University and Doctor of Public Administration (Honoris Causa) from Centro Escolar University.

Felipe U. Yap

Mr. Yap is a Director of the Fund. Since 1999 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 Boart Philippines, Inc., Diamond Drilling Corporation of the Philippines, Far Southeast Gold Resources, Inc., and Shipside, Inc. He is the Chairman of the Board of First-Lepanto Taisho Insurance Corporation (1989-present), Lepanto Ceramics, Inc. (1990-present), and Prime Orion Philippines, Inc. (2000-present). He is the President of BA-Conglomerate (2000-present), and Zeus Holdings, Inc. (2001-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), Philippine Associated Smelting and Refining Corporation (2000-present), Philippine Fire and Marine Insurance Corporation (1988-present). Until 2006, he was Chairman of the Board of Pepsi Cola Products Phils., Inc. and a director of South China Petroleum & Exploration, Inc. 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.

Dobbin A. Tan

Mr. Tan is the Independent Director of Philequity Foreign Currency Fixed Income Fund Inc., Philequity Resources Fund Inc., Philequity Balanced Fund Inc., and Philequity Strategic Growth Fund Inc. He is currently the President of New Sunlife Ventures Inc. and was the former Managing Director and Chief Operating Officer of Information Gateway (2002-2012). Mr. Tan holds a Master's degree in Business Administration from the University of Chicago, Booth School of Business and a Bachelor of Science degree in Management Engineering from Ateneo de Manila University.

Gregorio U. Kilayko

Mr. Kilayko is an Independent Director of the Fund. He is also an Independent Director of the following mutual funds namely: (a) Philequity PSE Index Fund, Inc., (b) Philequity Peso Bond Fund, (1999 to present) Inc. and (c) Philequity Dividend Yield Fund, Inc.. He also an Independent Director of the following corporation: SM Prime Holdings (2008 to present), Belle Corporation (2003 to present), and Highlands Prime Corporation (2002 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).

A. Bayani K. Tan

Mr. A. Bayani K. Tan, 60, Filipino, is the Corporate Secretary of the Corporation. He is also a Director, Corporate Secretary or both of the following reporting and/or listed companies: Asia United Bank Corporation (since February 2014 as Corporate Secretary*, since June 2014 as Director*, Publicly-Listed), Belle Corporation (since May 1994, Publicly Listed), Coal Asia Holdings, Inc. (since July 2012, Publicly-Listed), Destiny Financial Plans, Inc. (since 2005), Discovery World Corporation (since March 2013 as Director, since July 2003 as Corporate Secretary, Publicly-Listed), First Abacus Financial Holdings Corp. (since May 1994, Publicly Listed), I-Remit, Inc. (since May 2007, Publicly-Listed), Pacific Online Systems Corporation (since May 2007, Publicly-Listed), Philequity Balanced Fund, Inc. (since March 2010).

Philequity Dividend Yield Fund, Inc. (since January 2013), Philequity Foreign Currency Fixed Income Fund, Inc. (since March 2010), Philequity Fund, Inc. (since June 1997), Philequity Peso Bond Fund, Inc. (since June 2000), Philequity PSE Index Fund, Inc. (since February 1999), Philequity Resources Fund, Inc. (since March 2010), Philequity Strategic Growth Fund, Inc. (since April 2008), Premium Leisure Corporation (since December 1993, Publicly-Listed), TKC Metals Corporation (since February 2007, Publicly-Listed), Tagaytay Highlands International Golf Club, Inc. (since November 1993), Tagaytay Midlands Golf Club, Inc. (since June 1997), The Country Club at Tagaytay Highlands, Inc. (since August 1995), The Spa and Lodge at Tagaytay Highlands, Inc. (since December 1999) and Vantage Equities, Inc. (since January 1993, Publicly-Listed). Mr. Tan is also a Director and the Corporate Secretary of Sterling Bank of Asia Inc. (since December 2006). He is the Managing Partner of the law offices of Tan Venturanza Valdez (since it was established in 1988), Managing Director/President of Shamrock Development Corporation (since May 1988), Director of Destiny LendFund, Inc. (since December 2005) and Pascual Laboratories, Inc. (since March 2014), President of Catarman Chamber Elementary School Foundation, Inc. (since August 2012), Managing Trustee of SCTan Foundation, Inc. (since 1986), Trustee and Treasurer of Rebisco Foundation, Inc. (since April 2013) and Trustee and Corporate Secretary of St. Scholastica's Hospital, Inc. (since February 2011).

Mr. Tan holds a Master of Laws degree from New York University (Class of 1988) and earned his Bachelor of Laws degree from the University of the Philippines (Class of 1980) where he was a member of the Order of the Purple Feather (U.P. College of Law Honor Society) and ranked ninth in his class. Mr. Tan passed the bar examinations in 1981 where he placed sixth. He has a Bachelor of Arts major in Political Science degree from the San Beda College (Class of 1976) from where he graduated Class Valedictorian and was awarded the medal for Academic Excellence.

*As approved by Bangko Sentral ng Pilipinas on December 29, 2014 and March 18, 2016

Ann Margaret K. Lorenzo

Ann Margaret K. Lorenzo, Filipino, is the Assistant Corporate Secretary of the Company. She concurrently serves as Assistant Corporate Secretary of the following listed firms: 1-Remit, Inc., TKC Metals Corporation, Coal Asia Holdings, Incorporated and Crown Asia Chemicals Corporation. She also serves as Assistant Corporate Secretary of the following reporting companies: Philequity PSE Index Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity Dividend Yield Fund, Inc. She is also the Assistant Corporate Secretary of the following private companies: Philequity Strategic Growth Fund, Inc., Philequity Balanced Fund, Inc., Philequity Resources Fund, Inc., Philequity Foreign Currency Fixed Income Fund, Inc., Aldex Realty Corporation, Oakridge Properties, Inc., Palm Concepcion Power Corporation, Peakpower Energy, Inc., Peakpower Soesargen, Inc., Peakpower San Francisco, Inc., Etruscan Resources Philippines, Inc., and Tao Mohin Resources Corporation. She is also the Corporate Secretary of Athena Ventures, Inc., TGTI Services, Inc., Galileo Software Services, Inc. and GGO Realty Holdings, Inc. She also serves as a director of TGTI Services, Inc. Ms. Lorenzo is currently a Junior Associate at Tan Venturanza Valdez. She holds a Juris Doctor and a Bachelor of Arts Degree in English Studies, cum laude, from the University of the Philippines in 2010 and 2014, respectively. She was admitted to the Philippine Bar in April 2015.

Kevin Sy

Mr. Sy is the Assistant Treasurer of the Fund. He is currently the Vice President of Wealth Securities, Inc. (2013-present) and was the former Assistant Manager and Trader for Treasury, Foreign Interest Rate Risk Division in Rizal Commercial Banking Corporation (2010 – 2012). Mr. Sy holds a Bachelor of Science degree in Corporate Finance and Accounting from Bentley College in Waltham, Massachusetts (2007).

Ma. Angelica D. Cabanit

Ms. Cabanit is the Compliance Officer of the Company (2010 to present). Presently, she manages the Treasury Operations of Vantage Equities, Inc. as well as the settlement and transaction control of Business Services, Inc (2010 to present). Ms. Cabanit is a graduate of Bachelor of Science in Commerce major in Accounting from St. Scholastica's College (1989).

Independent Directors

Messrs. Tan and Kilayko qualify as independent directors of PDIF pursuant to Section 38 of the Securities Regulation Code.

Investment Manager and Adviser

Philequity Management, Inc.
2004A East Tower, Phil Stock Exchange Centre
Exchange Road, Ortigas Center, Pasig City

Custodian Bank

Philippine Depository and Trust Corporation
37/F, Tower I, The Enterprise Center
6766 Ayala Avenue cor Paseo de Roxas
Makati City

Stock Transfer Agent

Banco de Oro (formerly Equitable PCI Bank, Inc.)
16/F EPCIBank Tower 1
Makati Avenue cor H.V. de la Costa, Makati City

Legal Counsel

Tan Venturanza Valdez Law Office
27/F PSE Centre, Exchange Road
Ortigas Center, Pasig City

External Auditors

Sycip, Gorres, Velayo & Company
6760 Ayala Avenue, Makati City

E. Significant Employees

The Fund has no significant employees.

F. 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 to become directors or executive officers of the Fund.

G. Involvement in Certain Legal Proceedings

As a result of the delay in the delivery of the facilities of the Universal Leisure Club, Inc., some of its members initiated a Complaint for Estafa (I.S. No. 08K-19713) against ULC, the Universal Rightfield Property Holdings, Inc. and the Universal Leisure Corp., as well as their respective officers and directors, including their former Corporate Secretary, Atty. A. Bayani K. Tan, an incumbent Director and the Corporate Secretary of the Corporation. The Complaint was submitted for resolution in 2009 and was acted upon and dismissed by the City Prosecutor of Manila (OCP) only on March 18, 2013. Complainants belatedly filed motion for reconsideration for which reason, among others, the

OCP denied motion on June 16, 2014. A Petition for Review dated March 31, 2014 was filed by the Complainant before the Department of Justice (DOJ). On August 7, 2014, Atty. Tan filed his Comment to the said Petition. In a Resolution dated April 17, 2015, the Petition for Review was denied and the DOJ dismissed the complaint for Estafa.

Except as provided above, the Company is not aware of any of the following events wherein any of its directors, executive officers, nominees for election as director, executive officers, underwriter or control persons were involved during the past five (5) years up to the latest date.

- (a) any bankruptcy petition filed by or against any business of which any of the above persons was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- (b) 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 above persons in any type of business, securities, commodities or banking activities; and,
- (c) any finding by a domestic or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self regulatory organization, that any of the above persons has violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

ITEM 10. COMPENSATION OF THE DIRECTORS AND OFFICERS

The directors and officers have not received any form of compensation from inception up to present. Their contributed efforts to the Fund are on voluntary basis only. Also, there are no bonuses, profit sharing or other compensation plan, pension or retirement plan, contract or arrangement in which any director, nominee for election as a director, or executive officer of the Fund will participate. There are no outstanding warrants or options issued by the Fund.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS and MANAGEMENT

A. Security Ownership of More than 5%

The SEC approved request for confidential treatment. A separate disclosure was filed with the Commission.

B. Security Ownership of Management

The following is a tabular presentation of the shares beneficially owned by all the directors of the Fund as of December 31, 2018.

Class	Name of Director	Citizenship	No. of Shares	Percentage
Common	Ignacio B. Gimenez	Filipino	1	0.0000%
Common	Violeta O. Luym	Filipino	1	0.0000%
Common	Felipe U. Yap	Filipino	1	0.0000%
Common	Aurora L. Shih	Filipino	1	0.0000%
Common	Ramon Y. Sy	Filipino	1	0.0000%
Common	Dobbin A. Tan	Filipino	1	0.0000%
Common	Gregorio U. Kilayko	Filipino	1	0.0000%
Total			7	

C. Voting Trust Holders of 5% or More

There is no party which holds any voting trust or any similar agreement for 5% or more of the Fund's voting securities.

D. Changes in Control

PDIF is not aware of any arrangement which may result in a change in control of the Fund. There has been no change in control of the Fund since the beginning of the last fiscal year.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTION

Parties are considered to be related if one party has the ability to, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operating decisions. These include: (a) individuals owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Fund; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Fund that gives them significant influence over the Fund and close members of the family of any such individual. Transactions are based on terms agreed by related parties. Other related parties include PEMI and other funds with common set of directors with the Fund and being managed by PEMI.

The Fund has an existing Agreement with PEMI, the Fund manager. Pursuant to the terms of the Management and Distribution Agreement, the Fund shall pay an annual management fee of a maximum of 1.50% of the average NAV of the Fund's assets. On December 16, 2016, management fee rate is reduced to a maximum of 1.00% of the average NAV of the Fund. The NAV shall be determined in accordance with the procedures agreed upon by both parties. Also, the Fund shall remit to PEMI sales commission of a maximum of 3.50% of the gross investment based on tiered-front end sales schedule.

Related party transactions and balances with PEMI as of and for the years ended December 31, 2018, 2017 and 2016 are as follows:

	Management Fee	Sales Commission	Due to PEMI
2018	P 3,012,263	-	P 218,173
2017	2,869,852	-	P 215,424
2016	3,792,521	-	247,300

Due to related parties includes amount payable to PEMI, fund manager, for sales load fees, exit fees, and other expenses. This is included as part of "Accrued expenses and other liabilities" account in the statements of financial position.

The Fund has no key management personnel. The key management functions are being handled by PEMI.

The total number of shares held by directors is 7 as of December 31, 2018 and 2017.

PART IV – CORPORATE GOVERNANCE

ITEM 13. Compliance with the Manual of Corporate Governance

PDIF remains focused on insuring the adoption of systems and practices of good corporate governance in enhancing value for its shareholders.

The Fund is not aware of any non-compliance with its Manual of Corporate Governance, by any of its officers or employees.

PART V - EXHIBITS AND SCHEDULES

ITEM 14. Exhibits and Reports on SEC Form 17-C

1. Exhibits – See accompanying index to exhibits.

The other exhibits, as indicated in the Index to Exhibits are either not applicable to the Company or require no answer.

2. Reports on SEC Form 17 – C

- **Filed on September 6, 2018**

Results of Annual Stockholder's Meeting held on September 1, 2018.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Taguig on APR 08 2019

PHILEQUITY DOLLAR INCOME FUND, INC.

By:


IGNACIO B. GIMENEZ
Chairman & President¹


VIOLETA O. LUYM
Treasurer²


MARIBEL E. BERE
Comptroller / Principal
Accounting Officer


ATTY. ANN MARGARET K. LORENZO
Asst. Corporate Secretary

Name	CTC No.	Date of Issue	Place of Issue
Ignacio B. Gimenez	14979122	01-04-19	MANILA
Violeta O. Luym	20444548	02-23-19	QUEZON CITY
Maribel E. Bere	29715766	January 17, 2019	Taguig City
Ann Margaret K. Lorenzo	15405570	January 16, 2019	Manila


ATTY. EDWING S. CONDAYA
NOTARY PUBLIC

PASIG, PATEROS, SAN JUAN

UNTIL DEC. 31, 2019

PTR NO. 3826099 / 1-03-19

IBP NO. 019004 / 12-19-17 / UNTIL 2019

ROLL NO. 25583

TIN NO. 210-588-191-000

MCLE V-0004493

2ND FLOOR ARMAL BLDG. URBANO
VELASCO AVE. MALINAO PASIG CITY

¹ equivalent to Principal Executive Officer / Principal Operating Officer

² equivalent to Principal Accounting Officer

SUBSCRIBED AND SIGNED TO BE THE
AT PASIG CITY APR 08 2019 BY THE

ABOVE AFFIAN/T/S.

DOC. NO. 91

PAGE NO. 8

BOOK NO. LVI

SERIES OF 19

PHILEQUITY DOLLAR FUND, INC.
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
FORM 17 - A, Item 7

Page No.

Financial Statements

Statement of Management's Responsibility for Financial Statements
Report of Independent Public Accountant
Balance Sheets as of December 31, 2016 and 2015
Statements of Income and Retained Earnings for the
Years Ended December 31, 2016, 2015 and 2014
Statements of Cash Flows for the Years Ended
December 31, 2016, 2015 and 2014
Notes to Financial Statements

Supplementary Schedules

Report of Independent Public Accountants on Supplementary Schedules

Part 1

- I Schedule of Retained Earnings Available for Dividend Declaration
(Part 1 4C, Annex 68-C)
- II Financial Soundness Indicators (Part 1 4D)
- III Other Ratios Required for Mutual Funds
- IV List of Effective Philippine Financial Reporting Standards and Interpretations
(Part 1 4J)

Part 2

- A Financial Assets (Part II 6D, Annex 68-E, A)
- B Amounts Receivable from Directors, Officers, Employees, Related Parties and
Principal Stockholders (Other than Affiliates)
(Part II 6D, Annex 68-E, B)
- C Amounts Receivable from Related Parties which are eliminated during the
consolidation of financial statements (Part II 6D, Annex 68-E, C)
- D Intangible Assets - Other Assets (Part II 6D, Annex 68-E, D)
- E Long-Term Debt (Part II 6D, Annex 68-E, E)
- F Indebtedness to Related Parties (included in the consolidated statement of financial
position) (Part II 6D, Annex 68-E, F)
- G Guarantees of Securities of Other Issuers (Part II 6D, Annex 68-E, G)
- H Capital Stock (Part II 6D, Annex 68-E, H)

These schedules, which are required by Part IV (a) of RSA Rule 48, have been omitted because they are either not required, not applicable or the information required to be presented is included in the Company's consolidated financial statements or the notes to consolidated financial statements.

INDEX TO EXHIBITS

Form 17-A

<u>No.</u>		<u>Page No.</u>
(3)	Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	*
(5)	Instruments Defining the Rights of Security Holders, Including Indentures	*
(8)	Voting Trust Agreement	*
(9)	Material Contracts	*
(10)	Annual Report to Security Holders, Form 17-Q or Quarterly Report to Security Holders	*
(13)	Letter re: Change in Certifying Accountant	*
(16)	Report Furnished to Security Holders	*
(18)	Subsidiaries of the Registrant	*
(19)	Published Report Regarding Matters Submitted to Vote of Security Holders	*
(20)	Consent of Experts and Independent Counsel	*
(21)	Power of Attorney	*
(29)	Additional Exhibits	*

-
- These exhibits are either or not applicable to the Company or require no answer.

Philequity Dollar Income Fund, Inc.
(An Open-End Mutual Fund Company)

Financial Statements
December 31, 2018 and 2017
and Years Ended December 31, 2018, 2017
and 2016

and

Independent Auditor's Report



for

FS FOR FILING WITH SEC AU

AFTER THE BIR HAS DULY
STAMPED "RECEIVED."

SEC Registration Number

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COMPANY NAME

[illegible]**PRINCIPAL OFFICE** (No. / Street / Barangay / City / Town / Province)

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	,	2	8	t	h		S	t	.		C	o	r	n	e	r	
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,	T	a	g	u	i	g		C	i	t	y	,		M	e	t	r	o		M	a	n	i	l	a					

Form Type

A	A	F	S
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Department requiring the report

S	E	C	
---	---	---	--

Secondary License Type, If Applicable

N	/	A	
---	---	---	--

COMPANY INFORMATION

Company's Email Address

N/A

Company's Telephone Number

250-8738

Mobile Number

Mobile Number	N/A
---------------	-----

No. of Stockholders

118

Annual Meeting (Month / Day)

09/01

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Ms. Maribel Bere

Email Address

maribel.bere@vantage.ph

Telephone Numbers

250-8738

Mobile Number

0917-620-4040

CONTACT PERSON'S ADDRESS

15th Floor, Philippine Stock Exchange Tower, 28th St. Corner 5th Ave., Bonifacio Global City,
Taguig City, Metro Manila

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, nonreceipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The management of **Philequity Dollar Income Fund, Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached for the years ended December 31, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control including the additional components attached therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to error or fraud.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to stockholders or members.

Sycip, Gorres, Velayo and Co., the independent auditors, appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.


IGNACIO B. GIMENEZ
Chairman/President
CTC No.: 14979122
01-04-19, MANILA
TIN: 228-111-486
VIOLETA O. LUM
Treasurer
CTC No.: 20444548
02-23-19, QUEZON CITY
TIN: 109-731-437

Signed this 14 day of MAR, 2019.


SUBSCRIBED AND SWORN to me before this
exhibiting to me their Community Tax Certificates.

APR 08 2019

PASIG CITY

at Taguig City, affiants

Doc. No. 54
Page No. 12
Book No. LVII
Series of 2019


ATTY. EDWINA S. CONDAYA
NOTARY PUBLIC
PASIG, PATEROS, SAN JUAN
UNTIL DEC. 31, 2019
PTR NO. 3826099 / 1-03-19
IBP NO. 019004 / 12-19-17 / UNTIL 2019
ROLL NO. 26883
TIN NO. 210-588-191-000
MCLE V-0004493
2ND FLOOR ARMAL BLDG. URBANO
VELASCO AVE. MALINAO PASIG CITY

INDEPENDENT AUDITOR'S REPORT

The Stockholders and Board of Directors
Philequity Dollar Income Fund, Inc.
15th Floor, Philippine Stock Exchange Tower,
28th St. Corner 5th. Ave., Bonifacio Global City
Taguig City, Metro Manila

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Philequity Dollar Income Fund, Inc. (an open-end mutual fund company) (the Fund), which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2018 and 2017, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2018 in accordance with Philippine Financial Reporting Standards (PFRSs).

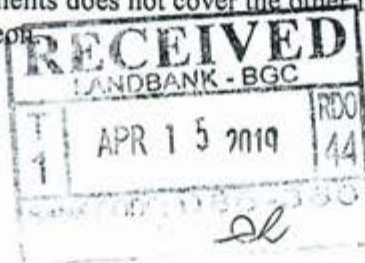
Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2018, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2018 are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 14 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Philequity Dollar Income Fund, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Juan Carlo Maminta

Juan Carlo B. Maminta

Partner

CPA Certificate No. 115260

SEC Accreditation No. 1699-A (Group A),

August 16, 2018, valid until August 15, 2021

Tax Identification No. 210-320-399

BIR Accreditation No. 08-001998-132-2018,

February 9, 2018, valid until February 8, 2021

PTR No. 7332575, January 3, 2019, Makati City

March 14, 2019



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



	December 31, 2018		December 31, 2017	
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
ASSETS				
Cash and cash equivalents (Note 6)	\$2,303,123	P121,080,039	\$1,848,370	P92,289,147
Financial assets at fair value through profit or loss (Note 7)	2,728,557	143,467,515	3,191,728	159,362,974
Accrued interest receivable (Notes 6 and 7)	45,047	2,368,559	34,581	1,726,616
	<u>\$5,076,727</u>	<u>P266,916,113</u>	<u>\$5,074,679</u>	<u>P253,378,737</u>
LIABILITIES AND EQUITY				
Liabilities				
Accrued expenses and other liabilities (Note 8)	\$17,412	P915,511	\$14,842	P741,062
Income tax payable	1,728	90,846	17,715	884,520
	<u>19,140</u>	<u>1,006,357</u>	<u>32,557</u>	<u>1,625,582</u>
Equity				
Capital stock (Note 9)	1,935,604	88,668,771	1,926,062	88,074,976
Additional paid-in capital	1,638,566	78,987,745	1,610,762	77,491,384
Retained earnings	1,483,417	73,906,352	1,505,298	75,122,939
Cumulative translation adjustment	-	24,346,888	-	11,063,856
	<u>5,057,587</u>	<u>265,909,756</u>	<u>5,042,122</u>	<u>251,753,155</u>
	<u>\$5,076,727</u>	<u>P266,916,113</u>	<u>\$5,074,679</u>	<u>P253,378,737</u>
Net Asset Value per Share (Note 9)	<u>\$0.0570</u>	<u>P2.9989</u>	<u>\$0.0572</u>	<u>P2.8584</u>

See accompanying Notes to Financial Statements.



PHILEQUITY DOLLAR INCOME FUND, INC.

(An Open-End Mutual Fund Company)

STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31

	2018		2017		2016	
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
REVENUE						
Trading and investment securities loss – net (Note 7)	(\$134,856)	(P6,936,376)	(\$56,518)	(P2,800,807)	(\$36,780)	(P1,373,646)
Interest income (Notes 6 and 7)	211,207	11,139,197	235,750	11,885,657	212,002	10,107,544
Net foreign exchange gain	2,227	52,590	75	693,751	190	1,783,007
Miscellaneous income	500	25,858	–	–	2	99
	79,078	4,281,269	179,307	9,778,601	175,414	10,517,004
EXPENSES						
Management fee (Note 11)	57,120	3,012,263	56,922	2,869,852	79,611	3,792,521
Professional fees	14,148	755,360	13,949	698,873	7,499	360,438
Taxes and licenses	3,754	193,770	2,822	133,494	2,952	138,781
Other expenses	4,036	212,105	1,892	103,045	2,570	122,536
	79,058	4,173,498	75,585	3,805,264	92,632	4,414,276
INCOME BEFORE INCOME TAX	20	107,771	103,722	5,973,337	82,782	6,102,728
PROVISION FOR INCOME TAX (Note 10)	18,397	967,411	26,900	1,284,944	10,343	504,142
NET INCOME (LOSS)	(18,377)	(859,640)	76,822	4,688,393	72,439	5,598,586
OTHER COMPREHENSIVE INCOME						
Items that recycle to profit or loss in subsequent periods:						
Cumulative translation adjustment	–	13,283,032	–	139,634	–	10,559,936
TOTAL COMPREHENSIVE INCOME (LOSS)	(\$18,377)	P12,423,392	\$76,822	P4,828,027	\$72,439	P16,158,522
EARNINGS (LOSS) PER SHARE (Note 12)	(\$0.0002)	(P0.0097)	\$0.0009	P0.0535	\$0.0009	P0.0667

See accompanying Notes to Financial Statements.



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

	Years Ended December 31					
	2018		2017		2016	
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
REVENUE						
Trading and investment securities loss – net (Note 7)	(\$134,856)	(₱6,936,376)	(\$56,518)	(₱2,800,807)	(\$36,780)	(₱1,373,646)
Interest income (Notes 6 and 7)	211,207	11,139,197	235,750	11,885,657	212,002	10,107,544
Net foreign exchange gain	2,227	52,590	75	693,751	190	1,783,007
Miscellaneous income	500	25,858	–	–	2	99
	79,078	4,281,269	179,307	9,778,601	175,414	10,517,004
EXPENSES						
Management fee (Note 11)	57,120	3,012,263	56,922	2,869,852	79,611	3,792,521
Professional fees	14,148	755,360	13,949	698,873	7,499	360,438
Taxes and licenses	3,754	193,770	2,822	133,494	2,952	138,781
Other expenses	4,036	212,105	1,892	103,045	2,570	122,536
	79,058	4,173,498	75,585	3,805,264	92,632	4,414,276
INCOME BEFORE INCOME TAX	20	107,771	103,722	5,973,337	82,782	6,102,728
PROVISION FOR INCOME TAX (Note 10)	18,397	967,411	26,900	1,284,944	10,343	504,142
NET INCOME (LOSS)	(18,377)	(859,640)	76,822	4,688,393	72,439	5,598,586
OTHER COMPREHENSIVE INCOME						
<i>Items that recycle to profit or loss in subsequent periods:</i>						
Cumulative translation adjustment	–	13,283,032	–	139,634	–	10,559,936
TOTAL COMPREHENSIVE INCOME (LOSS)	(\$18,377)	₱12,423,392	\$76,822	₱4,828,027	\$72,439	₱16,158,522
EARNINGS (LOSS) PER SHARE (Note 12)	(\$0.0002)	(₱0.0097)	\$0.0009	₱0.0535	\$0.0009	₱0.0667

See accompanying Notes to Financial Statements.



PHILEQUITY DOLLAR INCOME FUND, INC.**(An Open-End Mutual Fund Company)****STATEMENTS OF CHANGES IN EQUITY**

	Years Ended December 31					
	2018		2017		2016	
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
CAPITAL STOCK (Note 9)						
Balance at beginning of year	\$1,926,062	₱88,074,976	\$1,866,389	₱84,948,772	\$1,832,379	₱83,265,991
Issuances	23,131	1,200,203	86,871	4,501,604	248,559	11,484,947
Redemptions	(13,589)	(606,408)	(27,198)	(1,375,400)	(214,549)	(9,802,166)
Balance at end of year	1,935,604	88,668,771	1,926,062	88,074,976	1,866,389	84,948,772
ADDITIONAL PAID-IN CAPITAL						
Balance at beginning of year	1,610,762	77,491,384	1,479,336	70,738,038	1,412,945	67,518,771
Issuances	45,168	2,348,135	160,075	8,009,570	96,791	4,546,985
Redemptions	(17,364)	(851,774)	(28,649)	(1,256,224)	(30,400)	(1,327,718)
Balance at end of year	1,638,566	78,987,745	1,610,762	77,491,384	1,479,336	70,738,038
RETAINED EARNINGS						
Balance at beginning of year	1,505,298	75,122,939	1,442,316	71,450,397	1,374,776	66,272,839
Net income	(18,377)	(859,640)	76,822	4,688,393	72,439	5,598,586
Excess of redemption costs over the original issuance price	(3,504)	(356,947)	(13,840)	(1,015,851)	(4,899)	(421,028)
Balance at end of year	1,483,417	73,906,352	1,505,298	75,122,939	1,442,316	71,450,397
CUMULATIVE TRANSLATION ADJUSTMENT						
Balance at beginning of year	–	11,063,856	–	10,924,222	–	364,286
Other comprehensive income - foreign exchange adjustments	–	13,283,032	–	139,634	–	10,559,936
Balance at end of year	–	24,346,888	–	11,063,856	–	10,924,222
	\$5,057,587	₱265,909,756	\$5,042,122	₱251,753,155	\$4,788,041	₱238,061,429

See accompanying Notes to Financial Statements.



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

	Years Ended December 31					
	2018		2017		2016	
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	\$20	₱107,771	\$103,722	₱5,973,337	\$82,782	₱6,102,728
Adjustment for net unrealized loss on changes in fair value of financial assets at fair value through profit or loss (Note 7)	104,188	5,349,879	71,681	3,561,381	60,101	2,499,374
Operating income before working capital changes	104,208	5,457,650	175,403	9,534,718	142,883	8,602,102
Decrease (increase) in:						
Financial assets at fair value through profit or loss	358,983	18,168,887	217,782	10,863,749	(123,380)	(5,767,182)
Accrued interest receivable	(10,466)	(513,712)	10,356	488,583	(693)	(126,441)
Prepaid expenses	—	—	—	—	63	2,978
Increase (decrease) in accrued expenses and other liabilities	2,570	129,022	1,246	1,443	(784)	(697)
Net cash generated from operations	455,295	23,241,847	404,787	20,888,493	18,089	2,710,760
Income tax paid	(34,384)	(1,761,085)	(13,063)	(593,217)	(7,120)	(342,181)
Net cash provided by operating activities	420,911	21,480,762	391,724	20,295,276	10,969	2,368,579
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from issuances of capital stock	68,299	3,548,338	246,946	12,511,174	345,350	16,031,932
Payments for redemptions of capital stock	(34,457)	(1,815,129)	(69,687)	(3,647,475)	(249,848)	(11,550,912)
Net cash provided by financing activities	33,842	1,733,209	177,259	8,863,699	95,502	4,481,020
EFFECT OF EXCHANGE RATE DIFFERENCES		5,576,921	—	(480,951)	—	1,564,105
NET INCREASE IN CASH AND CASH EQUIVALENTS	454,753	28,790,892	568,983	28,678,024	106,471	8,413,704
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,848,370	92,289,147	1,279,387	63,611,123	1,172,916	55,197,419
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	\$2,303,123	₱121,080,039	\$1,848,370	₱92,289,147	\$1,279,387	₱63,611,123
OPERATIONAL CASH FLOWS FROM INTEREST						
Interest received	\$200,741	₱10,497,255	\$246,106	₱12,393,332	\$211,307	₱9,955,346

See accompanying Notes to Financial Statements..



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

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Philequity Dollar Income Fund, Inc. (the Fund) was incorporated in the Philippines and was registered with the Securities and Exchange Commission (SEC) on March 4, 1999 under the Philippine Investment Company Act (ICA) (Republic Act 2629), as an open-end mutual fund company. The Fund has a corporate life of 50 years from the date of incorporation. The purposes of which are to, among others, engage in the sale of its capital stock and to invest such proceeds in dollar-denominated debt securities.

Philequity Management, Inc. (PEMI) serves as the fund manager of the Fund.

On June 20, 2017, the Board of Directors (BOD) approved the amendment to Article 3 of the Fund's Articles of Incorporation to change its principal address from 2004 East Tower PSE Centre, Ortigas Center, Pasig City, Metro Manila, Philippines to 15th floor, Philippine Stock Exchange Tower, 28th St. Corner 5th Ave., Bonifacio Global City, Taguig City, Metro Manila, Philippines. The amended Articles of Incorporation was approved by the Securities and Exchange Commission (SEC) on March 12, 2018.

The accompanying financial statements of the Fund were approved and authorized for issue by the Board of Directors (BOD) on March 14, 2019.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying financial statements of the Fund have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL). The Fund's functional currency is US Dollar (USD or \$) while the Fund's presentation currency is Philippine Peso (PHP). The financial statements are presented in USD and in Philippine peso (PHP or ₱). All values are rounded to the nearest peso except when otherwise indicated.

Presentation of Financial Statements

The Fund presents its statement of financial position in order of liquidity. An analysis regarding the recovery (asset) or settlement (liability) within 12 months from reporting date (current) and beyond 12 months from the reporting date (noncurrent) is presented in Note 4. All of the Fund's assets and liabilities owned by the Fund as of December 31, 2018 and 2017 are current.

Statement of Compliance

The financial statements of the Fund have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Foreign Currency Translation

Transactions and balances

For financial reporting purposes, the foreign currency-denominated monetary assets and liabilities of the Fund are translated in Philippine peso based on the Bankers Association of the Philippines (BAP) closing rate (for 2018) and the Philippine Dealing System (PDS) closing rate (for 2017 and prior years) prevailing at the statement of financial position date and foreign currency-denominated income and expenses, at the prevailing exchange rates as at the date of transaction. Foreign exchange



differences arising from revaluation and translation of foreign currency-denominated assets and liabilities are credited to or charged against operations in the year in which the rates change. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Fund has adopted the following new accounting pronouncements starting January 1, 2018. Adoption of these pronouncements did not have significant impact on the Fund's financial position or performance, unless otherwise indicated.

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*
- Amendments to PFRS 4, *Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts*
- Amendments to PAS 28, *Investments in Associates and Joint Ventures, Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)*
- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*
- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*
- PFRS 15, *Revenue from Contracts with Customers*
- PFRS 9, *Financial Instruments*
PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement* and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

The Fund has adopted PFRS 9 effective January 1, 2018 using the modified retrospective approach. The Fund has not restated comparative information, which continued to be reported under PAS 39.

(a) Classification and Measurement

Under PFRS 9, debt financial assets are classified and measured at FVTPL, amortized cost (AC), or fair value through other comprehensive income (FVTOCI). The classification is based on the Fund's business model for managing the financial assets and whether the financial instrument's contractual cash flows represent "solely payments of principal and interests" or "SPPI" on the principal amount outstanding.

The assessment of the Fund's business model was made as at January 1, 2018. The assessment of whether the instruments' contractual cash flows are SPPI was made based on the facts and circumstances as at the initial recognition of the financial assets.

The classification and measurement requirements of PFRS 9 did not have significant impact on the Fund's financial statements. Cash and cash equivalents and accrued interest receivable as at January 1, 2018 are held to collect contractual cash flows and give rise to cash flows that are SPPI. Accordingly, these financial assets are continued to be carried at amortized cost, and are classified as financial assets at amortized costs starting January 1, 2018. Financial assets at FVPL as at January 1, 2018 are government securities and corporate bonds which



are held for trading. Accordingly, these financial assets are continued to be carried at fair value through profit or loss.

The Fund's financial liabilities which include accrued expenses and other liabilities (excluding statutory liabilities) remained to be classified at amortized costs upon transition.

(b) Impairment

The adoption of PFRS 9 has fundamentally changed the Fund's measurement of impairment losses for its financial assets – from PAS 39's incurred loss approach to a forward-looking expected credit loss (ECL) approach. Under PFRS 9, the Fund is required to provide ECL for financial assets at AC and other debt instruments classified as financial assets at FVTOCI. The allowance is based on the ECLs associated with the risk of default in the next twelve months unless there has been a significant increase in credit risk (SICR) since origination or the financial assets are impaired where lifetime ECL is provided.

Upon the adoption of PFRS 9, the Fund assessed that its cash and cash equivalents and loans and receivables are considered low credit risk financial assets as of January 1, 2018. Accordingly, the Fund assessed that the impact of recognizing 12-month ECL for these financial assets is not significant.

Summary of Significant Accounting Policies

Cash and Cash Equivalents

This includes cash in banks and cash equivalents. Cash equivalents represent short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placements and which are subject to an insignificant risk of changes in value.

Fair Value Measurement

The Fund measures financial instruments at fair value at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.



All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the statement of financial position on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

The Fund recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets and liabilities within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial recognition of financial instruments

Financial instruments are initially recognized at fair value of the consideration given. The initial measurement of financial instruments includes transaction costs, except for financial instruments at FVTPL.

'Day 1' difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from an observable market, the Fund recognizes the difference between the transaction price and fair value (a 'Day 1 difference') in profit or loss in the statement of comprehensive income under 'Others' unless it qualifies for recognition as some other type of asset. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss in the statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Fund determines the appropriate method of recognizing the 'Day 1' amount.

In December 31, 2018 and 2017, there were no 'Day 1' differences recognized in profit or loss in the statements of comprehensive income.

Classification and subsequent measurement of financial instruments (policy applicable beginning January 1, 2018)

Financial assets

For purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer (under PAS 32, *Financial Instruments: Presentation*), except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are 'debt instruments'.



Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Fund's business model for managing financial assets. The Fund classifies its financial assets into the following categories: financial assets at FVTPL, financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments), financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) and financial assets measured at AC.

Contractual cash flows characteristics

The Fund assesses whether the cash flows from the financial asset represent SPPI on the principal amount outstanding. Instruments with cash flows that do not represent as such are classified at FVTPL.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

In making this assessment, the Fund determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Business model

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Fund's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers, if any, of the business are compensated.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

As of December 31, 2018, the Fund has no financial assets at FVTOCI.

Financial assets at amortized cost

A debt financial asset is measured at amortized cost if (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially



recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate (EIR) method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are integral part of the EIR. The amortization is included in 'Interest income' in profit or loss and is calculated by applying the EIR to the gross carrying amount of the financial asset. The Fund's financial assets at amortized cost consist of 'Cash and cash equivalents' and 'Accrued interest receivable'.

Reclassifications of financial assets

The Fund reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Fund and any previously recognized gains, losses or interest shall not be restated.

Financial liabilities

Financial liabilities are classified as financial liabilities at FVTPL and other financial liabilities. The classification of financial liabilities at initial recognition depends on the purpose for which the financial liabilities are incurred and their characteristics.

As of December 31, 2018 and 2017, the Fund has no financial liabilities at FVTPL.

Other financial liabilities

This category pertains to financial liabilities that are not held for trading or not designated as at FVTPL at the inception of the liability. Other financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

This category includes 'Accrued expenses and other liabilities'.

Classification and subsequent measurement of financial instruments (policy applicable prior to January 1, 2018)

The Fund classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, available-for-sale (AFS) investments, and loans and receivables. Financial liabilities are classified as either financial liabilities at FVPL or other financial liabilities carried at amortized cost.

The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Financial instruments at FVPL include financial assets and financial liabilities that are:

- acquired and held for trading purposes;
- designated upon initial recognition as at FVPL; and
- stand-alone or bifurcated embedded derivative financial instruments not designated as effective hedging instruments.

Financial assets and financial liabilities are classified as held for trading if they are acquired for purposes of selling and repurchasing in the near term.



Financial assets and financial liabilities may be designated by management on initial recognition as at FVPL when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis;
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Subsequent changes in fair value are recognized in 'Trading and investment securities gains (losses) - net' in profit or loss in the statement of comprehensive income. Interest earned or incurred is recorded in 'Interest income' or 'Interest Expense' in profit or loss in the statement of comprehensive income, respectively, while dividend income is recorded in 'Dividend income' in profit or loss in the statement of comprehensive income when the right to receive payment has been established.

The Fund's financial assets at FVPL consist of investments in government securities and corporate bonds as of December 31, 2018.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as 'AFS investments' or 'Financial assets designated at FVPL.'

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for credit losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR). The amortization is included under 'Interest income' in profit or loss in the statement of comprehensive income. The losses arising from impairment are recognized in 'Provision for credit and impairment losses' in profit or loss in the statement of comprehensive income.

As of December 31, 2018, loans and receivables consist of 'Cash and Cash equivalents', 'Due from broker', and 'Accrued interest receivable'.

Other financial liabilities

Issued financial instruments or their components, which are not designated at FVPL, are classified as other financial liabilities, where the substance of the contractual arrangement results in the Fund having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.



After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.

Other financial liabilities include liabilities arising from operations which consist of accrued expenses and other liabilities excluding payable to the government and its related agencies.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if and only if, there is a legally enforceable right to offset the recognized amounts and there is an intention to either settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the statement of financial position.

As of December 31, 2018 and 2017, the Fund does not have financial instruments that can be offset under enforceable netting agreements or similar agreements.

Derecognition of Financial Assets and Liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired;
- the Fund retains the right to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Fund has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of ownership and retained control over the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control over the asset.

Where the Fund has transferred its rights to receive cash flows from an asset or has entered into a “pass-through arrangement”, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Fund’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss in the statement of comprehensive income.

Impairment of Financial Assets (policy applicable beginning January 1, 2018)

Expected credit loss

PFRS 9 requires the Fund to record ECL for all loans and other debt financial assets not classified as at FVTPL, together with loan commitments and financial guarantee contracts. ECL represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a



range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances will be measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a SICR since initial recognition. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of the financial asset.

Definition of default

Generally, the Fund defines a financial asset as in default for purposes of calculating ECL when the contractual payments are past due for more than 90 days. As part of the qualitative assessment, the Fund also considers a variety of instances that may indicate unlikelihood to pay to determine if a counterparty has defaulted.

SICR

To determine whether there has been a significant increase in credit risk in the financial assets, the Fund compares credit risk at initial reporting date against credit risk as at the reporting date. The Fund uses judgment combined with relevant reasonable and supportable historical and forward-looking information which are available without undue cost and effort in calculating ECL. The Fund assumes that instruments with an external rating of "investment grade" from published data providers or other reputable agencies and maturities of less than 1 year at reporting date are low credit risk financial instruments and accordingly, does not have SICR since initial recognition.

For treasury exposures, a downgrade of two notches for investment grade and one notch for non-investment grade security indicates SICR since origination. The Fund also presumes a SICR for receivables that are past due for 30 days. Consideration of events which caused the downgrade is relevant. Evaluation should also include historical and forward-looking information.

Assessment of ECL on a collective basis

The Fund evaluates impairment of financial assets individually for those that are individually significant and collectively for those that are not. The Fund groups the financial assets based on profile of customer and its payment terms and history for the collective impairment.

Staging assessment

A three-stage approach for impairment of financial assets is used, based on whether there has been a significant deterioration in the credit risk of a financial asset. These three stages then determine the amount of impairment to be recognized.

For non-credit-impaired financial instruments:

- Stage 1 is comprised of all non-impaired debt financial assets which have not experienced a SICR since initial recognition. The Fund recognizes a 12-month ECL for Stage 1 debt financial assets.
- Stage 2 is comprised of all non-impaired debt financial assets which have experienced a SICR since initial recognition. The Fund recognizes a lifetime ECL for Stage 2 debt financial assets.

For credit-impaired financial instruments:

- Financial instruments are classified as Stage 3 when there is objective evidence of impairment.

Forward-looking information

The Fund incorporates forward-looking information into both its assessment of whether the credit risk of a financial asset has increased significantly since initial recognition and its measurement of ECL.



A broad range of forward-looking information are considered as economic outputs such as Consumer Price Index (CPI), exchange rates, Gross Domestic Product (GDP) growth rates, imports and exports, Philippine Stock Exchange index (PSEi), stock prices and unemployment rates. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Write-off policy

The Fund writes off its financial assets when it has been established that all efforts to collect and/or recover the loss has been exhausted. This may include the other party being insolvent, deceased or the obligation being unenforceable.

Impairment of financial assets (policy applicable prior to January 1, 2018)

The Fund assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to the profit or loss in the statement of comprehensive income. Interest income continues to be recognized based on the original effective interest rate of the asset. Loans and receivables, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery.

The Fund assesses whether objective evidence of impairment exists for financial assets that are individually significant. Because the Fund has only a few counterparties, collective assessment of financial assets is not necessary.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The Fund assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent.



The following specific recognition criteria must also be met before revenue is recognized:

Trading and investment securities gains (losses) - net

Trading and investment securities gains (losses) - net represents gains (losses) from trading activities and changes in fair values of financial instruments at FVTPL. Revenue is recognized on trade date upon receipt of confirmation of sale of investments from counterparties.

Dividend income

Dividend income is recognized when the Fund's right to receive payment is established.

Interest income

Interest income is recognized in profit or loss for all instruments measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Expense Recognition

Expenses are recognized when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized when incurred.

Provisions

Provisions are recognized when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Fund expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss in the statement of comprehensive income, net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. Increase in provision due to time value of money is recorded as interest expense.

Contingent Liabilities and Contingent Assets

Contingent liabilities are not recognized in the statement of financial position but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the statement of financial position but are disclosed when an inflow of economic benefits is probable.



Income Taxes

Current tax

Current tax liabilities for the current and prior periods are measured at the amounts expected to be paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date.

Deferred tax

Deferred tax is provided using the liability method on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carry forward benefits of unused tax credits from the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and carry forward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred tax assets however, are not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in profit or loss or other comprehensive income.

Earnings (Loss) per Share

Earnings (loss) per Share (EPS) is computed by dividing net income (loss) of the Fund by the weighted average number of common shares issued and outstanding during the year, adjusted for any subsequent stock dividends declared.

The weighted average number of common shares used in the calculation of earnings (loss) is determined on the basis of the weighted average number of shares of the Fund outstanding during the period.

Events After the Reporting Date

Any post-year-end events that provide additional information about the Fund's assets and liabilities at the reporting date (adjusting events) are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes to financial statements, when material.



Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Fund does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Fund intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2019

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are ‘solely payments of principal and interest on the principal amount outstanding’ (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from January 1, 2019, with earlier application permitted.

These amendments have no impact on the financial statement of the Fund.

- PFRS 16, *Leases*
PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees – leases of ‘low-value’ assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under PFRS 16 is substantially unchanged from today’s accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard’s transition provisions permit certain reliefs.

The Fund is currently assessing the impact of adopting PFRS 16.



- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*
The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:
 - Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
 - Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Fund.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, *Investments in Associates and Joint Ventures*.

The amendments should be applied retrospectively and are effective from January 1, 2019, with early application permitted. Since the Fund does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its consolidated financial statements.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*
The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes*, and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.



The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

This interpretation is not relevant to the Fund because there is no uncertainty involved in the tax treatments made by management in connection with the calculation of current and deferred taxes as of December 31, 2018 and 2017.

- *Annual Improvements to PFRSs 2015-2017 Cycle*

- *Amendments to PFRS 3, Business Combinations, and PFRS 11, Joint Arrangements, Previously Held Interest in a Joint Operation*

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments are currently not applicable to the Fund but may apply to future transactions.

- *Amendments to PAS 12, Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. These amendments are not relevant to the Fund.



- Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*
The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

Since the Fund's current practice is in line with these amendments, the Fund does not expect any effect on its financial statements upon adoption.

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*
The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

These amendments will apply on future business combinations of the Fund.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*
The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*
PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:



- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. Significant Accounting Judgment

The preparation of the financial statements in accordance with PFRS requires the Fund to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities, if any. Future events may occur which may cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgment is continually evaluated and is based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

a. Classification of shares as equity or liability

The Fund continuously assesses whether all of the conditions indicated in its accounting policy on Capital Stock and Redeemable Shares (Note 2) are met by the redeemable shares it issues to retain the classification of the shares as equity instruments.

In applying its judgment, management considers the rights and claims of each shareholders embedded on shares issued, the type and features of issued shares including the terms of any contractual obligation, and the basis for the cash flows attributable to the entirety of the term of the shares.



b. Functional currency

PAS 21, *The Effects of Changes in Foreign Exchange Rates*, requires management to use its judgment to determine the entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, the Fund considers the following:

- the currency that mainly influences sales prices for financial instruments and services (this will often be the currency in which sales prices for its financial instruments and services are denominated and settled);
- the currency in which funds from financing activities are generated; and
- the currency in which receipts from operating activities are usually retained.

Estimates

a. Credit losses on financial assets

The Fund reviews its debt financial assets subject to ECL annually with updating provisions as necessary. The measurement of credit losses requires judgment, in particular, the estimation of amount and timing of future cash flows and collateral values when determining the credit losses and the assessment of SICR. Elements of the model used to calculate ECL that are considered accounting estimates and judgments, include among others:

- Segmentation of financial assets to determine appropriate ECL model and approach
- Criteria for assessing whether there has been SICR in the debt financial assets and so allowances be measured on a lifetime ECL basis and the qualitative assessment
- Segmentation of financial assets when ECL is calculated on a collective basis
- Development of ECL models, including formula and various inputs
- Selection of forward-looking macroeconomic variables and scenarios

4. Financial Risk Management Objectives and Policies

The Fund's principal financial instruments comprise of cash and cash equivalents and financial assets at FVTPL. The main purpose of these financial instruments is to seek long-term capital appreciation through investments in dollar-denominated bonds issued by the Philippine and foreign governments as well as private corporations. The Fund also has various other financial assets and financial liabilities such as accrued interest receivable and accrued expenses and other liabilities, which arise directly from its operations.

Governance Framework

The Fund has established a risk management function under Treasury department with clear terms of reference and with the responsibility for developing policies on market, credit, liquidity and operational risks. It also supports the effective implementation of policies.

The policies define the Fund's identification of risk and its interpretation, setting of limits structure to ensure the appropriate quality and diversification of assets, and specification of reporting requirements.

Regulatory Framework

The operations of the Fund are subject to the regulatory requirements of the SEC and are governed by the provision in its prospectus that incorporated relevant investment rules and regulations such as the ICA and the Anti-Money Laundering Law.



The Fund's investment activities are guided by the following limitations/restrictions:

- The Fund as ordered by the SEC, unless otherwise permitted, may not engage in margin purchase of securities, commodity futures contract, precious metals, unlimited liability investments, short selling of currencies, short selling of investments, and other investments as the SEC shall, from time to time prescribe.
- The Fund shall not incur any further debt or borrowings unless at the time of its incurrence or immediately thereafter, there is a net asset coverage of at least 300.00% for all its borrowings, or such net asset coverage as the Philippine laws and regulations may prescribe. In the event that such asset coverage shall fall below 300.00%, the Fund shall within three days thereafter 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 300.00% or the coverage required by law.
- 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.
- The maximum investment in any single enterprise shall not exceed an amount equivalent to 15.00% of the Fund's NAV, and in no case shall the total investment of the Fund exceed 10.00% of the outstanding securities of any one investee company.
- The Fund shall not invest in real estate properties and developments.
- The Fund shall not invest in any company for the purposes of exercising control or management.
- The Fund shall not issue or sell senior securities of which it is the issuer.
- The Fund shall not extend loans to individuals. Loans or credit extensions to corporations shall be limited to commercial papers and bonds registered with the SEC, or subject of a grant of exemption therefrom, and which have been preapproved by the BOD.
- The Fund shall not invest in the securities of other investment companies.
- 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.
- The total operational expenses of the Fund shall not exceed 10.00% of its total investment fund; total net worth or total NAV as shown in the previous year's audited financial statements, or such other limitations as may be prescribed by the applicable Philippine laws or regulations.
- The Fund shall not change its investment objectives without prior approval of the majority of its stockholders.

Risk Management Policies

The Fund is exposed to financial risk through its financial assets and liabilities. The most significant components of financial risk are credit risk, liquidity risk and market risk. The BOD reviews and approves policies for managing the aforementioned risks and are summarized below:

Credit risk

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

As of December 31, 2018 and 2017, the financial assets are viewed by management as high grade and there are no past due or impaired financial assets as of reporting date. The Fund only invests in high grade financial assets.

The Fund rates its financial assets based on internal and external credit rating system. The credit quality of treasury exposures is generally monitored through the external ratings of eligible external credit assessment rating institutions.

Credit Quality	External Rating				
Investment Grade (High grade)	Aaa	Aa	A	Baa	Ba
Non-Investment Grade (Standard grade)	Ba	B	Caa	Ca	C
Impaired (Substandard grade)	D				

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.

Standard grade accounts are active accounts with propensity of deteriorating to mid-range age buckets. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Substandard grade accounts are accounts which have probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up actions and extended payment terms.

Liquidity risk

Liquidity 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 counterparties failing to repay a contractual obligation; or the 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.

To limit this risk, the Fund strictly complies with ICA Rule 35-1, As Amended (2013), which requires all Investment Companies/Mutual Funds to invest at least 10.00% of its net assets in liquid/semi-liquid assets. This Rule defines such assets as (a) Treasury notes or bills, certificates of indebtedness issued by the Bangko Sentral ng Pilipinas (BSP) which are short-term, and other government securities; and (b) savings or time deposits with government or commercial banks in the name of the Fund.

As of December 31, 2018 and 2017, the Fund's investments in liquid/semi-liquid assets in relation to total net assets is 45.53% and 36.66%, respectively.



The following table sets out the different investments as of December 31, 2018 and 2017 and their respective percentages to the total net assets of the Fund:

	2018	2017
Financial assets at FVTPL		
Government securities	16.87%	17.80%
Corporate bonds	37.09	45.50
Cash and cash equivalents	45.53	36.66
	99.49%	99.96%



The tables below analyze the financial assets, financial liabilities and redeemable shares of the Fund into their relevant maturity groups based on remaining contractual undiscounted cash flows as of December 31, 2018 and 2017:

2018														
	Functional Currency							Presentation Currency						
	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Financial Assets														
Cash and cash equivalents	\$118,124	\$2,189,605	\$-	\$-	\$-	\$-	\$2,307,729	₱6,192,805	₱115,129,431	₱-	₱-	₱-	₱-	₱121,322,236
Financial assets at FVTPL:							-							-
Corporate bonds	-	12,900	4,125	2,952,913	-	-	2,969,938	-	678,282	216,893	81,463,509	73,800,631	-	156,159,315
Accrued interest receivable		10,787	4,842	27,193	-	-	42,822	-	567,197	254,596	1,429,800	-	-	2,251,593
	118,124	2,213,292	8,967	2,980,106	-	-	5,320,489	6,192,805	116,374,910	471,489	82,893,309	73,800,631	-	279,733,144
Financial Liabilities														
Accrued expenses and other liabilities*	-	17,412	-	-	-	-	17,412	-	819,409	-	-	-	-	819,409
Redeemable Shares	5,057,587	-	-	-	-	-	5,057,587	265,909,756	-	-	-	-	-	265,909,756
Net Asset (Liability)	(\$4,939,463)	\$2,195,880	\$8,967	\$1,576,518	\$1,403,588	\$-	\$245,490	(₱259,716,951)	₱115,555,501	₱471,489	₱82,893,309	₱73,800,631	₱-	(₱13,003,979)

*Excludes government-related payables

2017														
	Functional Currency							Presentation Currency						
	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Financial Assets														
Cash and cash equivalents	\$42,370	\$-	\$1,810,367	\$-	\$-	\$-	\$1,852,737	₱2,115,557	₱-	₱90,391,641	₱-	₱-	₱-	₱92,507,198
Financial assets at FVTPL:														
Government securities	-	-	-	5,152	842,704	-	847,856	-	-	-	257,256	42,076,215	-	42,333,471
Corporate bonds	-	358	-	614,307	1,065,227	562,132	2,242,024	-	17,883	-	30,672,334	53,186,775	28,067,250	111,944,241
	42,370	358	1,810,367	619,459	1,907,931	562,132	4,942,617	2,115,557	17,883	90,391,641	30,929,590	95,262,990	28,067,250	246,784,910
Financial Liabilities														
Accrued expenses and other liabilities*	-	13,528	-	-	-	-	13,528	-	675,438	-	-	-	-	675,438
Redeemable Shares	5,042,122	-	-	-	-	-	5,042,122	251,753,155	-	-	-	-	-	251,753,155
Net Asset (Liability)	(\$4,999,752)	(\$13,170)	\$1,810,367	\$619,459	\$1,907,931	\$562,132	(\$113,033)	(₱249,637,598)	(₱657,555)	₱90,391,641	₱30,929,590	₱95,262,990	₱28,067,250	(₱5,643,683)

*Excludes government-related payables



As of December 31, 2018 and 2017, all financial liabilities and redeemable shares of the Fund subject to liquidity risk are contractually payable at their face amounts. The Fund considers its cash equivalents and financial assets at FVTPL as liquidity risk management tools. These financial instruments may be liquidated or sold by the Fund anytime the need for immediate funding arises.

Market risk

Market risk is the risk of change in fair value of financial instruments from fluctuation in foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Fund is exposed to the risk that the value of the Fund's financial assets will be adversely affected by the fluctuations in the price level or volatility of one or more of the said assets. The two main components of the risks recognized by the Fund are systematic risk and unsystematic risk.

Systematic risk is the variability in price caused by factors that affect all securities across all markets (e.g. significant economic or political events). Unsystematic risk on the other hand, is the variability in price caused by factors which are specific to the particular issuer (corporation) of the debt security. Through proper portfolio diversification, this risk can be minimized as losses on one particular debt security may be offset by gains in another.

To further mitigate these risks, the Fund ensures that the investment portfolio is adequately diversified, taking into consideration the size of the portfolio.

a. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund's exposure to changes of foreign exchange rates relates to its Philippine peso (₱) denominated financial assets and financial liabilities.

The Fund's financial assets and liabilities denominated in Philippine peso are as follows:

	2018		2017	
Cash and cash equivalents	₱276,820	\$5,265	₱273,043	\$5,468
Accounts payable	(254,604)	(4,842)	(248,542)	(4,978)
Accrued expenses	(367,391)	(6,987)	(211,472)	(4,235)
Due to PEMI	(219,235)	(4,170)	(214,924)	(4,305)
Net exposure	(₱564,410)	(\$10,734)	(₱401,895)	(\$8,050)

In translating the foreign currency denominated assets and liabilities into Philippine peso, the exchange rate used was ₱52.58 to US\$1 and ₱49.93 to US\$1 as of December 31, 2018 and 2017, respectively.

b. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Fund's exposure to market risk for changes in interest rates relates primarily to the Fund's financial assets at FVTPL and cash and cash equivalents.

The Fund's market risk policy requires it to manage interest rate risk by maintaining appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets.



c. *Fair value interest rate risk*

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The following table demonstrates the sensitivity of the Fund's pre-tax income to a reasonably possible change in interest rates for the years ended December 31, 2018 and 2017:

2018			2017		
Basis points change in interest rates	Effect on Pre- Tax Income		Basis points change in interest rates	Effect on Pre- Tax Income	
	Functional Currency	Presentation Currency		Functional Currency	Presentation Currency
+100	(\$218,264)	(₱10,897,920)	+100	(\$39,752)	(\$2,090,142)
-100	(26,879)	1,342,087)	-100	\$41,560	\$2,185,200

d. *Market/price risk*

The potential for an investor to experience losses due to changes in the market prices of investments.

5. Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

The methods and assumptions used by the Fund in estimating the fair values:

Cash and cash equivalents and accrued interest receivable

The carrying amounts approximate the fair values due to short-term maturity of these instruments.

Financial assets at FVTPL

Fair values of quoted debt securities are based on quoted PHP prices while unquoted debt securities are based on BVAL reference pricing.

Accrued expenses and other liabilities

The carrying amounts approximate fair values considering that these are either due and demandable or are payable in less than one month.



The following table sets forth the carrying values and estimated fair values of financial assets recognized as of December 31, 2017 and 2016:

2018										
Fair value measurement using										
Carrying Value		Quoted prices in active markets (Level 1)		Significant observable inputs (Level 2)		Significant unobservable inputs (Level 3)		Total Fair Value		
Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	
Assets measured at fair value:										
Financial assets at FVTPL										
Government securities	\$852,995	₱ 44,850,465	\$852,995	₱44,850,465	\$—	₱—	\$—	₱—	\$852,995	₱44,850,465
Corporate bonds	1,875,562	98,617,050	1,875,562	98,617,050	—	—	—	—	1,875,562	98,617,050
2017										
Fair value measurement using										
Carrying Value		Quoted prices in active markets (Level 1)		Significant observable inputs (Level 2)		Significant unobservable inputs (Level 3)		Total Fair Value		
Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	
Assets measured at fair value:										
Financial assets at FVPL										
Government securities	\$897,456	₱44,809,978	\$897,456	₱44,809,978	\$—	₱—	\$—	₱—	\$897,456	₱44,809,978
Corporate bonds	2,294,272	114,552,996	2,294,272	114,552,996	—	—	—	—	2,294,272	114,552,996

In 2018 and 2017, there were no transfers among the three levels in the fair value hierarchy.

As of December 31, 2018 and 2017, there were no fair value measurements with significant unobservable inputs to valuation categorized within Level 3 of the fair value hierarchy.



6. Cash and Cash Equivalents

This account consists of:

	2018		2017	
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
Cash in banks	\$118,124	₱6,192,805	\$42,370	₱2,115,557
Short-term placements	2,184,999	114,887,234	1,806,000	90,173,590
	\$2,303,123	₱121,080,039	\$1,848,370	₱92,289,147

Cash in banks earn interest at the prevailing bank deposit rates. Short-term placements are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Fund, and earn interest at the prevailing short-term deposit rates. The Fund earns annual interest rates ranging from 1.00% to 2.2% in 2018, 0.10% to 1.60% in 2017 and 0.10% to 1.70% in 2016.

Interest income earned on cash and cash equivalents amounted to \$34,831 (₱1.84 million), \$19,181 (₱0.97 million) and \$17,998 (₱0.86 million) in 2018, 2017 and 2016, respectively (see Note 7).

Accrued interest receivable on cash and cash equivalents amounted to \$2,225 (₱0.12 million) and \$1,975 (₱0.10 million) as of December 31, 2018 and 2017, respectively.

7. Financial Assets at Fair Value through Profit or Loss

This account consists of investments in:

	2018		2017	
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
Government securities	\$852,995	₱44,850,465	\$897,456	₱44,809,978
Corporate bonds	1,875,562	98,617,050	2,294,272	114,552,996
	\$2,728,557	₱143,467,515	\$3,191,728	₱159,362,974

Government securities primarily consist of dollar-denominated Power Sector Assets and Liabilities Management Corporation (PSALM) guaranteed notes in 2018 and 2017.

The Fund earns interest from government securities of 7.25% in 2018 and 2017 and from 4.00% to 7.25% in 2016.

Corporate bonds are dollar-denominated bonds issued by private companies which bear annual coupon interest rates from 3.95% to 7.38% in 2018, 2017 and 2016.

Net trading and investment securities loss on financial assets at FVTPL consists of:

	2018		2017		2016	
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
Changes in fair value	(\$104,188)	(₱5,349,879)	(\$71,681)	(₱3,561,381)	(\$60,101)	(₱2,499,374)
Net realized gain (loss) from sale/maturity	(30,668)	(1,586,497)	15,163	760,574	23,321	1,125,728
	(\$134,856)	(₱6,936,376)	(\$56,518)	(₱2,800,807)	(\$36,780)	(₱1,373,646)



Movement of government bond and corporate bonds follow:

	2018		2017	
Beginning balance	\$3,191,728	₱159,362,974	\$3,481,192	₱173,084,805
Acquisitions	428,365	22,043,414	631,900	31,382,426
Disposals	—	—	(248,253)	(12,343,084)
Maturity	(787,348)	(39,312,291)	(601,430)	(29,903,090)
Foreign translation adjustment	—	6,723,297	—	703,298
Mark-to-market valuation adjustment	(104,188)	(5,349,879)	(71,681)	(3,561,381)
Ending balance	\$2,728,557	₱143,467,515	\$3,191,728	₱159,362,974

In 2018, 2017 and 2016, interest income earned on government securities and corporate bonds amounted to \$176,381 (₱9.30 million), \$216,569 (₱10.92 million), and \$194,004 (₱9.25 million), respectively.

Interest income consists of:

	2018		2017		2016	
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
Cash and cash equivalents (Note 6)	\$34,831	₱1,843,856	\$19,181	₱967,259	\$17,998	₱859,730
Debt securities						
Government securities	60,900	3,211,900	60,900	3,071,805	70,769	3,367,486
Corporate bonds	115,476	6,083,441	155,699	7,846,593	123,235	5,880,328
	\$211,207	₱11,139,197	\$235,750	₱11,885,657	\$212,002	₱10,107,544

Accrued interest receivable on debt securities amounted to \$42,822 (₱2.25 million) and \$32,606 (₱1.63 million) in 2018 and 2017, respectively.

8. Accrued Expenses and Other Liabilities

This account consists of:

	2018		2017	
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
Financial Liabilities:				
Accrued expenses	\$6,987	₱367,391	\$4,235	₱211,472
Accounts payable	4,868	255,988	4,978	248,542
Due to PEMI (Note 11)	4,170	219,235	4,315	215,424
	16,025	842,614	13,528	675,438
Nonfinancial Liabilities:				
Withholding tax payable	1,370	72,019	1,308	65,319
Documentary stamp tax payable	17	878	6	305
	1,387	72,897	1,314	65,624
	\$17,412	₱ 915,511	\$14,842	₱741,062

Accounts payable includes payable to shareholders for the unpaid redemption proceeds, and subscriptions without confirmation from the investors. Subscription is confirmed by submitting the required subscription documents. Once confirmed, these subscriptions are reclassified to equity.



9. Equity

Capital Stock

The Fund's capital stock consists of:

	2018		2017		2016	
	Shares	Amount	Shares	Amount	Shares	Amount
Common - ₱1.00 par value						
Authorized	100,000,000	₱100,000,000	100,000,000	₱100,000,000	100,000,000	₱100,000,000
Issued and outstanding	88,668,771	₱88,668,771	88,074,976	₱88,074,976	84,948,772	₱84,948,772

The authorized number of shares registered with the SEC on March 4, 1999 amounts to one hundred million (100,000,000) shares with a par value of ₱1.00 per share.

The movements of the Fund's shares are as follow:

	2018	2017	2016
Beginning balance	88,074,976	84,948,772	83,265,991
Shares issued during the year	1,200,203	4,501,604	11,484,947
Shares redeemed during the year	(606,408)	(1,375,400)	(9,802,166)
Ending balance	88,668,771	88,074,976	84,948,772

As of December 31, 2018 and 2017, the total number of stockholders of the Fund is 118 and 120, respectively.

NAV per Share

As an open-end mutual fund company, the Fund stands ready at any time to redeem the outstanding capital stock at NAV per share.

The shares are entitled to payment of a proportionate share of the Fund's NAV on the redemption date or upon winding up of the Fund. The Fund's issued and outstanding shares are redeemed at their NAV calculated in accordance with redemption requirements. Issuance, repurchase and resale of redeemable shares is based on the prevailing NAV per share at the date of the transaction. The total expected cash outflow on redemption of all the shares equals the Fund's equity.

	2018		2017	
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
NAV attributable to holders of redeemable shares	\$5,057,587	₱265,909,756	\$5,042,122	₱251,753,155
Number of shares outstanding	88,668,771	88,668,771	88,074,976	88,074,976
NAV per share	\$0.0570	₱2.9989	\$0.0572	₱2.8584

Capital Management

The Fund's investment objective is to seek long-term capital appreciation through investment primarily in various debt securities issued by the Philippine government and corporations, while taking into consideration the liquidity and safety of its investments to protect the interest of its investors.



The Fund's capital, consisting entirely of common shares, depends on the volume of subscriptions and redemptions made by its various shareholders. As a mutual fund, the Fund stands ready to redeem shares from shareholders at any time upon the request of the latter at the prevailing NAV per share. The investment restrictions are discussed in Note 4.

As of December 31, 2018 and 2017, the Fund does not have any long-term outstanding debt in its statements of financial position. Any liabilities reflected therein are short-term in nature and generally reflect amounts that are due for settlement with its counterparties or its investors within the standard settlement periods prescribed for each transaction:

- a) Debt securities purchases: three days after date of transaction; and
- b) Redemptions from shareholders: maximum of seven days after date of transaction as prescribed by the ICA Rule 35-1, As Amended (2013).

There are no changes made in the objectives and policies during the years ended December 31, 2018 and 2017.

Minimum Capital Requirement

As an investment company registered with the SEC, the Fund must continually comply with the minimum subscribed and paid-up capital of ₱50.00 million as required under Section 12, *Structure and Capitalization of Investment Companies* of ICA. As of December 31, 2018 and 2017, the Fund has complied with this externally imposed capital requirement.

Retained Earnings

Under the Corporation Code of the Philippines (the Code), a stock corporation is prohibited from retaining surplus profits in excess of 100.00% of its paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the BOD; or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is need for special reserve for probable contingencies. As of December 31, 2018 and 2017, the Fund is in compliance with this requirement. There is no retained surplus profits in excess of 100.00% of paid-in capital stock.

Paid-in capital stock is the amount of outstanding capital stock and paid-in capital or premium over the par value of shares.

10. Income Taxes

The provision for income tax consists of:

	2018		2017		2016	
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
RCIT	\$13,172	₱690,958	\$25,460	₱1,212,373	\$8,992	₱439,622
Final tax	5,225	276,453	1,440	72,571	1,351	64,520
	\$18,397	₱967,411	\$26,900	₱1,284,944	\$10,343	₱504,142

As of December 31, 2018, 2017 and 2016, the Fund has no NOLCO and unrecognized deferred tax.



The reconciliation between the Fund's provision for income tax computed at the statutory income tax rate to provision for income tax as shown in the statements of comprehensive income is summarized as follows:

	2018	2017	2016
Statutory income tax rate	₱32,332	₱1,792,001	₱1,830,818
Income tax effects of:			
Net unrealized loss on changes in fair value of financial assets at FVTPL	1,604,964	1,068,414	749,812
Interest income subjected to final tax	(276,578)	(1,139,174)	(1,203,838)
Net realized (gain) loss on sale/maturity of financial assets at FVTPL	475,949	(228,172)	(337,718)
Non-taxable income/exempt	(979,347)	(208,125)	(534,932)
Non-deductible expense	110,091	—	—
	₱967,411	₱1,284,944	₱504,142

Republic Act (RA) No.10963 or the Tax Reform for Acceleration and Inclusion Act (TRAIN) was signed into law on December 19, 2017 and took effect January 1, 2018, making the new tax law enacted as of the reporting date. Although the TRAIN changes existing tax law and includes several provisions that will generally affect businesses on a prospective basis, the management assessed that the same will not have any significant impact on the financial statement balances as of the reporting date.

11. Related Party Disclosures

Parties are considered to be related if one party has the ability to, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operating decisions. These include: (a) individuals owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Fund; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Fund that gives them significant influence over the Fund and close members of the family of any such individual.

Transactions are based on terms agreed by related parties. Other related parties include PEMI and other funds being managed by PEMI.

The Fund has a Management and Distribution Agreement with PEMI, the fund manager. As the fund manager of the Fund, PEMI is entitled to the following:

- a. The Fund shall pay an annual management fee of a maximum of 1.00% of the average NAV of the Fund. On December 16, 2016, management fee rate is reduced from a maximum of 1.50% to 1.00% of the average NAV of the Fund. The NAV shall be determined in accordance with the procedures agreed upon by both parties. The Agreement shall remain in effect from year to year, unless otherwise terminated or amended by the parties in accordance with specified terms and conditions.



- b. The Fund shall remit to PEMI for sales commission of a maximum of 3.50% of the gross investment based on tiered-front end sales schedule charged to shareholders. This is withheld and remitted by the Fund to PEMI. This is payable the following month.

The Fund shall reimburse the expenses paid by PEMI on behalf of the Fund. The related expenses are ultimately due to third-parties.

Related party transactions and balances as of and for the years ended December 31, 2018, 2017 and 2016 follows:

	2018				Terms and conditions
	Amount/ Volume		Outstanding Balance		
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	
PEMI					
Management fee for remittance	\$57,120	₱3,012,263	\$4,170	₱219,235	Due the following month, non-interest bearing and unsecured.
	2017				Terms and conditions
	Amount/ Volume		Outstanding Balance		
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	
PEMI					
Management fee for remittance	\$56,922	₱2,869,852	\$4,315	₱215,424	Due the following month, non-interest bearing and unsecured.
	2016				Terms and conditions
	Amount/ Volume		Outstanding Balance		
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	
PEMI					
Management fee for remittance	\$79,611	₱3,792,521	\$4,170	₱247,300	Due the following month, non-interest bearing and unsecured.
Sales commission for remittance	32	2,146	—	—	Due to the following month, non-interest bearing and unsecured

The outstanding balances due to PEMI are included under 'Accrued expenses and other liabilities' in the statements of financial position (see Note 8).

Terms and conditions of transactions with related parties

Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. When applicable, an impairment assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel

The Fund has no key management personnel. The key management functions are being handled by PEMI.

As of December 31, 2018 and 2017, seven shares of the Fund are held by directors. There were no movements on the number of shares held by directors in 2018 and 2017.



12. Earnings (Loss) Per Share

Earnings (loss) per share is calculated by dividing the net income for the year by the weighted average number of common shares outstanding during the year (adjusted for any stock dividends).

The following table reflects the net income and share data used in the earnings (loss) per share computations:

	2018		2017		2016	
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
Net income	(\$18,377)	(P859,640)	\$76,822	P4,688,393	\$72,439	P5,598,586
Divided by weighted average number of common shares	88,557,540	88,557,540	87,691,255	87,691,255	83,999,121	83,999,121
	(\$0.0002)	(P0.0097)	\$0.0009	P0.0535	\$0.0009	P0.0667

There were no potential dilutive common shares for the periods ended December 31, 2018, 2017 and 2016.

13. Segment Reporting

The table below analyzes the Fund's revenue streams per investment type:

	2018		2017		2016	
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
Financial assets at FVTPL	\$41,520	P2,358,965	\$160,051	P8,117,591	\$157,224	P7,874,168
Short-term placements and cash in banks	35,331	1,869,714	19,181	967,259	18,000	859,829
Net foreign exchange gains	2,227	52,590	75	693,751	190	1,783,007
	\$79,078	P4,281,269	\$179,307	P9,778,601	\$175,414	P10,517,004

The Fund's asset producing revenue are all located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

14. Supplementary Information Required Under Revenue Regulations (RR) 15-2010

Supplementary Information Required Under RR 15-2010

In addition to current and final taxes paid, the Fund also reported and/or paid the following types of taxes for the year:

Value Added Tax (VAT)

The Fund is a non-VAT registered company engaged in the business of buying and selling of equity securities and debt securities and paid the amount of nil as percentage tax pursuant to Section 127 of National Internal Revenue Code of 1997, As Amended and based on the gross selling price amounting to nil.



Taxes and Licenses

In 2018, the Fund reported and/or paid the following taxes and licenses fees:

Municipal permits	₱179,758
Documentary stamp tax	12,002
Annual registration	500
Community tax	1,510
	<hr/>
	₱193,770

Withholding Taxes

As of December 31, 2018, total remittances and balance of expanded withholding taxes amounted to ₱411,619 and ₱72,019, respectively.

Tax Assessments and Cases

In 2018, the Company has no deficiency tax assessments, whether protested or not, nor tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the Bureau of Internal Revenue (BIR).





108012019006652

**SECURITIES AND EXCHANGE COMMISSION**

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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Company Information

SEC Registration No. A199816216

Company Name PHILEQUITY DOLLAR INCOME FUND INC.

Industry Classification

Company Type Stock Corporation

Document Information

Document ID 108012019006652

Document Type 17-Q (FORM 11-Q: QUARTERLY REPORT/FS)

Document Code 17-Q

Period Covered June 30, 2019

No. of Days Late 0

Department CFD

Remarks

COVER SHEET

SEC Registration Number

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Company Name

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I	N	C	.		(A	n		O	p	e	n	-	E	n	d		M	u	t	u	a	I		F	u	n	d	
C	o	m	p	a	n	y)																						

Principal Office (No./Street/Barangay/City/Town/Province)

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	
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Form Type

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Department requiring the report

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Secondary License Type, If Applicable

N	A		
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COMPANY INFORMATION

Company's Email Address

--

Company's Telephone Number/s

250-8700

Mobile Number

--

No. of Stockholders

122

Annual Meeting
Month/Day

08/16

Fiscal Year
Month/Day

12/31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Ms. Maribel Bere

Email Address

maribel.bere@vantage.ph

Telephone Number/s

250-8738

Mobile Number

0917-620-4040

Contact Person's Address

15th floor, Philippine Stock Exchange Tower, 28th St. Corner 5th Ave., Bonifacio Global City, Taguig City, Metro Manila.
--

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE
SECURITIES REGULATION CODE AND SRC RULE 17(2)(b)
THEREUNDER**

1. For the quarterly period ended **June 30, 2019**
2. SEC Identification Number **A199816216**
3. BIR Tax Identification No. **201-883-916-000**
4. Exact name of registrant as specified in its charter.
PHILEQUITY DOLLAR INCOME FUND, INC.
5. Province, Country or other jurisdiction of Incorporation or Organization:
Philippines
6.

--

 (SEC Use Only)
Industry Classification Code

Address of Principal Office:

**15th floor, Philippine Stock Exchange Tower, 28th St. Corner 5th
Ave., Bonifacio Global City, Taguig City, Metro Manila.**

7. Registrant's telephone number, including area code:
(632) 250-8700
8. Former name, former address, and former fiscal year, if changed since last report

Not applicable

9. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding as of June 30, 2019
Common Stock, P1.00 par value	88,854,222

10. Are any or all of these securities listed on the Philippine Stock Exchange.
Yes [] No [X]

11. Check whether the registrant:

a) has filed all reports required to be filed by Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):
Yes [] No [X]

b) has been subject to such filing requirements for the past 90 days.
Yes [] No [X]

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The Comparative Financial Statements are filed as part of this Form 17-Q.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Financial Condition and Liquidity

Financial Highlights

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

Balance Sheet	Unaudited June 30, 2019	Audited December 31, 2018	Increase/ (Decrease)	Percent
Total Assets	269,389,118	266,916,113	2,473,005	1%
Total Liabilities	249,994	1,006,357	-756,363	-75%
Total Equity	269,139,124	265,909,756	3,229,368	1%

Total assets increased by 2% brought by increase in market value of investments in debt security.

Decrease of 75% in total liabilities is mainly due to lower outstanding payable this year.

Operating Revenues and Expenses

Statement of Income	June 30, 2019	June 30, 2018	Increase/ (Decrease)	Percent
Total Investment Income (Loss)	14,763,583	257,091	14,506,491	5643%
Total Expenses	2,018,937	2,970,561	(951,624)	-32%
Net Investment Income (Loss)	12,744,645	(2,713,470)	15,458,115	570%

Investment income – As of the 2nd quarter of 2019, the Fund posted a total investment income of Php 14.76M, which is comprised of interest income amounting to Php 6M and net unrealized gain on change in fair value of financial assets amounting to Php 8.8M. Market value of securities went up this year hence a significant rise in investment income.

Operating Expenses -The total operating expense of Php 1.96M as of June 30, 2019 is composed of management fee (74%), taxes and licenses (2%), professional fees (22%), and other expenses (2%).

Net income – the Fund registered a net gain of Php 12.8M after income tax of Php 12.74M as of June 30, 2019.

Cash Flow

Cash and cash equivalents increased from Php 110.4M to Php 41.6M as of June 30, 2018 and June 30, 2019, respectively. Reference could also be made on the cash flow statement in later page.

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

Income Statement Items – Quarter ended June 30, 2019 versus Quarter ended June 30, 2018

5% increase in interest income

Due to higher investment in debt security

343.67% increase in realized gain on change in fair value of financial assets through FVPL
Due to higher investment in debt security

100% increase in realized loss on sale financial assets through FVPL
Mainly due to lower market value of debt security sold during the period

100% decrease in realized loss on maturity of financial assets through FVPL
No security matured during the period

138% increase in net realized foreign exchange gain
Mainly due to decrease in dollar exchange rates of disposed securities

70% increase in professional fee
Due to accrual of custody fee

64% decrease in taxes and licenses
Mainly due to higher documentary stamp tax last year

76% decrease in other expenses
Primarily due to higher bank charges incurred last year

Balance Sheet Items – June 30, 2019 versus December 31, 2018

65.57% decrease in cash and cash equivalents
Due to lower money market placements outstanding as of end of the reporting period

56.55% increase in financial assets at fair value through profit or loss
Due to higher investment in debt security

31.24% increase in accrued interest receivables
Attributable to higher investment debt securities

72.69% decrease in accrued liabilities
Mainly due to lower outstanding payable this year

Key Performance Indicators

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.

	June 30, 2019	December 31, 2018
Current Ratio ¹	107758.42%	31401.43%
Assets to Equity ²	100.09%	100.32%
Liabilities to Equity ³	0.09%	0.32%
Return on Average Assets ⁴	3.62%	-1.04%
Return on Average Equity ⁵	3.62%	-1.04%

The manner by which the Fund calculates the above performance indicators for is as follows:

Formula	
1	Current Assets / Current Liabilities
2	Total Assets / Total Equity
3	Total Liabilities / Total Equity
4	Net Income / Average Total Assets
5	Net Income / Average Total Equity

Changes in Net Assets

Below is a summary of fund's activity as of the second quarter ended June 30, 2019:

Total amount from Subscriptions and Redemptions of Shares	
Total amount received for the quarter ended	2,038,479.86
Total amount of redemption for the quarter ended	1,471,850.51
Shares issued and outstanding:	
Beginning balance - December 31, 2018	88,668,771
Shares subscribed during the quarter ended	670,557
Shares redeemed during the quarter ended	(485,106)
Ending balance - June 30, 2019	88,854,222

Business Outlook

As of June 2019, the mutual fund industry shrank by 4.39% year on year and shrank by 2.19% from the previous quarter to P254 billion in net assets. Assets under management of bond funds continued to fall, 5.41% from the previous quarter and -16.91% year on year to P79 billion. These figures are not surprising given interest rates have been on the rise from their all-time lows. The Philequity Dollar Income Fund's net assets stood at P269 million, representing a 0.64% decrease from the previous quarter and a 0.31% increase from a year ago. The decrease in net assets was mainly due to the Philippine Peso's appreciation. The Fund will be taking cues from the BSP and central banks across the globe to determine its trading strategies for the long term. Short term, the Fund will take cues from the global dynamic, specifically the trade war. Locally, the Fund will monitor inflation, BSP policies, the peso, the twin deficits and other economic data.

PART II – OTHER INFORMATION

PFRS 9 – Financial Instruments: Recognition and Measurement

The implementation of PFRS 9 this 2018 has no significant impact on the Funds balance sheet because it has been measuring its financial assets at fair value

PHILEQUITY DOLLAR INCOME FUND, INC.
OTHER RATIOS REQUIRED FOR MUTUAL FUNDS

(i) PERCENTAGE OF INVESTMENT IN A SINGLE ENTERPRISE TO NET ASSET VALUE

	as of June 30, 2019	as of June 30, 2018
Percentage of Investment in a single enterprise to Net Asset Value:		
INVESTMENT IN BONDS:		
SMIC 17	-	-
EDC21	0.00%	0.04%
PSALM	0.00%	0.33%
ICT23	0.23%	0.04%
FDC20	0.07%	0.07%
JGS23	0.19%	0.11%
FGEN	0.00%	0.06%
CN VLL	0.24%	0.08%
SECB PM	0.06%	0.06%
INDON	0.07%	0.00%
ROP29	0.20%	0.00%
ACNRGY 4.75	0.25%	0.00%
BPI 4.25	0.23%	0.00%
FIRPAC	0.00%	0.24%
RCBPM	0.08%	0.07%

(ii) TOTAL INVESTMENT OF THE FUND TO THE OUTSTANDING DEBT SECURITY OF AN INVESTEE COMPANY

	as of June 30, 2019	as of June 30, 2018
Total Investment of the Fund to the Outstanding Debt Security of an Investee Company:		
SMIC 17	0.00%	0.00%
EDC21	0.00%	0.03%
PSALM	0.00%	0.08%
ICT23	0.15%	0.03%
FDC20	0.07%	0.07%
JGS23	0.07%	0.04%
FGEN	0.00%	0.05%
CN VLL	0.14%	0.05%
SECB PM	0.05%	0.05%
INDON	0.10%	0.00%
ROP29	0.03%	0.00%
ACNRGY 4.75	0.22%	0.00%
BPI 4.25	0.10%	0.00%
FIRPAC	0.00%	0.16%
RCBPM	0.07%	0.07%

	as of June 30, 2019	as of June 30, 2018
Total Investment in Liquid or Semi-Liquid Assets to Total Assets	98.85%	99.06%
Total Operating Expenses to Total Net Worth	38.10%	40.33%
Total Assets to Total Borrowings	107758.42%	31401.43%

As of June 30, 2019 and June 30, 2018, the Fund's average daily net asset value is Php 267,376,140.17 and Php 267,376,140.17 respectively.

ITEM 2. Number of Institutional and Retail Investors and the Percentage of their Investments

	Number of Investors	Percentage of Investment	Number of Shares
Retail	110	24.93%	22,147,627
Institutional	12	75.07%	66,706,595

ITEM 3. Geographic Concentration of Investments

	Number of Investors	Percentage of Investment	Number of Shares
Philippines	122	100.00%	88,854,222
Foreign	-	0.00%	0

ITEM 4. Fund Performance

Below is the return information of the fund in the last five recently completed years.

Calendar Year Returns (%)

	2018	2017	2016	2015	2014
PDIF	-0.41%	1.49%	1.65%	1.36%	5.34%

ITEM 4. Level of FATCA Compliance

The fund has implemented standard procedures to be FATCA-compliant. Currently, the fund has no investor qualified as US person.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereto duly authorized, in the City of Taguig on JULY 24, 2019.

PHILEQUITY DOLLAR INCOME FUND, INC.

Issuer

By:



IGNACIO B. GIMENEZ

Chairman & President¹

TIN - 228-111-486



ATTY. ANN MARGARET K. LORENZO

Asst. Corporate Secretary

TIN - 274-323-370



MARIBEL E. BERE

Associate Director for Accounting,
Controllershship and Payroll Services

TIN - 113-253-743

¹equivalent to Principal Executive Officer / Principal Operating Officer

SUBSCRIBED AND SWORN to before me this
MANDALUYONG CITY

JUL 24 2019

at _____; Affiant exhibited to me her
with No.: _____ as strong proof of her/his identity.

ATTY. JAMES K. LABUGAN
NOTARY PUBLIC

Appt. No. 0442-19

Until Dec 31, 2020

IBP No. 031567 Sept. 28, 2018

Roll No. 26890 Lifetime

MCLE No. VI-0012875 Until 4/14/2022

TIN No. 116-230-056

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

STATEMENTS OF FINANCIAL POSITION

	Unaudited		Audited	
	June 30, 2019		December 31, 2018	
	Functional Currency (\$)	Presentation Currency (PHP)	Functional Currency (\$)	Presentation Currency (PHP)
ASSETS				
Cash and cash equivalents (Note 6)	813,520	41,684,776	2,303,123	121,080,039
Financial assets at fair value through profit or loss (Note 7)	4,383,211	224,595,732	2,728,557	143,467,515
Accrued interest receivables	60,668	3,108,609	45,047	2,368,559
Prepaid expenses	-	-	-	-
	5,257,399	269,389,118	5,076,727	266,916,113
LIABILITIES AND EQUITY				
Liabilities				
Accrued expenses and other liabilities	4,879	249,994	17,412	915,511
Income tax payable	-	-	1,728	90,846
	4,879	249,994	19,140	1,006,357
Equity				
Capital Stock (Note 8)	1,938,120	88,854,222	1,935,604	88,668,771
Additional paid-in capital	1,649,034	79,603,389	1,638,566	78,987,745
Retained earnings	1,665,366	83,659,305	1,483,417	73,906,352
Cumulative translation adjustment	-	17,022,208	-	24,346,888
	5,252,520	269,139,124	5,057,587	265,909,756
	5,257,399	269,389,118	5,076,727	266,916,113
Net Asset Value Per Share	0.0591	3.0290	0.0570	2.9989

See accompanying Notes to Financial Statements

PHILEQUITY DOLLAR INCOME FUND, INC.

(An Open-End Mutual Fund Company)

STATEMENTS OF COMPREHENSIVE INCOME

	For the Period Ended (Unaudited)				For the Quarter Ended (Unaudited)			
	June 30, 2019		June 30, 2018		June 30, 2019		June 30, 2018	
	Functional Currency (\$)	Presentation Currency (PHP)	Functional Currency (\$)	Presentation Currency (PHP)	Functional Currency (\$)	Presentation Currency (PHP)	Functional Currency (\$)	Presentation Currency (PHP)
REVENUE								
Interest income (Note 7)	117,098	6,000,114	107,590	5,738,850	58,972	2,948,487	51,388	2,807,356
Net unrealized gain (loss) on changes in fair value of financial assets at fair value through profit and loss	170,914	8,757,638	(67,380)	(3,594,042)	114,424	5,791,896	1,386	(7,233)
Net realized gain (loss) on sale of financial assets at fair value through profit or loss	(59,539)	(3,050,802)	-	-	(60,114)	(3,080,989)	-	-
Net realized gain (loss) on maturity of financial assets at fair value through profit or loss	-	-	(35,600)	(1,898,904)	-	-	(35,600)	(1,898,904)
Net realized foreign exchange gain (loss)	114	5,831	(290)	(15,483)	126	6,458	(140)	(7,673)
Miscellaneous Income	-	-	500	26,670	-	-	-	590
	228,587	11,712,781	4,820	257,091	113,408	5,665,851	17,034	894,137
EXPENSES								
Management fee	28,618	1,466,363	28,128	1,500,346	14,681	734,661	14,045	765,787
Professional fee	8,326	426,623	4,711	251,271	5,143	259,492	2,933	158,533
Taxes and licenses	404	20,725	1,066	56,846	83	3,833	(23)	50
Others	1,084	55,543	4,287	228,681	827	42,041	2,002	109,520
	38,432	1,969,254	38,192	2,037,144	20,733	1,040,028	18,957	1,033,890
INVESTMENT INCOME (LOSS) BEFORE INCOME TAX	190,155	9,743,527	(33,372)	(1,780,053)	92,675	4,625,823	(1,923)	(139,753)
PROVISION FOR INCOME TAX	970	49,683	17,499	933,417	239	11,342	16,705	891,965
NET INVESTMENT INCOME (LOSS)	189,185	9,693,843	(50,871)	(2,713,470)	92,436	4,614,481	(18,628)	(1,031,718)
OTHER COMPREHENSIVE INCOME (LOSS)	-	(7,324,680)	-	17,148,433	-	(6,671,251)	-	6,016,224
TOTAL COMPREHENSIVE INCOME (LOSS)	189,185	2,369,164	(50,871)	14,434,963	92,436	(2,056,769)	(18,628)	4,984,506
EARNINGS (LOSS) PER SHARE	0.0021	0.1093	(0.0006)	(0.0307)	0.0010	0.0520	(0.0002)	(0.0117)

See accompanying Notes to Financial Statements

PHILEQUITY DOLLAR INCOME FUND, INC.

(An Open-End Mutual Fund Company)

STATEMENTS OF CHANGES IN EQUITY

	For the Period Ended (Unaudited)			
	June 30, 2019		June 30, 2018	
	Functional Currency (\$)	Presentation Currency (PHP)	Functional Currency (\$)	Presentation Currency (PHP)
CAPITAL STOCK				
Common stock - PHP1 par value				
Authorized, 100,000,000 shares				
Issued and outstanding:				
Balance at beginning of year	1,935,604	88,668,771	1,926,062	88,074,976
Issuances	12,900	670,557	15,676	802,067
Redemptions	(10,384)	(485,106)	(8,189)	(370,087)
Balance at end of year	1,938,120	88,854,222	1,933,549	88,506,956
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of year	1,638,566	78,987,745	1,610,762	77,491,384
Issuances	26,167	1,360,159	29,994	1,537,663
Redemptions	(15,699)	(744,516)	(10,722)	(556,101)
Balance at end of year	1,649,034	79,603,389	1,630,034	78,472,945
RETAINED EARNINGS				
Balance at beginning of year	1,483,417	73,906,352	1,505,298	75,122,939
Net investment income	189,185	9,693,843	(50,871)	(2,713,470)
Excess of redemption costs over the				
original issuance price	(7,237)	59,110	1,038	114,340
Balance at end of year	1,665,365	83,659,305	1,455,465	72,523,809
CUMULATIVE TRANSLATION				
ADJUSTMENT				
Balance at beginning of year	-	24,346,888	-	11,063,856
Other comprehensive income (loss)				
- foreign exchange adjustment:	-	(7,324,680)	-	17,148,433
Balance at end of year	-	17,022,208	-	28,212,289
	5,252,520	269,139,124	5,019,048	267,715,999

See accompanying Notes to Financial Statements

PHILEQUITY DOLLAR INCOME FUND, INC.

(An Open-End Mutual Fund Company)

STATEMENTS OF CASH FLOWS

	For the Period Ended (Unaudited)			
	June 30, 2019		June 30, 2018	
	Functional Currency (\$)	Presentation Currency (PHP)	Functional Currency (\$)	Presentation Currency (PHP)
CASH FLOWS FROM OPERATING ACTIVITIES				
Investment income before tax	190,155	9,743,527	(33,372)	(1,780,053)
Adjustment for:				
Interest income	(117,098)	(6,000,114)	(107,590)	(5,738,850)
Net unrealized gain/loss on changes in fair value of financial assets at fair value through profit or loss	(170,914)	(8,757,638)	67,380	3,594,042
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Financial assets at fair value through profit or loss	(1,483,740)	(72,370,580)	207,236	170,177
Prepaid expenses	-	-	(1,044)	(55,661)
Increase (decrease) in accrued expenses and other liabilities	(12,533)	(665,518)	(4,450)	(186,733)
Net cash generated from (used in) operations	(1,594,131)	(78,050,323)	128,161	(3,997,077)
Income tax paid	(2,698)	(140,529)	(29,572)	(1,516,984)
Net cash generated by (used in) operating activities	(1,596,828)	(78,190,852)	98,589	(5,514,061)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	101,478	5,260,064	95,914	4,998,143
Net cash provided by investing activities	101,478	5,260,064	95,914	4,998,143
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from subscriptions of capital stock	39,068	2,030,716	45,670	2,339,730
Payments for redemptions of capital stock	(33,320)	(1,170,512)	(17,873)	(811,849)
Net cash provided by financing activities	5,747	860,205	27,797	1,527,881
EFFECT OF EXCHANGE RATE DIFFERENCES				
	-	(7,324,680)	-	17,148,433
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,489,603)	(79,395,263)	222,300	18,160,397
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,303,123	121,080,039	1,848,370	92,289,147
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	813,520	41,684,776	2,070,670	110,449,544

See accompanying Notes to Financial Statements

PHILEQUITY DOLLAR INCOME FUND, INC.
(An Open-End Mutual Fund Company)
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Philequity Dollar Income Fund, Inc. (the Fund) was incorporated in the Philippines and was registered with the Securities and Exchange Commission (SEC) on March 4, 1999 under the Philippine Investment Company Act (ICA) (Republic Act 2629), as an open-end mutual fund company. The Fund has a corporate life of 50 years from the date of incorporation. The purposes of which are to, among others, engage in the sale of its capital stock and to invest such proceeds in dollar-denominated debt securities. Philequity Management, Inc. (PEMI) serves as the fund manager of the Fund.

On June 20, 2017, the Board of Directors (BOD) approved the amendment to Article 3 of the Fund's Articles of Incorporation to change its principal address from 2004 East Tower PSE Centre, Ortigas Center, Pasig City, Metro Manila, Philippines to 15th floor, Philippine Stock Exchange Tower, 28th St. Corner 5th Ave., Bonifacio Global City, Taguig City, Metro Manila, Philippines. The amended Articles of Incorporation was approved by the Securities and Exchange Commission (SEC) on March 12, 2018.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying financial statements of the Fund have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL). The Fund's functional currency is US Dollar (USD or \$) while the Fund's presentation currency is Philippine Peso (PHP). The financial statements are presented in USD and in Philippine peso (PHP or ₱). All values are rounded to the nearest peso except when otherwise indicated.

Presentation of Financial Statements

The Fund presents its statement of financial position in order of liquidity. An analysis regarding the recovery (asset) or settlement (liability) within 12 months from reporting date (current) and beyond 12 months from the reporting date (noncurrent) is presented in Note 4. All of the Fund's assets and liabilities as of June 30, 2019 and December 31, 2018 are current.

Statement of Compliance

The financial statements of the Fund have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Foreign Currency Translation

Transactions and balances

For financial reporting purposes, the foreign currency-denominated monetary assets and liabilities of the Fund are translated in Philippine peso based on the Bankers Association of the Philippines (BAP) closing rate (for 2018) and the Philippine Dealing System (PDS) closing rate (for 2017 and prior years) prevailing at the statement of financial position date and foreign currency-denominated income and expenses, at the prevailing exchange rates as at the date of transaction. Foreign exchange differences arising from revaluation and translation of foreign currency-denominated assets and liabilities are credited to or charged against operations in the year in which the rates change. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Fund has adopted the following new accounting pronouncements starting January 1, 2018. Adoption of these pronouncements did not have significant impact on the Fund's financial position or performance, unless otherwise indicated.

Amendments to PFRS 2, Share-based Payment, Classification and Measurement of Share-based Payment Transactions

Amendments to PFRS 4, Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts

Amendments to PAS 28, Investments in Associates and Joint Ventures, Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)

Amendments to PAS 40, Investment Property, Transfers of Investment Property

Philippine Interpretation IFRIC-22, Foreign Currency Transactions and Advance Consideration

PFRS 15, Revenue from Contracts with Customers

PFRS 9, Financial Instruments

PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement* and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

The Fund has adopted PFRS 9 effective January 1, 2018 using the modified retrospective approach. The Fund has not restated comparative information, which continued to be reported under PAS 39.

Classification and Measurement

Under PFRS 9, debt financial assets are classified and measured at FVTPL, amortized cost (AC), or fair value through other comprehensive income (FVTOCI). The classification is based on the Fund's business model for managing the financial assets and whether the financial instrument's contractual cash flows represent "solely payments of principal and interests" or "SPPI" on the principal amount outstanding.

The assessment of the Fund's business model was made as at January 1, 2018. The assessment of whether the instruments' contractual cash flows are SPPI was made based on the facts and circumstances as at the initial recognition of the financial assets.

The classification and measurement requirements of PFRS 9 did not have significant impact on the Fund's financial statements. Cash and cash equivalents and accrued interest receivable as at January 1, 2018 are held to collect contractual cash flows and give rise to cash flows that are SPPI. Accordingly, these financial assets are continued to be carried at amortized cost, and are classified as financial assets at amortized costs starting January 1, 2018. Financial assets at FVTPL as at January 1, 2018 are government securities and corporate bonds which are held for trading. Accordingly, these financial assets are continued to be carried at fair value through profit or loss.

The Fund's financial liabilities which include accrued expenses and other liabilities (excluding statutory liabilities) remained to be classified at amortized costs upon transition.

Impairment

The adoption of PFRS 9 has fundamentally changed the Fund's measurement of impairment losses for its financial assets – from PAS 39's incurred loss approach to a forward-looking expected credit loss (ECL) approach. Under PFRS 9, the Fund is required to provide ECL for financial assets at AC and other debt instruments classified as financial assets at FVTOCI. The allowance is based on the ECLs associated

with the risk of default in the next twelve months unless there has been a significant increase in credit risk (SICR) since origination or the financial assets are impaired where lifetime ECL is provided.

Upon the adoption of PFRS 9, the Fund assessed that its cash and cash equivalents and loans and receivables are considered low credit risk financial assets as of January 1, 2018. Accordingly, the Fund assessed that the impact of recognizing 12-month ECL for these financial assets is not significant.

Summary of Significant Accounting Policies

Cash and Cash Equivalents

This includes cash in banks and cash equivalents. Cash equivalents represent short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placements and which are subject to an insignificant risk of changes in value.

Fair Value Measurement

The Fund measures financial instruments at fair value at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

in the principal market for the asset or liability, or

in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the statement of financial position on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

The Fund recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets and liabilities within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial recognition of financial instruments

Financial instruments are initially recognized at fair value of the consideration given. The initial measurement of financial instruments includes transaction costs, except for financial instruments at financial assets at FVTPL.

'Day 1' difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from an observable market, the Fund recognizes the difference between the transaction price and fair value (a 'Day 1 difference') in profit or loss in the statement of comprehensive income under 'Others' unless it qualifies for recognition as some other type of asset. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss in the statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Fund determines the appropriate method of recognizing the 'Day 1' amount.

In June 30, 2019 and December 31, 2018, there were no 'Day 1' differences recognized in profit or loss in the statements of comprehensive income.

Classification and subsequent measurement of financial instruments (policy applicable beginning January 1, 2018)

Financial assets

For purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer (under PAS 32, *Financial Instruments: Presentation*), except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are 'debt instruments'.

Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Fund's business model for managing financial assets. The Fund classifies its financial assets into the following categories: financial assets at FVTPL, financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments), financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) and financial assets measured at AC.

Contractual cash flows characteristics

The Fund assesses whether the cash flows from the financial asset represent SPPI on the principal amount outstanding. Instruments with cash flows that do not represent as such are classified at FVTPL.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

In making this assessment, the Fund determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit

risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Business model

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Fund's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;

How managers, if any, of the business are compensated.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

As of June 30, 2019, the Fund has no financial assets at FVTOCI.

Financial assets at amortized cost

A debt financial asset is measured at amortized cost if (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate (EIR) method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are integral part of the EIR. The amortization is included in 'Interest income' in profit or loss and is calculated by applying the EIR to the gross carrying amount of the financial asset. The Fund's financial assets at amortized cost consist of 'Cash and cash equivalents' and 'Accrued interest receivable'.

Reclassifications of financial assets

The Fund reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Fund and any previously recognized gains, losses or interest shall not be restated.

Financial liabilities

Financial liabilities are classified as financial liabilities at FVTPL and other financial liabilities. The classification of financial liabilities at initial recognition depends on the purpose for which the financial liabilities are incurred and their characteristics.

As of June 30, 2019 and December 31, 2018, the Fund has no financial liabilities at FVTPL.

Other financial liabilities

This category pertains to financial liabilities that are not held for trading or not designated as at FVTPL at the inception of the liability. Other financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

This category includes 'Accrued expenses and other liabilities'.

Classification and subsequent measurement of financial instruments (policy applicable prior to January 1, 2018)

The Fund classifies its financial assets in the following categories: financial assets at FVPL, Held-to-maturity (HTM) investments, available-for-sale (AFS) investments, and loans and receivables. Financial liabilities are classified as either financial liabilities at FVPL or other financial liabilities carried at amortized cost.

The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Financial instruments at FVPL include financial assets and financial liabilities that are:

acquired and held for trading purposes;
designated upon initial recognition as at FVPL; and
stand-alone or bifurcated embedded derivative financial instruments not designated as effective hedging instruments.

Financial assets and financial liabilities are classified as held for trading if they are acquired for purposes of selling and repurchasing in the near term.

Financial assets and financial liabilities may be designated by management on initial recognition as at FVPL when the following criteria are met:

The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis;

The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or

The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Subsequent changes in fair value are recognized in 'Trading and investment securities gains (losses) - net' in profit or loss in the statement of comprehensive income. Interest earned or incurred is recorded in 'Interest income' or 'Interest Expense' in profit or loss in the statement of comprehensive income, respectively, while dividend income is recorded in 'Dividend income' in profit or loss in the statement of comprehensive income when the right to receive payment has been established.

The Fund's financial assets at FVPL consist of investments in government securities and corporate bonds as of June 30, 2019.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as 'AFS investments' or 'Financial assets designated at FVTPL.'

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for credit losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR). The amortization is included under 'Interest income' in profit or loss in the statement of comprehensive income. The losses arising from impairment are recognized in 'Provision for credit and impairment losses' in profit or loss in the statement of comprehensive income.

As of June 30, 2019, loans and receivables consist of 'Cash and Cash equivalents', 'Due from broker', and 'Accrued interest receivable'.

Other financial liabilities

Issued financial instruments or their components, which are not designated at FVPL, are classified as other financial liabilities, where the substance of the contractual arrangement results in the Fund having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.

Other financial liabilities include liabilities arising from operations which consist of accrued expenses and other liabilities excluding payable to the government and its related agencies.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if and only if, there is a legally enforceable right to offset the recognized amounts and there is an intention to either settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the statement of financial position.

As of June 30, 2019 and December 31, 2018, the Fund does not have financial instruments that can be offset under enforceable netting agreements or similar agreements.

Derecognition of Financial Assets and Liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized where:

the rights to receive cash flows from the asset have expired;

the Fund retains the right to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or the Fund has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of ownership and retained control over the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control over the asset.

Where the Fund has transferred its rights to receive cash flows from an asset or has entered into a “pass-through arrangement”, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Fund’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss in the statement of comprehensive income.

Impairment of Financial Assets (policy applicable beginning January 1, 2018)

Expected credit loss

PFRS 9 requires the Fund to record ECL for all loans and other debt financial assets not classified as at FVTPL, together with loan commitments and financial guarantee contracts. ECL represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances will be measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a SICR since initial recognition. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of the financial asset.

Definition of default

Generally, the Fund defines a financial asset as in default for purposes of calculating ECL when the contractual payments are past due for more than 90 days. As part of the qualitative assessment, the Fund also considers a variety of instances that may indicate unlikelihood to pay to determine if a counterparty has defaulted.

SICR

To determine whether there has been a significant increase in credit risk in the financial assets, the Fund compares credit risk at initial reporting date against credit risk as at the reporting date. The Fund uses judgment combined with relevant reasonable and supportable historical and forward-looking information which are available without undue cost and effort in calculating ECL. The Fund assumes that instruments with an external rating of “investment grade” from published data providers or other reputable agencies and maturities of less than 1 year at reporting date are low credit risk financial instruments and accordingly, does not have SICR since initial recognition.

For treasury exposures, a downgrade of two notches for investment grade and one notch for non-investment grade security indicates SICR since origination. The Fund also presumes a SICR for receivables that are past due for 30 days. Consideration of events which caused the downgrade is relevant. Evaluation should also include historical and forward-looking information.

Assessment of ECL on a collective basis

The Fund evaluates impairment of financial assets individually for those that are individually significant and collectively for those that are not. The Fund groups the financial assets based on profile of customer and its payment terms and history for the collective impairment.

Staging assessment

A three-stage approach for impairment of financial assets is used, based on whether there has been a significant deterioration in the credit risk of a financial asset. These three stages then determine the amount of impairment to be recognized.

For non-credit-impaired financial instruments:

Stage 1 is comprised of all non-impaired debt financial assets which have not experienced a SICR since initial recognition. The Fund recognizes a 12-month ECL for Stage 1 debt financial assets.

Stage 2 is comprised of all non-impaired debt financial assets which have experienced a SICR since initial recognition. The Fund recognizes a lifetime ECL for Stage 2 debt financial assets.

For credit-impaired financial instruments:

Financial instruments are classified as Stage 3 when there is objective evidence of impairment.

Forward-looking information

The Fund incorporates forward-looking information into both its assessment of whether the credit risk of a financial asset has increased significantly since initial recognition and its measurement of ECL. A broad range of forward-looking information are considered as economic outputs such as Consumer Price Index (CPI), exchange rates, Gross Domestic Product (GDP) growth rates, imports and exports, Philippine Stock Exchange index (PSEi), stock prices and unemployment rates. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Write-off policy

The Fund writes off its financial assets when it has been established that all efforts to collect and/or recover the loss has been exhausted. This may include the other party being insolvent, deceased or the obligation being unenforceable.

Impairment of financial assets (policy applicable prior to January 1, 2018)

The Fund assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to the profit or loss in the statement of comprehensive income. Interest income continues to be recognized based on the original effective interest rate of the asset. Loans and receivables, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery.

The Fund assesses whether objective evidence of impairment exists for financial assets that are individually significant. Because the Fund has only a few counterparties, collective assessment of financial assets is not necessary.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Revenue Recognition

The Fund follows a five-step model to account for revenue arising from the contracts with customers. The five-step model is as follows:

- Identify the contract(s) with customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligation
- Recognize revenue when (or as) the entity satisfies a performance obligation

Revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Fund exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The Fund is acting as principal in all revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized:

Trading and investment securities gains (losses) - net

Trading and investment securities gains (losses) - net represents gains and losses from trading activities and changes in fair values of financial instruments at FVTPL. Revenue recognized from disposal of AFS equity investment is gross of the commission expense paid to the broker. Revenue is recognized on trade date upon receipt of confirmation of sale of investments from counterparties.

Interest income

Interest income is recognized in profit or loss for all instruments measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through

the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Expense Recognition

Expenses are recognized when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized when incurred.

Provisions

Provisions are recognized when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Fund expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss in the statement of comprehensive income, net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. Increase in provision due to time value of money is recorded as interest expense.

Contingent Liabilities and Contingent Assets

Contingent liabilities are not recognized in the statement of financial position but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the statement of financial position but are disclosed when an inflow of economic benefits is probable.

Income Taxes

Current tax

Current tax liabilities for the current and prior periods are measured at the amounts expected to be paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date.

Deferred tax

Deferred tax is provided using the liability method on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carry forward benefits of unused tax credits from the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and carry forward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred tax assets however, are not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in profit or loss or other comprehensive income.

Earnings per Share

Earnings per Share (EPS) is computed by dividing net income of the Fund by the weighted average number of common shares issued and outstanding during the year, adjusted for any subsequent stock dividends declared.

The weighted average number of common shares used in the calculation of EPS is determined on the basis of the weighted average number of shares of the Fund outstanding during the period.

Events after the Reporting Date

Any post-year-end events that provide additional information about the Fund's assets and liabilities at the reporting date (adjusting events) are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes to financial statements, when material.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Fund does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Fund intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2019

Amendments to PFRS 9, Prepayment Features with Negative Compensation

Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from January 1, 2019, with earlier application permitted.

These amendments have no impact on the financial statement of the Fund.

PFRS 16, Leases

PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a

liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The Fund is currently assessing the impact of adopting PFRS 16.

Amendments to PAS 19, Employee Benefits, Plan Amendment, Curtailment or Settlement

The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event

Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Fund.

Amendments to PAS 28, Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments

to the net investment in the associate or joint venture that arise from applying PAS 28, *Investments in Associates and Joint Ventures*.

The amendments should be applied retrospectively and are effective from January 1, 2019, with early application permitted. Since the Fund does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its consolidated financial statements.

Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes*, and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

Whether an entity considers uncertain tax treatments separately

The assumptions an entity makes about the examination of tax treatments by taxation authorities

How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

This interpretation is not relevant to the Fund because there is no uncertainty involved in the tax treatments made by management in connection with the calculation of current and deferred taxes as of June 30, 2019 and December 31, 2018.

Annual Improvements to PFRSs 2015-2017 Cycle

Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments are currently not applicable to the Fund but may apply to future transactions.

Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an

entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. These amendments are not relevant to the Fund.

Amendments to PAS 23, Borrowing Costs, Borrowing Costs Eligible for Capitalization

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

Since the Fund's current practice is in line with these amendments, the Fund does not expect any effect on its financial statements upon adoption.

Effective beginning on or after January 1, 2020

Amendments to PFRS 3, Definition of a Business

The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

These amendments will apply on future business combinations of the Fund.

Amendments to PAS 1, Presentation of Financial Statements, and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material

The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Effective beginning on or after January 1, 2021

PFRS 17, Insurance Contracts

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

A specific adaptation for contracts with direct participation features (the variable fee approach)

A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.

Deferred effectivity

Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. Significant Accounting Judgment

The preparation of the financial statements in accordance with PFRS requires the Fund to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities, if any. Future events may occur which may cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgment is continually evaluated and is based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

Classification of shares as equity or liability

The Fund continuously assesses whether all of the conditions indicated in its accounting policy on Share Capital Transaction (Note 2) are met by the redeemable shares it issues to retain the classification of the shares as equity instruments.

In applying its judgment, management considers the rights and claims of each shareholders embedded on shares issued, the type and features of issued shares including the terms of any contractual obligation, and the basis for the cash flows attributable to the entirety of the term of the shares.

Functional currency

PAS 21, *The Effects of Changes in Foreign Exchange Rates*, requires management to use its judgment to determine the entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, the Fund considers the following:

the currency that mainly influences sales prices for financial instruments and services (this will often be the currency in which sales prices for its financial instruments and services are denominated and settled);
the currency in which funds from financing activities are generated; and
the currency in which receipts from operating activities are usually retained.

Estimates

Credit losses on financial assets

The Fund reviews its debt financial assets subject to ECL annually with updating provisions as necessary. The measurement of credit losses requires judgment, in particular, the estimation of amount and timing of future cash flows and collateral values when determining the credit losses and the assessment of SICR. Elements of the model used to calculate ECL that are considered accounting estimates and judgments, include among others:

Segmentation of financial assets to determine appropriate ECL model and approach

Criteria for assessing whether there has been SICR in the debt financial assets and so allowances be measured on a lifetime ECL basis and the qualitative assessment

Segmentation of financial assets when ECL is calculated on a collective basis

Development of ECL models, including formula and various inputs

Selection of forward-looking macroeconomic variables and scenarios

4. Financial Risks Management Objectives and Policies

The Fund's principal financial instruments comprise cash and cash equivalents and financial assets at FVPL. The main purpose of these financial instruments is to seek long-term capital appreciation through investments in dollar-denominated bonds issued by the Philippine and foreign governments as well as private corporations. The Fund has various other financial assets and financial liabilities such as loans and receivable and accrued expenses and other liabilities, which arise directly from its operations.

Governance Framework

The Fund has established a risk management function under Treasury department with clear terms of reference and with the responsibility for developing policies on market, credit, liquidity and operational risks. It also supports the effective implementation of policies.

The policies define the Fund's identification of risk and its interpretation, setting of limits structure to ensure the appropriate quality and diversification of assets, and specification of reporting requirements.

Regulatory Framework

The operations of the Fund are governed by the provisions in its prospectus that incorporated relevant investment rules and regulations such as the Investment Company Act (ICA) and the Anti-Money Laundering Law.

The Fund's investment activities are guided by the following limitations/restrictions:

- The Fund as ordered by the SEC, unless otherwise permitted, may not engage in margin purchase of securities, commodity futures contract, precious metals, unlimited liability investments, short

selling of currencies, short selling of investments, and other investments as the SEC shall, from time to time prescribe.

- The Fund shall not incur any further debt or borrowings unless at the time of its incurrence or immediately thereafter, there is a net asset coverage of at least 300.00% for all its borrowings, or such net asset coverage as the Philippine laws and regulations may prescribe. In the event that such asset coverage shall fall below 300.00%, the Fund shall within three days thereafter 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 300.00% or the coverage required by law.
- 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.
- The maximum investment in any single enterprise shall not exceed an amount equivalent to 15.00% of the Fund's NAV, and in no case shall the total investment of the Fund exceed 10.00% of the outstanding securities of any one investee company.
- The Fund shall not invest in real estate properties and developments.
- The Fund shall not invest in any company for the purposes of exercising control or management.
- The Fund shall not issue or sell senior securities of which it is the issuer.
- The Fund shall not extend loans to individuals. Loans or credit extensions to corporations shall be limited to commercial papers and bonds registered with the SEC, or subject of a grant of exemption therefrom, and which have been preapproved by the BOD.
- The Fund shall not invest in the securities of other investment companies.
- 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.
- The total operational expenses of the Fund shall not exceed 10.00% of its total investment fund; total net worth or total NAV as shown in the previous year's audited financial statements, or such other limitations as may be prescribed by the applicable Philippine laws or regulations.
- The Fund shall not change its investment objectives without prior approval of the majority of its stockholders.

Risk Management Policies

The Fund is exposed to financial risk through its financial assets and liabilities. The most significant components of financial risk are credit risk, liquidity risk and market risk. The BOD reviews and approves policies for managing the aforementioned risks and are summarized below:

Credit Risk

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

As of June 30, 2019 and December 31, 2018, the financial assets are viewed by management as high grade and there are no past due or impaired financial assets as of reporting date. The Fund only invests in high grade 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 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 remote likelihood of default and have consistently exhibited good paying habits.

Standard grade accounts are active accounts with propensity of deteriorating to mid-range age buckets. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Substandard grade accounts are accounts which have probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up actions and extended payment terms.

Offsetting of financial assets and liabilities

PFRS 7 requires the Fund to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreements or similar arrangements.

As of June 30, 2019 and December 31, 2018, the Fund does not have financial instruments that can be offset under enforceable master netting agreements or similar agreements.

Liquidity risk

Liquidity 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; counterparties failing to repay a contractual obligation; or the 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 liquidated.

To limit this risk, the Fund strictly complies with Implementing Rules and Regulations of the Investment Company Act which requires all Investment Companies/Mutual Funds to invest at least ten percent of its net assets in liquid/semi-liquid assets. This Rule defines such assets as (a) Treasury notes or bills, certificates of indebtedness issued by the Bangko Sentral ng Pilipinas (BSP) which are short-term, and other government securities; and (b) savings or time deposits with government or commercial banks in the name of the Fund.

As of June 30, 2019 and December 31, 2018, all financial liabilities of the Fund are contractually payable at their face amounts. The Fund considers its cash equivalents and financial assets at FVPL as liquidity risk management tools. These financial instruments may be liquidated or sold by the Fund anytime the need for immediate funding arises.

Market Risk

Market risk is the risk of change in fair value of financial instruments from fluctuation in foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Fund is exposed to the risk that the value of the Fund's financial assets will be adversely affected by the fluctuations in the price level or volatility of one or more of the said assets. The two main components of the risks recognized by the Fund are systematic risk and unsystematic risk.

Systematic risk is the variability in price caused by factors that affect all securities across all markets (e.g. significant economic or political events). Unsystematic risk on the other hand, is the variability in price caused by factors which are specific to the particular issuer (corporation) of the debt security. Through proper portfolio diversification, this risk can be minimized as losses on one particular debt security may be offset by gains in another.

To further mitigate these risks, the Fund ensures that the investment portfolio is adequately diversified, taking into consideration the size of the portfolio.

Foreign currency risk

As of June 30, 2019, the Fund has transactional currency exposures. The Fund's financial instruments which are denominated in foreign currency include cash and cash equivalents, receivables, financial assets at FVPL, and long-term debt. The Fund maintains several U.S. dollar accounts to manage its foreign currency denominated transactions.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Fund's exposure to market risk for changes in interest rates relates primarily to the Fund's financial assets at FVPL and cash and cash equivalent.

The Fund's market risk policy requires it to manage interest rate risk by maintaining appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets.

5. Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

As of June 30, 2019 and December 31, 2018, the fair values of the Fund's financial assets and liabilities approximate their carrying amounts as discussed below:

Cash and cash equivalents and accrued interest receivable

The carrying amounts approximate the fair values due to short-term maturity of these instruments.

Financial assets at FVPL

Fair values of debt securities are based on quoted prices and PDSI-R2 prices, respectively.

Accrued expenses and other liabilities

The carrying amounts approximate fair values considering that these are due and demandable.

Fair value hierarchy

The Fund uses the following hierarchy of inputs used in determining the fair value of financial instruments carried at fair value:

Level 1: Quoted (unadjusted) prices in active markets for identified assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

In June 30, 2019 and December 31, 2018, there were no transfers among the three levels in the fair value hierarchy.

The following table sets forth the carrying values and estimated fair values of financial assets and liabilities recognized as of June 30, 2019 and December 31, 2018:

June 30, 2019				
	Carrying Value		Fair Value	
	Functional Currency (\$)	Presentation Currency (Php)	Functional Currency (\$)	Presentation Currency (Php)
Financial Assets				
Financial Assets at FVPL				
Government and corporate bonds				
Treasury notes	745,995	38,224,784	745,995	38,224,784
Corporate bonds	3,637,216	186,370,948	3,637,216	186,370,948
	4,383,211	224,595,732	4,383,211	224,595,732

December 31, 2018				
	Carrying Value		Fair Value	
	Functional Currency (\$)	Presentation Currency (Php)	Functional Currency (\$)	Presentation Currency (Php)
Financial Assets				
Financial Assets at FVPL				
Government and corporate bonds				
Treasury notes	852,995	44,850,465	852,995	44,850,465
Corporate bonds	1,875,562	98,617,050	1,875,562	98,617,050
	2,728,557	143,467,515	2,728,557	143,467,515

6. Cash and Cash Equivalents

This account consists of:

	June 30, 2019		December 31, 2018	
	Functional Currency (\$)	Presentation Currency (PHP)	Functional Currency (\$)	Presentation Currency (PHP)
Cash in banks	313,520	16,064,776	118,124	6,192,805
Short-term placements	500,000	25,620,001	2,184,999	114,887,234
	813,520	41,684,776	2,303,123	121,080,039

7. Financials Assets at Fair Value Through Profit or Loss

This account consists of investments in:

	June 30, 2019		December 31, 2018	
	Functional Currency (\$)	Presentation Currency (Php)	Functional Currency (\$)	Presentation Currency (Php)
Government securities	745,995	38,224,784	852,995	44,850,465
Corporate bonds	3,637,216	186,370,948	1,875,562	98,617,050
	4,383,211	224,595,732	2,728,557	143,467,515

Financial assets at FVPL consist of held-for-trading investments in government securities issued by the Philippine and other foreign governments and corporate bonds and are carried at fair values. The fund recognized Php 8.7M gain on market valuation and Php 3.6M loss on market valuation as of June 30, 2019 and June 30, 2018, respectively.

As of June 30, 2019 and June 30, 2018, interest income earned on government and corporate debts amounted to ₱6 million and ₱5.7 million, respectively.

8. Equity

Capital Stock

The Fund's capital stock consists of:

	June 30, 2019		December 31, 2018	
	Shares	Amount	Shares	Amount
Common - 1.00 par value				
Authorized	100,000,000		100,000,000	
Issued and outstanding	88,854,222	₱88,854,222	88,668,771	₱88,668,771

The authorized number of shares registered with the SEC on March 4, 1999 amounts to one hundred million (100,000,000) shares with a par value of P1.00 per share.

The movements of the Fund's shares are as follows:

	June 30, 2019	December 31, 2018
Beginning balance	88,668,771	88,074,976
Shares issued during the year	670,557	1,200,203
Shares redeemed during the year	(485,106)	(606,408)
	88,854,222	88,668,771

As of June 30, 2019 and December 31, 2018, the total number of stockholders of the Fund is 122.

NAV Per Share

Securities Regulation Code Rule No. 68 Annex 68-D/2.F requires mutual funds to disclose net asset value per share in the face of the statement or in the notes.

As an open-end mutual fund company, the Fund stands ready at any time to redeem the outstanding capital stock at NAV per share.

The shares are entitled to payment of a proportionate share of the Fund's NAV on the redemption date or upon winding up of the Fund. The Fund's issued and outstanding shares are redeemed at their NAV calculated in accordance with redemption requirements. The total expected cash outflow on redemption of all the shares equals the Fund's equity. Issuance, repurchase and resale of redeemable shares is based on the prevailing NAV per share at the date of the transaction. The total expected cash outflow on redemption of all the shares equals the Fund's equity.

	June 30, 2019		December 31, 2018	
	Functional Currency (\$)	Presentation Currency (PHP)	Functional Currency (\$)	Presentation Currency (PHP)
NAV attributable to holders of redeemable shares (a)	5,252,520	269,139,124	5,057,587	265,909,756
Number of shares outstanding (b)	88,854,222	88,854,222	88,668,771	88,668,771
NAV per share (a/b)	0.0591	3.0290	0.0570	2.9989

Capital Management

The Fund's investment objective is to seek long-term capital appreciation through investment primarily in various dollar-denominated bonds issued by the Philippine or foreign government and private corporations, while taking into consideration the liquidity and safety of its investments to protect the interest of its investors.

The Fund's capital, consisting entirely of common shares, depends on the volume of subscriptions and redemptions made by its various shareholders. As a mutual fund, the Fund stands ready to redeem shares from shareholders at any time upon the request of the latter at the prevailing NAV per share. The investment restrictions are discussed in Note 4.

As of June 30, 2019 and December 31, 2018, the Fund does not have any long-term outstanding debt in its statements of financial position. Any liabilities reflected therein are short-term in nature and generally reflect amounts that are due for settlement with its counterparties or its investors within the standard settlement periods prescribed for each transaction:

- a) Debt securities purchases: three days after date of transaction; and
- b) Redemptions from shareholders: maximum of seven days after date of transaction as prescribed by the Implementing Rules and Regulations of the Investment Company Act.

Minimum Capital Requirement

As an investment company registered with the SEC, the Fund must continually comply with the minimum subscribed and paid-up capital of ₱50.00 million as required under Section 12 *Structure and Capitalization of Investment Companies* of the ICA. As of June 30, 2019 and December 31, 2018, the Fund has complied with this externally imposed capital requirement.

Retained Earnings

Under the Corporation Code of the Philippines (the Code), a stock corporation is prohibited from retaining surplus profits in excess of 100.00% of its paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the BOD; or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is need for special reserve for probable contingencies. Paid-in capital stock is the amount of outstanding capital stock and paid-in capital or premium over the par value of shares.

As of June 30, 2019 and December 31, 2018, the Fund is in compliance with this requirement. There is no retained surplus profit in excess of 100.00% of paid-in capital stock.

9. Related Party Disclosures

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These include: (a) individuals owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Fund; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Fund that gives them significant influence over the Fund and close members of the family of any such individual. Transactions are based on terms agreed by related parties. Other related parties include PEMI and other funds being managed by PEMI.

The Fund has a Management and Distribution Agreement with PEMI, the fund manager. As the fund manager of the Fund, PEMI is entitled to the following:

The Fund shall pay an annual management fee of a maximum of 1.00% of the average NAV of the Fund. On December 16, 2016, management fee rate is reduced from a maximum of 1.50% to 1.00% of the average NAV of the Fund. The NAV shall be determined in accordance with the procedures agreed upon by both parties. The Agreement shall remain in effect from year to year, unless otherwise terminated or amended by the parties in accordance with specified terms and conditions.

The Fund shall remit to PEMI sales commission of a maximum of 3.50% of the gross investment based on tiered-front end sales schedule charged to shareholders. This is withheld and remitted by the Fund to PEMI. This is payable the following month.

The Fund shall reimburse the expenses paid by PEMI on behalf of the Fund. The related expenses are ultimately due to third-parties.

Related party transactions and balances with PEMI for the period ended June 30, 2019 and as of December 31, 2018 are as follows:

	June 30, 2019	December 31, 2018
Management Fee	P 1,466,363	P3,012,263
Sales Commission	-	-
Due to PEMI	215,036	219,235

The outstanding balances due to PEMI are included under 'Accrued expenses and other liabilities' in the statements of financial position.

Terms and conditions of transactions with related parties

Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. When applicable, an impairment assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel

The Fund has no key management personnel. The key management functions are being handled by PEMI, at no cost to the Fund.

As of June 30, 2019 and December 31, 2018, seven shares of the Fund are held by directors.

10. Segment Reporting

For management purposes, the Fund is organized into one main operating segment, which invests in equity securities and debt instruments. All of the Fund's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Fund as one segment. The financial results from this segment are equivalent to the financial statements of the Fund as a whole.

11. Earnings (Loss) Per Share

Earnings (Loss) per share is calculated by dividing the net income (loss) for the year by the weighted average number of common shares outstanding during the year (adjusted for any stock dividends).

The following table reflects the net income and share data used in the earnings (loss) per share computations:

	June 30, 2019		June 30, 2018	
	Functional Currency (\$)	Presentation Currency (PHP)	Functional Currency (\$)	Presentation Currency (PHP)
Net investment income (a)	189,185	9,693,843	(50,871)	(2,713,470)
Weighted average number of outstanding shares of stock (b)	88,667,416	88,667,416	88,496,247	88,496,247
Earnings per share (a/b)	0.0021	0.1093	(0.0006)	(0.0307)

There were no potential dilutive common shares for the periods ended June 30, 2019 and December 31, 2018.