

PHILEQUITY DIVIDEND YIELD 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 Dividend Yield Fund, Inc.** (the 'Fund') on **Saturday, 31 August 2019**, at **9:50 a.m.** at the **Meralco Theater, 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 Meetings 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 one o'clock in the afternoon 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

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 Dividend Yield Fund, Inc.**
3. Province, country, or other jurisdiction of incorporation or organization: Metro Manila, Philippines
4. SEC Identification Number: CS201214318
5. BIR Tax Identification Code: 008-342-256-000
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 : 9:50 a.m.
Venue : Meralco Theater, 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 8 and 12 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 Outstanding |
|-------------------------------|---|
| Common Stock, P1.00 par value | 1,980,651,143
(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 : **9:50 a.m.**
Venue : **Meralco Theater, 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 Dividend Yield 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 **1,980,651,143** 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 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 SEC has approved the Company's request for confidential treatment of information regarding the holders of the Company's shares. A separate disclosure was filed with the Commission.

(2) Security Ownership of Management

The following is a tabular presentation of the shares beneficially owned by all directors and executive officers 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	3,811,890	0.19%
Common	Dobbin A. Tan	Filipino	2	0.00%
Common	Gregorio U. Kilayko	Filipino	1	0.00%
Common	Leo M. Garcia	Filipino	1	0.00%
Common	Aurora L. Shih	Filipino	1	0.00%
Common	Ramon Y. Sy	Filipino	61,171,550	3.08%
TOTAL			64,983,446	3.27%

(3) Voting Trust Holders of 5% or more

There is no party which holds any voting trust or any similar agreement relating to 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 Fund, are as follows:

Name	Position	Citizenship	Age	Periods Served
Ignacio B. Gimenez	Chairman and President	Filipino	74	Incorporation to Present
Violeta O. Luym	Director and Treasurer	Filipino	72	Incorporation to Present
Dobbin A. Tan	Independent Director	Filipino	55	2018 to Present
Gregorio U. Kilayko	Independent Director	Filipino	64	Incorporation to Present
Leo M. Garcia	Director	Filipino	84	2013 to Present
Aurora L. Shih	Director	Filipino	78	2013 to Present

Ramon Y. Sy	Director	Filipino	88	2013 to Present
A. Bayani K. Tan	Corporate Secretary	Filipino	63	Incorporation 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 who is nominated for election as Independent Director, 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 Dollar Income Fund, Inc., Philequity PSE Index Fund, Inc., Philequity 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 Dollar Income Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity 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).

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 Dollar Income Fund, Inc., Philequity PSE Index Fund, Inc., Philequity 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.

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 Dollar Income 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.

Leo M. Garcia

Mr. Garcia is a Director of the Fund. He is also a Director of the following mutual funds: Philequity Foreign Currency Fixed Income Fund, Inc., Philequity Resources Fund, Inc., Philequity Balanced Fund, Inc., Philequity Alpha One Fund, Inc., Philequity Global Fund, Inc., Philequity Strategic Growth Fund, Inc., Philequity MSCI Philippines Index Fund, Inc., and Philequity PSE Index Fund, Inc. He is also the President of LM Garcia Securities Corporation (1980 to 1997). Mr. Garcia holds a Bachelor of Science in Business Administration degree from the University of the Philippines (1958).

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 Dollar Income Fund, Inc., Philequity 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 Dollar Income 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 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.

A. Bayani K. Tan

Mr. A. Bayani K. Tan, 63, Filipino, is the Corporate Secretary of the Corporation (since January 2013). 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 Dollar Income Fund, Inc. (since March 1999), 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 Dollar Income Fund, Inc., Philequity MSCI Philippines Index Fund, Inc., and Philequity 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 the Fund. She is likewise the Compliance Officer of Vantage Equities, Inc. and all other Philequity Funds. Presently, she manages the Treasury Operations of Vantage Equities, Inc. as well as the settlement and transaction control of Vantage Financial Corporation (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

The Fund's Board of Directors, inclusive of both the independent and regular Directors, shall be nominated by the Nomination Committee and elected during the annual stockholders' meeting to serve for a term of ONE (1) YEAR until their successors shall have been duly elected and qualified. All nominations shall be 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 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) and Gregorio U. Kilayko and Ms. Violeta O. Luym.

Independent Directors

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 Securities and Exchange Commission'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 Ms. 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 in the succeeding paragraph, to the best of the Company's knowledge, there has been no occurrence since the time of its incorporation up to this date of any of the following events that are material to an evaluation of the ability or integrity of any director, any nominee for election as director or executive officer of the Company:

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

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 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.

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

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. The NAV shall be determined in accordance with the procedures agreed upon by both parties. Also, the Fund shall remit to PEMI sales commission of a maximum of 5.00% of the gross investment based on tiered-front end sales schedule.

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

	Management Fee	Sales Commission	Due to PEMI
2018	₱44,934,756	₱ 99,843	₱3,138,616
2017	₱56,623,837	₱ 110,074	₱3,663,123
2016	₱68,706,506	₱977,307	₱4,744,001

Due to related parties includes amount payable to PEMI for management fees, 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.

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 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 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. Leo M. Garcia 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 the 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 Sabado was the partner in charge for the year 2017 and Juan Carlo B. Maminta from 2018 up to the present.

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.	P84,117	P84,117
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, authorization to undergo Case Monitoring System with the BIR, 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.

Items 8, 9, 10, 11, 12, 13, 14 and 17 are not responded to in this report, the Company having no intention to take any action with respect to the information required therein.

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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 DIVIDEND YIELD FUND, INC.

By:


ANN MARGARET K. LORENZO
Assistant Corporate Secretary

PHILEQUITY DIVIDEND YIELD FUND, INC.

PART I. BUSINESS AND GENERAL INFORMATION

Item 1. BUSINESS

A. Incorporation

On August 2, 2012, Philequity Dividend Yield Fund Inc. (PDYF or the "Fund") was organized under the rules of the Investment Company Act (Republic Act No. 2629) and the Corporation. PDYF is a diversified, open-end investment company. The Fund is engaged in the sale of its shares of stock and in the investment of the proceeds from the sale of its shares into the well selected portfolio of securities, both debt and equity. The Fund is designed to encourage both big and small investors seeking capital appreciation to avail of the professional management of their investments at the lowest possible cost, together with increased liquidity, growth opportunity, and satisfactory returns on their investments. The Fund is ready to redeem the shareholdings of any investor at the applicable net asset value per share.

B. Investment Policy/Risks

The investment objective of Philequity Dividend Yield Fund, Inc. is to achieve long-term capital appreciation and generate regular income by investing primarily in companies listed on the PSE that pay out dividends. It is categorized under SEC ICA Rule 35-1 as long term and income-oriented.

As the Fund will be investing primarily in PSE-listed companies, various factors, such as market conditions, general political and economic situations, and the performance of, and development of, the PSE listed companies may affect the prices of the stocks wherein the Fund is invested. Further, other risks such as market, credit, liquidity and operational risk should also be taken into consideration. Consequently, there may be instances when the redemption prices of redeemed shares may be less than the prices at which the shares were originally purchased.

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 Dividend Yield Fund. PEMI provides and renders professional management and technical services to Philequity Dividend Yield Fund, Inc. (PDYF). 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 Dividend Yield 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. 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., EastWest 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 ten billion pesos (P10,000,000,000) divided into 10.0 billion 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, PDYF 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.

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 Growth 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. IMI, 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 Growth 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 Growth 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.	1,745,737,573	24,968,766	1,720,768,807	1,074,218,536	5,173
26	Grepalife Balanced Fund Corporation (formerly, Grepalife Bond Fund, Inc.)	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, Inc.)	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, Prudentialife)	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

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 Dividend Yield 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 fourth quarter of calendar year 2018.

PART II. OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR COMMON EQUITY and RELATED STOCKHOLDERS MATTERS

A. Fund Performance

Philequity Dividend Yield Fund, Inc. offers its investors above-average returns in its inception in February 2014. Below is the historical performance of the Fund in comparison with the performance of the Phisix:

Calendar Year Returns (%)

	2018	2017	2016	2015
PDYF	-10.70%	20.80%	-0.85%	-6.71%
PSEi	-12.76%	25.11%	-1.60%	-3.85%

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 the PDYF's ability to pay dividends on common equity.

Below is the comparative tabulation of the Fund's Net Asset Value per share in 2018.

Year	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	High	Low	High	Low	High	Low	High	Low
2019	1.3447	1.2578	1.3525	1.2628				
2018	1.4593	1.2578	1.3238	1.1804	1.3157	1.2042	1.2913	1.1719
2017	1.2389	1.1628	1.3253	1.2323	1.3756	1.2992	1.4079	1.3418
2016	1.2171	1.0597	1.2865	1.1764	1.3406	1.2712	1.296	1.126

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 3,786. Common shares outstanding as of July 31, 2019 are 1,980,651,143. 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 June 30, 2019.

C. Dividends

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

D. Recent Sales of Unregistered or Exempt Securities

There is no sale of unregistered or exempt securities within the year.

ITEM 6. MANAGEMENT ANALYSIS AND DISCUSSION

In Millions (PHP)	2018	2017	2016
Balance Sheet			
Assets	P2,498.96	P2,981.54	P3,659.88
Liabilities	9.67	22.79	58.17
Stockholder's Equity	2,489.29	2,958.75	3,601.71
Book Value Per Share	1.2540	1.4043	1.1625
Income Statement			
Income	(253.22)	717.54	60.85
Expenses	59.51	79.50	100.62
Net Income	(313.73)	638.04	(39.77)
Earnings per Share (using weighted Average number of Outstanding Shares)	0.15	0.25	(0.01)

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	25821.66%	13083.82%	6291.83%
Assets to Equity Ratio ²	100.39%	100.77%	101.62%
Liabilities to Equity Ratio ³	0.39%	0.77%	1.62%
Return on Ave. Assets Ratio ⁴	-11.44%	19.21%	-1.16%
Return on Ave. Equity Ratio ⁵	-11.51%	19.45%	-1.18%

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

A. Business strategy and outlook

It was a challenging year for global equity markets. The PSEi reached an all-time high of 9058.62 on January 29 which sent the local barometer soaring to 5.84% on the back of the passage of the TRAIN law and fueled by Duterte's line item vetoes which added 8 billion pesos to expected revenues. Global markets also reached all-time high highs with the Dow, S&P and Nasdaq all breaking records on Trump's tax reform packages. The momentum was however stalled as inflation started to rise and fears of the economy overheating with the trade and current account deficits widened. The BSP initially kept interest rates steady after inflation reached the high-end of the target range. However, the central bank eventually had to change its tone as inflation and the peso reached multi-year highs. The country's ballooning twin deficits, while an anticipated product of the administration's Build, Build, Build program, was also catching the attention of credit rating agencies. Rising tensions of a trade war between the US and China have also dampened global growth prospects. 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. 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 countries credit score. Long term, the Fund maintains its bullish stance. However, the Fund will err on the side of caution and maintain a healthy cash position given the uncertainty.

B. Financial Condition

Y2018 compared to Y2017

INCOME AND EXPENSES

Comprehensive Income	Y2018	Y2017	Inc/(Dec)	Percent
Total Income	P(253,216,288)	P717,679,023	(P970,895,311)	-135%
Total Expenses	60,216,194	79,638,497	(19,422,304)	-24%
Net Income	(P313,432,482)	P638,040,526	(P950,470,007)	149%

Investment Income

Investment Income	Y2018	Y2017	Inc/(Dec)	Percent
Net gain on financial assets at fair value through profit or loss	(P292,222,978)	P663,016,920	(P955,239,898)	144.07%
Dividend Income	35,514,716	52,667,066	(17,152,350)	-32.57%
Interest Income	3,491,974	1,995,037	1,496,937	75.03%
Total	P(253,216,288)	P717,679,023	(P970,895,311)	-135.28%

The decrease in investment income by 135% as compared to 2017 is due to loss on sale marketable securities.

Expenses

Expenses	Y2018	Y2017	Inc/(Dec)	Percent
Management fee	₱44,934,756	₱56,623,837	(₱11,689,081)	-20.64%
Taxes and licenses	9,620,630	13,449,902	(3,829,272)	-28.47%
Transaction cost	108,015	98,543	9,472	9.61%
Commission expense	4,051,284	8,480,559	(4,429,275)	-52.23%
Professional fees	452,046	476,209	(24,163)	-5.07%
Income tax expense	698,395	399,007	299,388	75.03%
Others	351,068	110,440	240,628	217.88%
Total	₱60,216,194	₱79,638,497	(₱19,422,304)	-24%

Management fee decreased due to the decline in asset under management by PEMI while taxes and also drops mainly due to lower revenues in 2018 that is subjected to local taxes. The decreased in commission paid, transaction costs, professional fees, and other office and admin expense has a favourable impact on total expenses.

ASSETS AND LIABILITIES

Financial Position	Y2018	Y2017	Inc/(Dec)	Percent
Financial assets at fair value through profit or loss	2,186,488,042	2,789,005,434	(602,517,391)	-21.60%
Cash and cash equivalent	310,869,817	186,194,717	124,675,101	66.96%
Loans and receivables	1,613,007	6,332,722	(4,719,715)	-74.53%
Prepaid Expenses	-	10,500	(10,500)	-100.00%
Total Assets	2,498,970,866	2,981,543,373	(482,572,506)	-16.19%
Total Liabilities	9,679,563	₱22,788,013	(13,108,452)	-57.52%
Total Equity	2,489,291,303	2,958,755,357	(469,464,055)	-15.87%

Assets

Cash and cash equivalents

This account consists of:

	2018	2017
Cash in banks	₱2,769,817	₱4,194,716
Short-term deposits	308,100,000	182,000,000

Total	₱310,869,817	₱186,194,716
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Financial assets at fair value through profit or loss (FVPL)

The Fund's financial assets at FVPL comprise of held-for-trading investments in shares of stock listed in the Philippine Stock Exchange (PSE).

Loans and receivable

	2018	2017
Due from brokers	-	₱4,652,915
Dividend receivable	960,395	1,672,223
Accrued interest receivable	652,612	7,584
Total	₱1,613,007	₱6,332,722

Due from broker pertains to receivables from proceeds of equity securities sold but not yet settled as of reporting date.

Liabilities

The Fund's total liability is composed of due to broker, accounts payable, accrued expenses and intercompany transactions with related parties. Net movement in total liabilities is mainly due to decrease in accounts payables related to unpaid redemption proceeds and subscriptions without confirmation from investors and decrease of dues to broker account.

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	₱2,489,291,302	₱2,958,755,357
Number of shares outstanding	1,985,061,762	2,106,952,463
NAV per share	₱1.2540	₱1.4043

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

	Fund Name	2018		2017	
		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 *	252.07	-13.38%	293.23	22.15%
2	ATRAM Alpha Opportunity Fund, Inc.*	1.4262	-10.94%	1.5968	22%
3	ATRAM Philippine Equity Opportunity Fund, Inc.*	3.9056	-14.26%	4.5927	19.89%
4	Climbs Share Capital Equity Investment Fund Corp.*	0.8908	-11.97%	1.0161	n.a.
5	First Metro Consumer Fund on MSCI Phils. IMI, Inc. * *****	0.8227	n.a.	n.a.	n.a.

6	First Metro Save and Learn Equity Fund, Inc.*	5.2643	-11.68%	6.0121	23.23%
7	MBG Equity Investment Fund, Inc. * *****	117.97	n.a.	N.S.	N.S.
8	One Wealthy Nation Fund, Inc.*	0.8351	-15.24%	0.9919	12.41%
9	PAMI Equity Index Fund, Inc.*	49.3338	-11.63%	56.3924	24.1%
10	Philam Strategic Growth Fund, Inc.*	515.03	-11.62%	588.46	20.02%
11	Philequity Dividend Yield Fund, Inc.*	1.2564	-9.79%	1.4043	21.03%
12	Philequity Fund, Inc.*	36.6902	-10.01%	41.0954	23.38%
13	Philequity PSE Index Fund Inc.*	4.9704	-11.72%	5.6741	25.14%
14	Philippine Stock Index Fund Corp.*	830.36	-11.51%	945.8	24.62%
15	Soldivo Strategic Growth Fund, Inc. *	0.861	-10.15%	0.9671	19.17%
16	Sun Life Prosperity Philippine Equity Fund, Inc.*	4.0643	-10.59%	4.5802	22.32%
17	Sun Life Prosperity Philippine Stock Index Fund, Inc.*	0.9565	-11.84%	1.0933	24.72%
18	United Fund, Inc.*	3.5002	-8.63%	3.8942	25.95%
Exchange Traded Fund					
19	First Metro Phil. Equity Exchange Traded Fund, Inc.	110.9856	-11.19%	129.7344	26.34%
Primarily invested in foreign currency securities					
20	ATRAM AsiaPlus Equity Fund, Inc.	\$0.9256	-14.9%	\$1.1096	34.19%
21	Sun Life Prosperity World Voyager Fund, Inc.	\$1.0903	-13.48%	\$1.2652	21.89%
BALANCED FUNDS					
Primarily invested in Peso securities					
22	ATRAM Dynamic Allocation Fund, Inc.*	1.6537	-10.67%	1.8635	11.8%
23	ATRAM Philippine Balanced Fund, Inc.*	2.2096	-9.54%	2.457	11.39%
24	First Metro Save and Learn Balanced Fund Inc.*	2.5423	-7.66%	2.7691	14.98%
25	Grepalife Balanced Fund Corporation* ****	1.3061	-9.86%	n.a.	n.a.
26	NCM Mutual Fund of the Phils., Inc*	1.8446	-6.6%	1.4549	n.a.
27	PAMI Horizon Fund, Inc.*	3.5357	-8.95%	3.9181	11.81%
28	Philam Fund, Inc.*	15.9137	-8.62%	17.5577	11.5%
29	Solidaritas Fund, Inc.* *****	2.0715	-7.24%		
30	Sun Life of Canada Prosperity Balanced Fund, Inc.*	3.6542	-8.09%	3.9962	14.82%
31	Sun Life Prosperity Dynamic Fund, Inc.*	0.9212	-8.96%	1.0203	14.05%
Primarily invested in foreign currency securities					
32	Cocolife Dollar Fund Builder, Inc.	\$0.03519	-2.49%	\$0.03611	3.59%
33	PAMI Asia Balanced Fund, Inc.	\$0.9254	-11.78%	\$1.0561	21.2%

34	Sun Life Prosperity Dollar Advantage Fund, Inc.	\$3.296	-9.44%	\$3.6525	17.22%
35	Sun Life Prosperity Dollar Wellspring Fund, Inc.	\$1.0056	-9.3%	\$1.1122	10.38%
BOND FUNDS					
<i>Primarily invested in Peso securities</i>					
36	ALFM Peso Bond Fund, Inc.*	343.38	1.94%	337.07	2.3%
37	ATRAM Corporate Bond Fund, Inc.* *****	1.8568	-2.4%	1.8923	-0.9%
38	Cocolife Fixed Income Fund, Inc.*	2.9702	5.4%	2.8184	5.32%
39	Ekklesia Mutual Fund Inc.*	2.1303	1.35%	2.1037	1.63%
40	First Metro Save and Learn Fixed Income Fund, Inc.*	2.2089	-0.23%	2.215	0.49%
41	Grepalife Fixed Income Fund Corp.*	P 1.5639	-2.82%	P 1.6095	3.23%
42	Philam Bond Fund, Inc.*	3.9198	-2.96%	4.05	0.39%
43	Philequity Peso Bond Fund, Inc.*	3.5135	0.41%	3.5049	0.95%
44	Soldivo Bond Fund, Inc.*	0.8925	-3.02%	0.9232	0.18%
45	Sun Life of Canada Prosperity Bond Fund, Inc.*	2.7647	-0.49%	2.7767	4.06%
46	Sun Life Prosperity GS Fund, Inc.*	1.5389	-0.65%	1.5495	3.79%
<i>Primarily invested in foreign currency securities</i>					
47	ALFM Dollar Bond Fund, Inc.*	\$448.26	0.61%	\$445.85	3.21%
48	ALFM Euro Bond Fund, Inc.*	€212.61	-0.52%	€213.71	2.06%
49	ATRAM Total Return Dollar Bond Fund, Inc.**	\$1.1253	-0.82%	\$1.1342	3.49%
50	First Metro Save and Learn Dollar Bond Fund, Inc.*	\$0.0249	-0.4%	\$0.025	1.21%
51	Grepalife Dollar Bond Fund Corp.*	\$1.6904	-4.43%	\$1.7715	3.51%
52	MAA Privilege Dollar Fixed Income Fund, Inc.	N.S.	N.S.	N.S.	N.S.
53	MAA Privilege Euro Fixed Income Fund, Inc.	€N.S.	N.S.	€N.S.	N.S.
54	PAMI Global Bond Fund, Inc.*	\$1.0338	-3.21%	\$1.0748	2.99%
55	Philam Dollar Bond Fund, Inc.*	\$2.1709	-3.44%	\$2.2512	4.45%
56	Philequity Dollar Income Fund Inc.*	\$0.0569919	-0.75%	\$0.0572159	1.51%
57	Sun Life Prosperity Dollar Abundance Fund, Inc.*	\$2.8716	-4.53%	\$3.0128	3.95%
MONEY MARKET FUNDS					
<i>Primarily invested in Peso securities</i>					
58	ALFM Money Market Fund, Inc.	120.82	2.78%	117.6	1.73%
59	Philam Managed Income Fund, Inc.	1.1815	2.08%	1.1574	0.83%
60	Sun Life Prosperity Money Market Fund, Inc.	1.2186	2.66%	1.1871	2.24%
<i>Primarily invested in foreign currency securities</i>					

61	Sun Life Prosperity Dollar Starter Fund, Inc.* *	\$1.0156	1.67%	\$0.9986	n.a.
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Y2017 compared to Y2016

INCOME AND EXPENSES

Comprehensive Income	Y2017	Y2016	Inc/(Dec)	Percent
Total Income	₱717,539,191	₱60,846,102	₱656,693,089	1079%
Total Expenses	79,498,666	100,619,074	(21,120,408)	-21%
Net Income	₱638,040,525	(₱39,772,972)	₱677,813,497	1704%

Investment Income

Investment Income	Y2017	Y2016	Inc/(Dec)	Percent
Net gain on financial assets at fair value through profit or loss	₱662,877,088	(₱21,522,760)	₱684,399,848	3180%
Dividend Income	52,667,066	78,561,189	(25,894,123)	-33%
Interest Income	1,995,037	3,807,673	(1,812,636)	-48%
Total	₱717,539,191	₱60,846,102	₱677,813,497	1079%

The increase in investment income by 1,079% as compared to 2016 is greatly attributable to the improvement in market value of equity securities

Expenses

Expenses	Y2017	Y2016	Inc/(Dec)	Percent
Management fee	₱56,623,837	₱68,706,506	(₱12,082,668)	-10.96%
Taxes and licenses	13,310,070	14,949,077	(1,639,007)	-17.59%
Transaction cost	3,091,804	7,553,348	(4,461,544)	-22.48%
Commission expense	5,487,298	7,078,282	(1,590,984)	-59.07%
Professional fees	476,209	1,052,718	(576,509)	-54.76%
Income tax expense	399,008	761,536	(362,528)	-47.60%
Others	110,440	517,607	(407,167)	-78.66%
Total	₱79,498,666	₱100,619,074	(₱21,120,408)	-21%

Management fee decreased due to the decline in asset under management by PEI while taxes and also drops mainly due to lower revenues in 2016 that is subjected to local taxes. The decreased in commission paid, transaction costs, professional fees, and other office and admin expense has a favourable impact on total expenses.

ASSETS AND LIABILITIES

Financial Position	Y2017	Y2016	Inc/(Dec)	Percent
Financial assets at fair value through profit or loss	₱2,789,005,433	₱2,973,783,539	(₱184,778,106)	-6.21%
Cash and cash equivalent	186,194,716	660,684,218	(474,489,502)	-71.82%
Loans and receivables	6,332,722	25,408,962	(19,076,240)	-75.08%
Prepaid Expenses	10,500	500	10,000	2000.00%
Total Assets	₱2,981,543,371	3,659,877,219	(₱681,039,933)	-18.53%
Total Liabilities	₱22,788,015	₱58,168,737	(₱38,086,808)	-60.82%

Total Equity	₱2,958,755,357	₱3,601,708,482	(₱642,953,125)	-17.85%
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Assets

Cash and cash equivalents

This account consists of:

	2017	2016
Cash in banks	₱4,194,716	₱2,777,539
Short-term deposits	182,000,000	657,906,679
Total	₱186,194,716	₱660,684,218

Financial assets at fair value through profit or loss (FVPL)

The Fund's financial assets at FVPL comprise of held-for-trading investments in shares of stock listed in the Philippine Stock Exchange (PSE).

Loans and receivable

	2017	2016
Due from brokers	₱4,652,915	₱22,787,969
Dividend receivable	1,672,223	2,581,514
Accrued interest receivable	7,584	39,479
Total	₱6,332,722	₱25,408,962

Due from broker pertains to receivables from proceeds of equity securities sold but not yet settled as of reporting date.

Liabilities

The Fund's total liability is composed of due to broker, accounts payable, accrued expenses and intercompany transactions with related parties. Net movement in total liabilities is mainly due to decrease in accounts payables related to unpaid redemption proceeds and subscriptions without confirmation from investors and decrease of dues to broker account.

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	₱2,958,755,357	₱3,601,708,482
Number of shares outstanding	2,106,952,463	3,098,137,454
NAV per share	₱1.4043	₱1.1625

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

Fund Name		2017	1 yr. Return (%)	2016	1 yr. Return (%)
		NAV Per Share		NAV Per Share	
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%
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%
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
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Total Income	₱60,846,102	210,318,642	₱271,164,744	129%
Total Expenses*	100,619,073	98,426,207	2,192,866	2%
Net Income	(₱39,772,971)	308,744,849	₱268,971,878	87%

*includes provision for income tax

Investment Income

Investment Income	Y2016	Y2015	Inc/(Dec)	Percent
Net gain on financial assets at fair value through profit or loss	(₱21,522,760)	(₱280,048,736)	₱258,525,976	92.31%
Dividend Income	78,561,189	66,899,040	11,662,149	17.43%
Interest Income	3,807,673	2,827,667	980,006	34.66%
Other Income	-	3,387	(3,387)	-100%
Total	₱60,846,102	210,318,642	₱271,164,744	129%

Investment income increased by 129% primarily due to lower loss on sale of equity securities, interest earnings from short-term investments, and dividend income from equity securities.

Expenses

Expenses	Y2016	Y2015	Inc/(Dec)	Percent
Management fee	₱68,706,506	₱65,781,064	₱2,925,442	4.45%
Taxes and licenses	14,949,077	16,619,379	(1,670,302)	-10.05%
Transaction cost	7,553,348	8,973,172	(1,419,824)	-15.82%
Commission expense	7,078,282	6,088,540	989,742	16.26%
Professional fees	1,052,718	297,565	755,153	253.78%
Others	517,607	100,954	416,653	412.72%
Total	₱99,857,538	₱97,860,674	₱1,996,864	2%

Total expenses increased by 2% as a result of higher management fee charged due to increase in asset under management, commission from selling of equity securities and fees of legal counsel for services rendered related to increase in authorized capital stock in 2014 and general housekeeping.

ASSETS AND LIABILITIES

Financial Position	Y2016	Y2015	Inc/(Dec)	Percent
Financial assets at fair value through profit or loss	₱2,973,783,539	₱3,046,706,788	(₱72,923,249)	-2.39%
Cash and cash equivalent	660,684,218	798,295,410	(137,611,192)	-17.24%
Loans and receivables	25,408,962	9,259,604	18,855,443	203.63%
Prepaid Expenses	500	500	-	0%
Total Assets	₱3,959,877,219	₱3,854,262,302	(₱191,678,998)	-5%
Total Liabilities	₱58,168,737	₱11,713,943	₱49,160,879	419.68%
Total Equity	₱3,601,708,482	₱3,842,548,359	(₱240,839,877)	-6%

Assets

Cash and cash equivalents

This account consists of:

	2016	2015
Cash in banks	₱2,777,539	₱3,711,194
Short-term deposits	657,906,679	794,584,216
Total	₱660,684,218	₱798,295,410

Financial assets at fair value through profit or loss (FVPL)

The Fund's financial assets at FVPL comprise of held-for-trading investments in shares of stock listed in the Philippine Stock Exchange (PSE).

Loans and receivable

	2016	2015
Due from brokers	₱22,787,969	₱7,460,908
Dividend receivable	2,581,514	1,525,290
Accrued interest receivable	39,479	273,406
Total	₱25,408,962	₱9,259,604

Due from broker pertains to receivables from proceeds of equity securities sold but not yet settled as of reporting date.

Liabilities

The Fund's total liabilities are composed of due to broker, accounts payable, due to related parties, accrual of expenses and government remittances. Increase in total liabilities is mainly due to ₱49.16M increase in accounts payable which includes payable to shareholders for redemption proceeds and subscriptions without confirmation from investors.

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	₱3,601,708,482	₱3,842,548,359
Number of shares outstanding	3,098,137,454	3,277,083,882
NAV per share	₱1.1625	₱1.1726

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

Fund Name		2016	1 yr. Return (%)	2015	1 yr. Return (%)
		NAV Per Share		NAV Per Share	
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%
<i>Primarily invested in foreign currency securities</i>					
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					
<i>Primarily invested in Peso securities</i>					
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.	P 1.5745	-1.62%	P 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%
<i>Primarily invested in foreign currency securities</i>					
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					
<i>Primarily invested in Peso securities</i>					
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. Top Five (5) Indicators

Philequity Dividend Yield Fund, Inc. monitors the following indicators which affect its profitability:

- (1) Philippine Composite Index (Phisix) – Phisix is the benchmark used to track the local stock market on an aggregate basis. On average, equity funds including PDYF, move in tandem with the Phisix.

(2) Gross National Product (GNP) and Gross Domestic Product (GDP) – The GNP and GDP growth usually mirrors the economic cycle. A positive outlook on the economy is bullish for stocks and PDYF. A negative forecast on the other hand, is bearish for stocks and PDYF.

(3) Interest Rates – A low interest rate environment, which is indicative of liquidity in the market, is healthy for stocks. A high interest rate level results in the reverse.

(4) Price to Earnings Ratio (P/E Ratio) of the Market – The P/E Ratio and other valuation ratios are used to determine if companies are undervalued or not with respect to their earning power. A low P/E Ratio in a stock is usually a signal that the stock is worth buying for PDYF. Similarly, a low market P/E Ratio is a signal that it is worth increasing PDYF's equity allocation vis a vis its cash holdings.

(5) Foreign Buying and Selling Activity – Foreign trading activity is tracked daily by the Philippine Stock Exchange. Consistent net buying by foreign players is positive for the broader market and for PDYF.

Key Indicators		2018		2017	
PHISIX	End-Dec	7,466.02	End-Dec	8,558.42	
GNP growth	4Q	5.2%	4Q	6.49%	
GDP growth	4Q	6.1%	4Q	6.60%	
P/E Ratio	End-Dec	18.58	End-Dec	23.63	
Foreign Buying and Selling	4Q	22.7B Net Foreign Buy	4Q	1.397B Net Foreign Sell	

D. Other Matters

There are no events that will trigger direct or contingent financial obligations that are material to Philequity Dividend Yield Fund, Inc. Neither are there material off-balance sheet transactions, arrangements, obligations and other relationships of Philequity Dividend Yield 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 PDYF's continuing operations.

Financial Statements

Please refer to Annex "A" for the Company's audited financial statement 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

To fully comply with the adopted leading practices on good corporate governance, the Company has prepared and executed the Company's Corporate Governance Manual which was approved and adopted by the Board of Directors on 7 August 2013. 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**