

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	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
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	I		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

2	0	I	S
---	---	---	---

Department requiring the report

--	--	--	--

Secondary License Type, If Applicable

N	A		
---	---	--	--

COMPANY INFORMATION

Company's Email Address

philequityfunds@philequity. net

Company's Telephone Number/s

8250-8700

Mobile Number

09175907176

No. of Stockholders

128

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

Ma. Angelica Cabanit

Email Address

angelica.cabanit@philequity.net

Telephone Number/s

8250-8713

Mobile Number

0917-590-7176

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.

NOTICE OF ANNUAL SHAREHOLDERS' MEETING

TO: ALL STOCKHOLDERS

Notice is hereby given that the annual meeting of the stockholders of **Philequity Dollar Income Fund, Inc.** will be held on **Thursday, 30 September 2021**, at **3:30 p.m.** via virtual meeting.

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 2020 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. Amendment of By-Laws to Allow Notices of Board and Stockholders Meetings to be Delivered Through Electronic Means of Communication
10. Amendment of By-Laws to Allow Board and Stockholders Meetings to be Conducted Through Teleconferencing, Videoconferencing and Other Remote or Electronic Means of Communication
11. Amendment of By-Laws to Set Quorum for Meetings at 10%
12. Amendment of the By-Laws to Move the Date of the Annual Stockholders meeting from month of June to the Third Quarter of the Calendar Year
13. Other Matters
14. Adjournment

Given the restrictions posed by the COVID-19 pandemic and for the safety of stockholders, the company shall not conduct a physical meeting. Stockholders of record as of 1 September 2021 may attend/participate via proxy and remote communication, and vote in absentia.

In order that your stock may be represented at the meeting, please complete, sign and date the Voting Ticket and return it via mail or email on or before 20 September 2021 to the Office of the Corporate Secretary through the following:

Via Mail: 15th Floor, Philequity Management, Inc., PSE Tower, 5th Ave. corner 28th St. BGC, Taguig City

Via Email: asm@philequity.net

Validation of the voting ticket will be on 21 September 2021.

Stockholders of record who intend to participate in the meeting through remote communication shall notify the Corporate Secretary by sending an email to asm@philequity.net before 20 September 2021. Stockholders may exercise the right to vote through remote communication or *in absentia*, subject to validation.

Stockholders of record who intend to appoint a proxy shall submit their duly executed and signed proxies no later than September 20, 2021. All proxies should be received by the Corporation via mail or email at least ten (10) days before the meeting, or on or before 20 September 2021. For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.

Successfully registered stockholders can cast their votes and will be provided access to the meeting. All documents and information submitted shall be subject to verification and validation by the Office of the Corporate Secretary.

For complete information on the annual meeting, please visit <https://www.philequity.net/ASM2021.php>

City of Taguig, Metro Manila, 25 August 2021.


JONATHAN P. ONG
Corporate Secretary

2021 ANNUAL SHAREHOLDERS' MEETING OF THE PHILEQUITY DOLLAR INCOME FUND, INC.

PROPOSAL 1

For election of Directors:

1. Multiply the number of your shares as of September 1, 2021 by seven (7)
2. The result from number one (1) is the number of votes you may distribute among the seven (7) nominees.

For example, if you have 100 shares, you may distribute 700 votes among the nominees in whichever way you choose.

Kindly write the number of votes you wish to confer upon each nominee on the blank space provided beside their names.

If you wish to withhold the authority to vote for any nominee, kindly strikeout their nominee's name by lining through it.

Election of Directors

Number of Votes

Ignacio B. Gimenez

Violeta O. Luym

Aurora L. Shih

Ramon Y. Sy

Felipe U. Yap

Daniel A. Ongchoco (Independent Director)

Dobbin A. Tan (Independent Director)

For the proposals below, kindly place an "x" mark on the space provided whether you approve, disapprove or abstain from voting.

		Approve	Disapprove	Abstain
PROPOSAL 2	Ratification of the minutes of the previous Annual Stockholders' Meeting held on September 17, 2020			
PROPOSAL 3	Approval of the 2020 Annual Reports and Audited Financial Statements			
PROPOSAL 4	Ratification of all acts, proceedings, and resolutions of the Board of Directors and Officers for the year 2020			
PROPOSAL 5	Re-appointment of Sycip Gorres Velayo & Co. as the independent auditor for the year ending December 31, 2021			
PROPOSAL 6	Amendment of By-Laws to Allow Notices of Board and Stockholders Meetings to be Delivered Through Electronic Means of Communication			
PROPOSAL 7	Amendment of By-Laws to Allow Board and Stockholders Meetings to be Conducted Through Teleconferencing, Videoconferencing and Other Remote or Electronic Means of Communication			
PROPOSAL 8	Amendment of By-Laws to Set Quorum for Meetings at 10%			
PROPOSAL 9	Amendment of the By-Laws to Move the Date of the Annual Stockholders meeting from month of June to the Third Quarter of the Calendar Year			

Note: Each holder of common stock is entitled to one (1) vote per share

Signature of Shareholder/s

Printed Name of Shareholder/s

Place

Date

Philequity Account Number

Philequity Account Name

Number of Shares Held

PLEASE MAIL / EMAIL THIS VOTING TICKET ON OR BEFORE SEPTEMBER 20, 2021

MAIL: 15th Floor, Philequity Management, Inc., PSE Tower, 5th Ave. corner 28th St. BGC, Taguig City

EMAIL: asm@philequity.net

Validation of the voting ticket will be on September 21, 2021

PLEASE MAIL / EMAIL THIS PROXY FORM ON OR BEFORE SEPTEMBER 20, 2021

MAIL: 15th Floor, Philequity Management, Inc., PSE Tower, 5th Ave. corner 28th St. BGC, Taguig City

EMAIL: asm@philequity.net

I/We, hereby nominate, constitute and appoint the Chairman of the Meeting as my/our continuing proxy, with right of substitution and revocation, to represent and vote all shares registered in my/our name or owned by me/us and/or such shares as I/we am/are authorized to represent and vote in my/our capacity as administrator/s, executor/s or attorney/s-in-fact at the annual stockholders' meeting on 30 September 2021, or any and all subsequent regular and special meetings of the stockholders of **Philequity Dollar Income Fund, Inc.** at all adjournments and postponements thereof, as fully to all intents and purposes of acting on the following matters:

PROPOSAL 1

For election of Directors:

- Multiply the number of your shares as of September 1, 2021 by seven (7)
- The result from number one (1) is the number of votes you may distribute among the seven (7) nominees.

For example, if you have 100 shares, you may distribute 700 votes among the nominees in whichever way you choose. Kindly write the number of votes you wish to confer upon each nominee on the blank space provided beside their names. If you wish to withhold the authority to vote for any nominee, kindly strikeout their nominee's name by lining through it.

___ a) Vote equally for all nominees or distribute or cumulate my shares to nominee/s listed below:

Election of Directors	Number of Votes
Ignacio B. Gimenez	_____
Violeta O. Luym	_____
Aurora L. Shih	_____
Ramon Y. Sy	_____
Felipe U. Yap	_____
Daniel A. Ongchoco (Independent Director)	_____
Dobbin A. Tan (Independent Director)	_____

___ b) Withhold authority to vote for all nominees listed above

For the proposals below, kindly place an "x" mark on the space provided whether you approve, disapprove or abstain from voting.

		Approve	Disapprove	Abstain
PROPOSAL 2	Ratification of the minutes of the previous Annual Stockholders' Meeting held on September 17, 2020	_____	_____	_____
PROPOSAL 3	Approval of the 2020 Annual Reports and Audited Financial Statements	_____	_____	_____
PROPOSAL 4	Ratification of all acts, proceedings, and resolutions of the Board of Directors and Officers for the year 2020	_____	_____	_____
PROPOSAL 5	Re-appointment of Sycip Gorres Velayo & Co. as the independent auditor for the year ending December 31, 2021	_____	_____	_____
PROPOSAL 6	Amendment of By-Laws to Allow Notices of Board and Stockholders Meetings to be Delivered Through Electronic Means of Communication	_____	_____	_____
PROPOSAL 7	Amendment of By-Laws to Allow Board and Stockholders Meetings to be Conducted Through Teleconferencing, Videoconferencing and Other Remote or Electronic Means of Communication	_____	_____	_____
PROPOSAL 8	Amendment of By-Laws to Set Quorum for Meetings at 10%	_____	_____	_____
PROPOSAL 9	Amendment of the By-Laws to Move the Date of the Annual Stockholders meeting from month of June to the Third Quarter of the Calendar Year	_____	_____	_____

Note: Each holder of common stock is entitled to one (1) vote per share

This proxy revokes all proxies which may have been previously executed by the undersigned. This proxy shall be effective until withdrawn by me through notice in writing, or superseded by subsequent proxy, delivered to the Secretary at least ten (10) days before any scheduled meeting, but shall not apply in instances where I personally attend the meeting, nor be effective beyond five (5) years from date hereof.

Executed on _____ at _____.

Date

Place (City, Country)

Signature of Shareholder/s

Printed Name of Shareholder/s

Shareholder's Contact Number

Philequity Account Number

Philequity Account Name

**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 Tower, 28th St.
Corner 5th Ave., Bonifacio Global City, Taguig City,
Metro Manila**
7. Company's telephone number, including area code: **(632) 8250-2750**
8. Date, time and place of the meeting of security holders:
Date : 30 September 2021
Time : 3:30 p.m.
Venue : virtual meeting at <https://www.philequity.net/ASM2021.php>
9. Approximate date on which the Information Statement is first to be sent or given to security holders:
09 September 2021
10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor: **Ignacio B. Gimenez (Chairman)**
Address: **25 Eisenhower Street, Greenhills San Juan City, Metro Manila**
11. 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 |
| P1.00 par value | 69,926,478 |
| | (as of 31 July 2021) |
12. Are any or all Company's securities listed on a Stock Exchange?
Yes ☐ No ☒

WE ARE SOLICITING A PROXY

GENERAL INFORMATION

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

- A. Date : 30 September 2021
Time : 3:30 p.m.
Venue : virtual meeting (details to be posted at
<https://www.philequity.net/ASM2021.php>)

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 **09 September 2021**.

Item 2. Dissenter's Right of Appraisal

The Revised Corporation Code of the Philippines, specifically Sections 80 and 81 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 Revised 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, have a substantial interest, direct or indirect in any matter to be acted upon other than the election of directors for the year 2021-2022.
- 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 **69,926,478** outstanding common shares as of **31 July 2021**. 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 **09 September 2021**.
- 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 approved request for confidential treatment. A separate disclosure was filed with the Commission.

The shares held by the stockholders shall be voted or disposed of by the person/s who shall be duly authorized by these record or beneficial shareholders for the purpose. The natural person/s that has/have the power to vote on the shares of the foregoing companies shall be determined upon the submission of its proxy form to the Company, which is not later than 10 days before the date of the meeting.

Apart from the foregoing, there are no other persons holding more than 5% of the Company's outstanding capital stock.

(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 2021:

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	

(3) 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 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	77	2006 to present
Violeta O. Luym	Director/Treasurer	Filipino	74	2000 to present
Aurora L. Shih	Director	Filipino	80	2013 to present
Ramon Y. Sy	Director	Filipino	90	2013 to present
Felipe U. Yap	Director	Filipino	84	2000 to present
Dobbin A. Tan	Independent Director	Filipino	56	2013 to present
Daniel A. Ongchoco.	Independent Director	Filipino	53	For Nomination
Jonathan P. Ong	Corporate Secretary	Filipino	54	June 2020 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 2021-2022 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:

In addition, the Company nominated Mr. Daniel A. Ongchoco to serve as Independent Director to fill the expiring term of Mr. Gregorio U. Kilayko with 1 (one) share of stock.

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), Yapster e-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 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.

Daniel A. Ongchoco (Nominee for Independent Director)

Mr. Ongchoco, Filipino, is the Chairman & CEO of Synermaxx Corp (2006-present), King Boone Enterprise Unlimited, Inc (2002-present), and King Boone Ventures, Inc (1993-present). He also serves as the President & Managing Director of Gardner College (1995-present), President of GNO Tech Resources, Inc., (2001-present) and Executive Chairman of Gates Professional Schools (2011-present) and Global Quality Education Providers, Inc. (2005-present). He is also the Vice President and Deputy Managing Director of Alco Business Corporation (1994-present) and sits as an Independent Director of Philippine Nutri-Floods Corp. (2009-present) and Health & Development Solutions, Inc. (formerly NCP Publishing Corp.) (2009-present).

Jonathan P. Ong

Atty. Jonathan P. Ong, 53, Filipino, is the Corporate Secretary of the Corporation. He obtained his Bachelor of Science (Economics) degree from the U.P. School of Economics on April 2, 1989 and his Bachelor of Laws degree from the U.P. College of Law on April 24, 1993. He took the bar examinations in September 1993 and was admitted to the Philippine Bar on March 15, 1994. He joined the law firm of Atty. Mario E. Ongkiko sometime in 1994. In June 1996 he became in-house counsel of the erstwhile International Exchange Bank until August 31, 2006. He then joined Maybank Philippines (MPI) in May 2007, a position which he held until July 19, 2019. He was also the Corporate Secretary of the affiliates of MPI in the Philippines – Philmay Property, Inc. and Philmay Holdings, Inc. He is currently special counsel to the Disini Buted and Disini law offices, which he advises on matters involving banking and litigation, and a senior associate at the Valerio Law Offices. He is also currently the Corporate Secretary of Kinderheim, Inc., a small family owned educational institution.

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 will likewise be 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 used 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 at the time of 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 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 Tan and Daniel Ongchoco (by Ms. Violeta O. Luym).

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.

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

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 PEMI as of and for the years ended December 31, 2020, 2019, and 2018 follows:

	Management Fee	Sales Commission	Due to PEMI
2020	3,143,643	4,798	230,438
2019	3,104,851	5,838	197,705
2018	3,012,263	-	219,235

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 totaled 7 shares as of December 31, 2020, 2019 and 2018.

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 executive 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 is no bonus, 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-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	2020	2019
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.	₱92,250	₱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 Corporation. The Independent Accountant also does not render other services for the Corporation.

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 2019 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 Directors of the Power to Amend or Repeal Any By-Laws or Adopt New By-Laws, (10) Other Matters, (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 and the financing activities of the Company.

The proposal to amend the Company's By-Laws to allow notices of Board and Stockholders Meetings to be delivered through electronic means of communication allows for a swifter and more accurate delivery process for Stockholders. Stockholders' are therefore informed ahead and are given ample time to decide whether to join said meeting.

The proposal to amend the Company's By-Laws to allow Board and Stockholders meetings to be conducted through teleconferencing, videoconferencing and other remote or electronic means of communication gives board members and stockholders reasonable opportunity to those who cannot physically attend the meeting.

The proposal to amend the Company's By-Laws to set the quorum for meetings at 10% will ensure that matters that forms part of the normal course of business are attended to, save and except for matters where a vote of a greater proportion is required by the Revised Corporation Code or any other governing law.

The proposal to amend the Company's By-Laws to move the date of the Annual Stockholders Meeting from month of June to the third quarter of the calendar year allows the company ample time to prepare for meetings.

Item 19. Voting Procedures

Given the restrictions posed by the COVID-19 pandemic and for the safety of stockholders, the company shall conduct its meeting virtually.

Stockholders of record who intend to participate in the meeting through remote communication shall notify the Corporate Secretary by sending an email to asm@philequity.net before 20 September 2021. Stockholders may exercise the right to vote through remote communication or in absentia, subject to validation.

Stockholders of record who intend to appoint a proxy shall submit their duly executed and signed proxies no later than September 20, 2021. All proxies should be received by the Corporation via mail or email at least ten (10) days before the meeting, or on or before 20 September 2021. For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.

Successfully registered stockholders can cast their votes and will be provided access to the meeting. All documents and information submitted shall be subject to verification and validation by the Office of the Corporate Secretary.

Each stockholder shall be entitled to one (1) vote, in person or in absentia 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 in absentia 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.

On Aug 4, 2021, the board approved internal procedures to allow directors, stockholders and other persons to participate and vote in meetings in absentia or through remote modes of communication

Stockholders may pose questions prior to or during the meeting by sending an email to asm@philequity.net.


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.

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 August 25, 2021.

PHILEQUITY DOLLAR INCOME FUND, INC.

By:


JONATHAN P. ONG
Corporate Secretary

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, 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 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 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 December 2020 according to data tracked by the Philippine Investment Funds Association. The industry continues to benefit from increased public interest on alternative investments that have higher yields over regular savings accounts and time deposits. While industry net assets grew 27% to P358 billion from P282 billion a year ago, it was nevertheless another challenging year for capital markets as volatility remained very high.

The industry is divided into 5 categories – stock, bond, balanced, money market, and feeder funds. Majority of total assets under management (AUM) is invested in money market funds (37%), stock funds (31%) and bond funds (23%) funds which make up 90% of total market share. Philequity Management, Inc. (PEMI) only offers seven funds to the public -- Philequity Fund, Inc. (PEFI), Philequity PSE Index Fund, Inc. (PPSE), Philequity Dividend Yield Fund, Inc. (PDYF), Philequity MSCI Philippines Index Fund, Inc. (PMPI), Philequity Alpha One Fund, Inc. (PAOF), Philequity Peso Bond Fund, Inc. (PPBF), and Philequity Dollar Income Fund, Inc. (PDIF) which only competes against other stock and bond funds.

Investors often use a funds' performance as a gauge for comparison when choosing a mutual fund. In terms of performance, investors look at funds that have the highest return in their respective category as the basis for choosing a fund-- the higher the return, the more attractive the fund. Investors also look to a funds' outperformance over the respective benchmark as a second form of comparison. The greater the outperformance over the benchmark, the more attractive the fund. It is important to note that not all benchmarks in a fund category are aligned. For instance, a stock fund uses 100% the Philippine Stock Exchange Index (PSEi) as its benchmark while another stock fund might use a 90-10 approach where 90% is composed of the PSEi and 10% is composed of a 91-day T-bill. As a result, investors tend to use consistency as the basis, where a fund (1) consistently outperforms its peers and (2) consistently outperforms its respective benchmark.

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 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 2016.

Calendar Year Returns (%)

	2020	2019	2018	2017	2016
PDIF	3.32	5.85	-0.41	1.49	1.65

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 2015.

Year	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	High	Low	High	Low	High	Low	High	Low
2020	0.06099	0.05904	0.06059	0.05913	0.06136	0.06059	0.06241	0.06137
2019	0.05807	0.05638	0.05914	0.05802	0.06026	0.05915	0.06035	0.06012
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

The Fund's NAVPS are reported to the Philippine Investment Fund Association and published daily in Business World.

B. Holders

The number of common shareholders of record as of December 31, 2020 is 129. Common shares outstanding as of December 31, 2020 are 91,665,369. 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, 2020.

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	2020	2019
Balance Sheet		
Assets	276.53	279.73
Liabilities	2.17	1.17
Stockholder's Equity	274.37	278.56
Book Value Per Share	2.9931	3.0557
Income Statement		
Income	13.67	20.93
Expenses	5.39	5.80
Net Income	8.28	15.13
Earnings per Share (using weighted Average number of Outstanding Shares)	0.0903	0.1683

Financial Highlights

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

Balance Sheet	Unaudited June 30, 2021	Audited December 31, 2020	Increase/ (Decrease)	Percent
Total Assets	202,920,596	276,534,455	-73,613,859	-26.62%
Total Liabilities	892,330	2,168,733	-1,276,403	-58.85%
Total Equity	202,028,266	274,365,722	-72,337,456	-26.37%

Total assets decreased by 27% brought by decrease in market value of investments in debt security.

Decrease of 58% in total liabilities is mainly due to lower outstanding payable this year.

Operating Revenues and Expenses

Statement of Income	June 30, 2021	June 30, 2020	Increase/ (Decrease)	Percent
Total Investment Income	4,755,380	3,672,791	1,082,590	-29.48%
Total Expenses	1,979,042	2,466,548	-487,506	-19.76%
Net Investment Income	2,776,338	1,206,242	1,570,096	-130.16%

Investment income – As of the 2nd quarter of 2021, the Fund posted a total investment gain of PHP4.76M, which is comprised of interest income amounting to PHP4.97M, net unrealized loss on change in fair value of financial assets amounting to PHP3.64M, net unrealized gain on sale of financial assets at FVPL amounting to PHP3.43M and net realized foreign exchange loss amounting to PHP0.002M.

Operating Expenses -The total operating expense of PHP1.98M as of June 30, 2021 is composed of management fee and commission (74%), professional fees (16%), taxes and licenses (9%), and other expenses (1%).

Net income – the Fund registered a net gain of PHP2.78M after income tax of PHP0.11M as of June 30, 2021.

Cash Flow

Cash and cash equivalents decreased to PHP10.64M from PHP29.57M as of June 30, 2021 and June 30, 2020, respectively. Reference could also be made on the cash flow statement in later page.

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	June 30, 2021	December 31, 2020
Current Ratio	22740.53%	12750.97%
Acid Test Ratio	22740.53%	12750.97%
Solvency Ratio	644.51%	381.92%
Assets to Equity Ratio	100.44%	100.79%
Liabilities to Equity Ratio	0.44%	0.79%
Interest Rate Coverage Ratio	N/A	N/A
Return on Ave. Assets Ratio	2.40%	2.98%
Return on Ave. Equity Ratio	2.41%	3.00%
Net Profit Margin	171.28%	127.07%

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

Formula	
Current Ratio	Current Assets / Current Liabilities
Acid Test Ratio	(Cash Eq + Marketable Securities + Receivables) / Current Liabilities
Solvency Ratio	Net Income/Total Liabilities
Assets to Equity Ratio	Total Assets / Total Equity
Liabilities to Equity Ratio	Total Liabilities / Total Equity
Interest Rate Coverage Ratio	EBIT/Interest Expense
Return on Ave. Assets Ratio	Net Income / Average Total Assets
Return on Ave. Equity Ratio	Net Income / Average Total Equity
Net Profit Margin	Gross Profit/Net Income

Management's Analysis and Plan of Operation

As of June 2021, the mutual fund industry grew by 6% from the previous quarter to P391 billion in net assets. Quarter-on-quarter, feeder funds grew the most by 50% followed by stock funds which grew by 9% and money market funds which grew by 6%. Bond funds suffered a net redemption amounting to P537 million, a reversal from the previous quarter's P895 million net subscription. The Philequity Dollar Income Fund followed the trend, seeing net redemptions for the quarter amounting to P56 million versus last quarter's net subscription of P500 thousand. Net assets fell 27% quarter on quarter to P202 million. Market sentiment was generally higher as restrictions were relaxed after ECQ in March. Lower COVID19 positive cases, LGUs gaining momentum in mass inoculations, and prospects of vaccines arriving in the millions in the coming months all supported market breadth. CPI came in at 4.5% for May which was as expected. Higher oil and gas prices were offset by lower food prices, although pork prices remain stubbornly high due to high demand and supply pressure due to ASF. Apart from the highly transmissible Delta variant which is currently wreaking havoc globally and forcing some countries such as Indonesia and Australia to reinforce lockdown measures, crude prices and a much depreciated peso are also a growing concern. The fund expects continued range bound trading moving forward as any news related to COVID19 can have a significant impact on market movement. The fund will continue to closely monitor the Fed and the BSP's response to the pandemic, higher inflation and GDP.

8. Financial Condition

Y2020 compared to Y2019

INCOME AND EXPENSES

Comprehensive Income	Y2020	Y2019	Inc/(Dec)	Percent
Total Income	₱13,668,709	₱ 20,932,816	(7,264,107)	-35%
Total Expenses	₱ 5,385,804	₱ 5,800,373	(414,569)	-7%
Net Income	₱8,282,905	₱15,132,443	(6,849,538)	-45%

**total expenses include provision for income tax*

Investment Income

Investment Income	2020	Y2019	Inc/(Dec)	Percent
Net gain/(loss) on financial assets at FVPL	3,889,926	9,461,548	(5,571,622)	-58.89%
Interest income	9,778,783	11,471,268	(1,692,485)	-14.75%
Total	13,668,709	20,932,816	(7,264,107)	-34.70%

Decrease in investment income by 34.70% compared to 2019 is significantly attributable to decrease in gain on financial assets at FVPL

Expenses

Expenses	Y2020	Y2019	Inc/(Dec)	Percent
Management fee	3,143,643	3,104,851	38,792	1.25%
Professional fees	576,926	999,635	-422,709	-42.29%
Taxes and licenses	80,270	79,472	798	1.00%
Income tax expense	1,569,697	1,575,359	-5,662	-0.36%
Other expenses	15,268	41,056	-25,788	-62.81%
Total	5,385,804	5,800,373	-414,569	-7.15%

The Fund's net increase in total expense by 7.15% 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 higher income tax was paid for the year.

ASSETS AND LIABILITIES

Financial Position	Y2020	Y2019	Inc/(Dec)	Percent
Financial assets at fair value through profit or loss	243,683,206	224,788,624	18,894,582	8.41%
Cash and cash equivalent	29,568,916	51,697,514	(22,128,598)	-42.80%
Accrued interest receivable	3,282,333	3,245,570	36,760	1.13%
Prepaid expenses	-	-	-	-
Total Assets	276,534,455	279,731,708	(3,197,254)	-1.14%
Total Liabilities	2,168,733	1,174,693	994,040	84.62%
Total Equity	274,365,722	278,557,016	(4,191,294)	-1.50%

Assets

Cash and cash equivalent

This account consists of:

	2020	Y2019
Cash in banks	29,568,916	20,405,084
Short-term deposits	-	31,292,430
Total	29,568,916	51,697,514

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 and short term placements.

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:

	Y2020	Y2019
Net asset value attributable to holders of redeemable shares	274,365,722	278,557,014
Number of shares outstanding	91,665,369	91,160,969
NAV per share	2.9931	3.0557

Y2019 compared to Y2018

INCOME AND EXPENSES

Comprehensive Income	Y2019	Y2018	Inc/(Dec)	Percent
Total Income	₱ 20,932,816	₱ 4,281,269	₱ 16,651,547	389%
Total Expenses*	5,800,373	5,140,909	659,464	13%
Net Income	₱ 15,132,443	₱ (859,640)	₱ 15,992,083	-1860%

**total expenses include provision for income tax*

Investment Income

Investment Income	Y2019	Y2018	Inc/(Dec)	Percent
Net gain/(loss) on financial assets at FVPL	₱9,461,548	(₱(6,936,376))	₱16,397,924	236.40%
Interest income	11,471,268	11,139,197	332,071	2.98%
Net foreign exchange gains	-	52,590	(52,590)	-100.00%
Miscellaneous income	-	25,858	(25,858)	-100.00%
Total	₱ 20,932,816	₱ 4,281,269	₱ 16,651,547	388.94%

Increase in investment income by 388.94% compared to 2018 is significantly attributable to higher gain on financial assets at FVPL.

Expenses

Expenses	Y2019	Y2018	Inc/(Dec)	Percent
Management fee	3,104,851	3,012,263	92,588	3.07%
Professional fees	264,558	755,360	-490,802	-64.98%
Taxes and licenses	79,472	193,770	-114,298	-58.99%
Income tax expense	1,575,359	967,412	607,947	62.84%
Other expenses	776,133	212,104	564,029	265.92%
Total	5,800,373	5,140,909	659,464	12.83%

The Fund's net increase in total expense by 12.83% 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 higher income tax was paid for the year.

ASSETS AND LIABILITIES

Financial Position	Y2019	Y2018	Inc/(Dec)	Percent
Financial assets at fair value through profit or loss	224,788,624	143,467,515	81,321,109	56.68%
Cash and cash equivalent	51,697,514	121,080,039	(69,382,525)	-57.30%
Accrued interest receivable	3,245,571	2,368,559	877,012	37.03%
Prepaid expenses	-	-	-	-
Total Assets	279,731,709	266,916,113	12,815,596	4.80%
Total Liabilities	1,174,693	1,006,357	168,336	16.73%
Total Equity	278,557,016	265,909,756	12,647,260	4.76%

Assets

Cash and cash equivalent

This account consists of:

	Y2019	Y2018
Cash in banks	20,405,084	6,192,805
Short-term deposits	31,292,430	114,887,234
Total	51,697,514	121,080,039

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 short term placements 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:

	Y2019	Y2018
Net asset value attributable to holders of redeemable shares	278,557,016	265,909,756
Number of shares outstanding	91,160,969	88,668,771
NAV per share	3.0557	2.9989

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.

ANNEXES

Annex A – Secretary's Certificate that no directors are connected with the government

Annex B - Certification of Independent Directors

Annex C – Annual Report and Company's audited financial statements as of the period 31 December 2020

Annex D - Company's second quarter operations results for 2021

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:

JONATHAN P. ONG
THE CORPORATE SECRETARY
PHILEQUITY DOLLAR INCOME FUND, INC.
15th Floor, Philequity Management, Inc.,
PSE Tower, 5th Ave corner 28th St. BGC, Taguig City

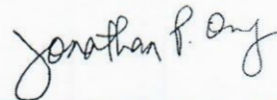
ANNEX A

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

SECRETARY'S CERTIFICATE

ATTY. JONATHAN P. ONG, of legal age, Filipino, with office address at Valerio and Associates, 17F Petron Megaplaza Building, 358 Sen, Gil Puyat Avenue, Makati City, being duly elected and qualified Corporate Secretary of **PHILEQUITY DOLLAR INCOME FUND, INC.**, (the "Corporation"), a corporation organized and existing under the laws of the Philippines, under oath, does hereby certify that based on the information provided to the Corporation by the members of the Board of Directors and principal executive officers, none of said members of the Board of Directors and principal executive officers of the Corporation are presently employed by any agency of the Philippine Government.

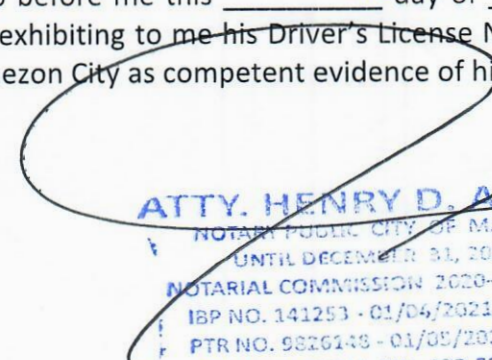
IN ATTESTATION OF THE ABOVE, this Certificate has been signed this 25th day of August 2021 in Makati City, Metro Manila.



ATTY. JONATHAN P. ONG
Corporate Secretary

SUBSCRIBED AND SWORN to before me this AUG 25 2021 day of _____ in Makati City, Metro Manila, affiant exhibiting to me his Driver's License No. DI-86-018179 issued on December 28, 2018 in Quezon City as competent evidence of his identity.

Doc No 16 ;
Page No 5 ;
Book No 64 ;
Series 2021.



ATTY. HENRY D. ADASA
NOTARY PUBLIC, CITY OF MANILA
UNTIL DECEMBER 31, 2021
NOTARIAL COMMISSION 2020-007 MLA
IBP NO. 141253 - 01/04/2021, PASIG
PTR NO. 9826148 - 01/05/2021 MLA
ROLL NO. 29679, TIN: 172-528-620
MCLE COMPL. NO. VII-0000165
URBAN DECA HOMES MANILA, B-2, UNIT 358

ANNEX B

REPUBLIC OF THE PHILIPPINES)
CITY OF MANILA)

CERTIFICATION OF INDEPENDENT DIRECTORS

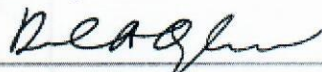
I, **Daniel Ongchoco**, Filipino, of legal age after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **PHILEQUITY DOLLAR INCOME FUND, INC.** (the "Corporation");
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Synermaxx Corporation	Chairman & CEO	Aug 2006 to Present
Gardner College	President & Managing Director	June 1995 to Present
Gates Professional Schools	Executive Chairman	Sept 2011 to Present
Global Quality Education Providers, Inc.	Executive Chairman	Oct 2005 to Present
Alco Business Corporation	Vice President & Deputy Managing Director	July 1994 to Present
GNO Tech Resources, Inc.	President	Dec 2001 to Present
Greenhills Badminton Center, Inc.	Director	April 2004 to Present
King Boone Enterprise Unlimited, Inc.	Chairman & CEO	Nov 2002 to Present
King Boone Ventures, Inc.	Chairman & CEO	March 1993 to Present
Philippine Nutri-Foods Corporation	Independent Director	Aug 2009 to Present
Health & Development Solutions, Inc. (formerly NCP Publishing Corporation)	Independent Director	Aug 2009 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **PHILEQUITY DOLLAR INCOME FUND, INC.**, as provided for in Section 38 of the Securities Regulations Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of **PHILEQUITY DOLLAR INCOME FUND, INC.**, as relationship is provided under Rule 38.2.3 of the Securities and Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not in government service or affiliated with a Government Agency or Government Owned and Controlled Corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulation, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of **PHILEQUITY DOLLAR INCOME FUND, INC.** of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this SEP 08 2021 day of CITY OF MANILA at _____.


Daniel Ongchoco (Sep 7, 2021 23:04 EDT)


DANIEL ONGCHOCO

Affiant

SEP 08 2021

SUBSCRIBED AND SWORN to before me this _____ day of _____ at _____, affiant personally appeared before me and exhibited to me his Tax Identification No. _____.

Doc. No. 11;
Page No. 9;
Book No. 19;
Series of 2021.


ATTY. HENRY D. ARASA
NOTARY PUBLIC, CITY OF MANILA
UNTIL DECEMBER 31, 2021
NOTARIAL COMMISSION 2020-007 MLA
IBP NO. 141253 - 01/04/2021, PASIG
PR NO. 9826148 - 01/05/2021 MLA
ROLL NO. 29679, TIN: 172-520-620
MCLE COMPL. NO. VU-0000165
URBAN DECA HOMES MANILA, B-2, UNIT 354

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **DOBBIN A. TAN**, Filipino, of legal age after having been duly sworn to in accordance with law do hereby declare that:


1. I am a nominee for independent director of **PHILEQUITY DOLLAR INCOME FUND, INC.** (the "Fund") and have been its independent director since 2018.
2. I am currently affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
New Sunlife Ventures, Inc.	CEO	2007 to Present
Xavier School, Inc.	School Treasurer	2014 to Present
Philequity Strategic Growth Fund, Inc.	Independent Director	February 2014 to Present
Philequity Foreign Currency Fixed Income Fund, Inc.	Independent Director	February 2014 to Present
Philequity Resources Fund, Inc.	Independent Director	February 2014 to Present
Philequity Balanced Fund, Inc.	Independent Director	February 2014 to Present
Alliance Select Foods International, Inc.	Independent Director	March 2016 to Present
Red Rock IT Security, Inc.	CEO	2016 to Present
Rising Tide Digital, Inc.	CEO	2016 to Present
Philequity Dividend Yield Fund, Inc.	Independent Director	September 2018 to present
Philequity PSE Index Fund, Inc.	Independent Director	September 2018 to present
Philequity Peso Bond Fund, Inc.	Independent Director	September 2018 to present
Philequity MSCI Philippines Index Fund, Inc.	Independent Director	June 2018 to present
Philequity Alpha One Fund, Inc.	Independent Director	March 2019 to present
Philequity Global Fund, Inc.	Independent Director	June 2019 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **PHILEQUITY DOLLAR INCOME FUND, INC.** (the "Fund"), as provided for in Section 38 of the Securities Regulations Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any of the directors/officers/substantial shareholders of **PHILEQUITY DOLLAR INCOME FUND, INC.** (the "Fund") and its subsidiaries and affiliates, as provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of **PHILEQUITY DOLLAR INCOME FUND, INC.** (the "Fund") of any changes in the abovementioned information within five days from its occurrence.


Done, this **SEP 07 2021** day of **CITY OF MANILA** in **CITY OF MANILA**, Metro Manila.


Dobbin A Tan (Aug 30, 2021 10:39 GMT+8)

DOBBIN A. TAN
Affiant

SUBSCRIBED AND SWORN to before me this **SEP 07 2021** day of **CITY OF MANILA** in **CITY OF MANILA**, Metro Manila, affiant exhibiting to me his TIN 119-768-695 as competent evidences of his identity.

Doc. No. 12;
Page No. 5;
Book No. 19;
Series of 2021.


ATTY. HENRY D. ADASA
NOTARY PUBLIC CITY OF MANILA
UNTIL DECEMBER 31, 2021
NOTARIAL COMMISSION 097 MLA
IBP NO. 141253 - 01/04/2021, PASIG
PTR NO. 9826148 - 01/05/2021 MLA
ROLL NO. 29679, TIN: 172-528-620
(21) MCLE COMPL. NO. VII-0000165
URBAN DECA HOME MANILA, B-2, UNIT 35F

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	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	
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	I		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

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

Secondary License Type, If Applicable

N	A
---	---

COMPANY INFORMATION

Company's Email Address

philequityfunds@philequity.net

Company's Telephone Number/s

8250-8750

Mobile Number

0917-590-7176

No. of Stockholders

129

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. Angelica Cabanit

Email Address

angelica.cabanit@philequity.net

Telephone Number/s

8250-8713

Mobile Number

0917-590-7176

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, 2020**

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) 8250-8700**

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	91,665,369
--------------------------------------	-------------------

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: **₱ 274,364,941**

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 64 funds as of December 2020 according to data tracked by the Philippine Investment Funds Association. The industry continues to benefit from increased public interest on alternative investments that have higher yields over regular savings accounts and time deposits. While industry net assets grew 27% to P358 billion from P282 billion a year ago, it was nevertheless another challenging year for capital markets as volatility remained very high.

Following is a summary of the assets held by mutual funds in the Philippines as of 31 December 2020.

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.	5,603,696,075	51,986,016	5,551,710,059	5,191,724,290	8,148
2	ATRAM Alpha Opportunity Fund, Inc. (formerly, ATRKE Alpha Opportunity Fund, Inc.)	516,052,086	27,287,548	488,764,538	460,028,342	3,920
3	ATRAM Phil. Equity Opportunity Fund, Inc. (formerly, ATRKE Equity Opportunity Fund, Inc.)	1,498,655,516	14,032,020	1,484,623,496	1,398,964,985	2,858
4	Climbs Share Capital Equity Investment Fund Corp.	374,984,978	5,050,588	369,934,390	294,379,932	1,537
5	First Metro Consumer Fund on MSCI Phils. IMI, Inc.	480,592,965	1,438,652	479,154,313	432,428,672	1,483
6	First Metro Save and Learn Equity Fund, Inc.	4,192,713,352	70,598,435	4,122,114,918	3,768,567,463	16,805
7	First Metro Save and Learn Phil. Index Fund, Inc. (formerly, One Wealthy Nation Fund, Inc.)	79,213,059	1,075,353	78,137,706	77,571,552	474
8	MBG Equity Investment Fund, Inc.	160,170,051	1,660,641	158,509,409	150,233,258	47
9	PAMI Equity Index Fund, Inc.	13,923,029,081	109,669,441	13,813,359,639	13,698,689,746	13,443
10	Philam Strategic Growth Fund, Inc.	34,143,370,338	314,360,994	33,829,009,343	31,118,413,439	13,298
11	Philequity Alpha One Fund, Inc.	107,715,101	543,232	107,171,868	81,472,439	283
12	Philequity Dividend Yield Fund, Inc.	2,243,209,233	2,885,011	2,240,324,221	2,080,994,003	3,984
13	Philequity Fund, Inc.	10,734,692,924	77,925,796	10,656,767,128	10,036,000,385	38,632
14	Philequity MSCI Phils. Index Fund, Inc.	334,451,997	785,427	333,666,570	331,791,095	748
15	Philequity PSE Index Fund, Inc.	3,794,461,240	74,067,802	3,720,393,439	3,695,670,571	26,483
16	Philippine Stock Index Fund Corp.	11,272,771,213	35,882,358	11,236,888,856	11,158,467,452	10,053
17	Soldivo Strategic Growth Fund, Inc.	1,550,366,219	45,065,911	1,505,300,308	1,413,656,001	13,242
18	Sun Life Prosperity Philippine Equity Fund, Inc.	8,300,024,442	360,835,503	7,939,188,939	7,718,025,168	62,996
19	Sun Life Prosperity Phil. Stock Index Fund, Inc.	11,984,151,633	252,785,126	11,731,366,507	11,697,501,983	51,184
20	United Fund, Inc.	632,549,906	1,607,182	630,942,724	617,225,412	1,275
<i>Exchange Traded Fund</i>						
21	First Metro Phil. Equity Exchange Traded Fund, Inc.	1,892,742,103	5,028,886	1,887,713,217	1,877,218,084	2,087
Sub total - Peso Currency		113,819,613,512	1,454,571,923	112,365,041,589	107,299,024,273	272,980
<i>Primarily invested in foreign currency securities</i>						
22	ATRAM AsiaPlus Equity Fund, Inc. (formerly, ATR KimEng AsiaPlus Recovery Fund, Inc.)	52,001,222	485,260	51,515,963	0	51
23	Sun Life Prosperity World Voyager Fund, Inc.	1,273,327,195	4,630,620	1,268,696,574	0	1,761
Sub total - US Currency		1,325,328,417	5,115,880	1,320,212,537	0	1,812
Sub total - stock funds		115,144,941,929	1,459,687,803	113,685,254,126	107,299,024,273	274,792
Balanced Funds						
<i>Primarily invested in Peso securities</i>						
24	ATRAM Dynamic Allocation Fund, Inc. (formerly, Optima Balanced Fund, Inc.)	95,003,798	554,406	94,449,392	34,398,827	607
25	ATRAM Philippine Balanced Fund, Inc. (formerly, ATRKE Philippine Balanced Fund, Inc.)	749,490,439	2,533,656	746,956,784	469,955,072	2,509
26	First Metro Save and Learn Balanced Fund, Inc.	1,455,187,820	60,364,279	1,394,823,540	806,426,776	5,034

27	First Metro Save and Learn F.O.C.C.U.S. Dynamic Fund, Inc.	32,923,602	274,693	32,648,909	18,715,603	22
28	NCM Mutual Fund of the Phils., Inc.	354,089,403	1,061,009	353,028,394	142,211,925	58
29	PAMI Horizon Fund, Inc.	707,012,625	16,420,989	690,591,636	382,408,879	10,490
30	Philam Fund, Inc.	11,145,624,424	46,916,588	11,098,707,835	6,142,007,850	8,689
31	Solidaritas Fund, Inc. <i>(formerly, Bahay Pari Solidaritas Fund, Inc.)</i>	155,725,398	264,493	155,460,905	103,684,370	203
32	Sun Life Prosperity Balanced Fund, Inc.	8,638,492,482	68,065,279	8,570,427,204	5,059,786,062	51,619
33	Sun Life Prosperity Achiever Fund 2028, Inc.	66,693,248	232,766	66,460,482	28,099,115	522
34	Sun Life Prosperity Achiever Fund 2028, Inc.	52,507,034	204,686	52,302,347	41,158,099	143
35	Sun Life Prosperity Achiever Fund 2048, Inc.	49,068,580	187,057	48,881,522	41,145,216	75
36	Sun Life Prosperity Dynamic Fund, Inc.	1,359,243,822	26,217,593	1,333,026,229	1,114,054,143	4,988
Sub total - Peso Currency		24,861,062,674	223,297,494	24,637,765,180	14,384,051,939	84,959
<i>Primarily invested in foreign currency securities</i>						
37	Cocolife Dollar Fund Builder, Inc.	72,518,610	424,970	72,093,640	0	56
38	PAMI Asia Balanced Fund, Inc.	474,278,859	21,587,620	452,691,239	248,732,873	313
39	Sun Life Prosperity Dollar Advantage Fund, Inc.	1,667,434,068	4,573,430	1,662,860,638	0	3,875
40	Sun Life Prosperity Dollar Wellspring Fund, Inc.	372,661,956	3,184,835	369,477,121	0	616
Sub total - US Currency		2,586,893,493	29,770,855	2,557,122,638	248,732,873	4,860
Sub total - balanced funds		27,447,956,168	253,068,350	27,194,887,818	14,632,784,812	89,819
Bond Funds						
<i>Primarily invested in Peso securities</i>						
41	ALFM Peso Bond Fund, Inc.	44,557,764,769	339,503,097	44,218,261,672	3,168,611,490	27,264
42	ATRAM Corporate Bond Fund, Inc. <i>(formerly, Prudentiallife Fixed Income Fund, Inc.)</i>	229,325,539	1,686,924	227,638,615	0	1,002
43	Cocolife Fixed Income Fund, Inc.	1,374,587,444	13,811,804	1,360,775,640	0	1,969
44	Ekklesia Mutual Fund, Inc.	213,190,702	320,587	212,870,116	5,000,000	101
45	First Metro Save and Learn Fixed Income Fund, Inc.	2,086,479,144	103,732,368	1,982,746,776	0	1,955
46	Philam Managed Income Fund, Inc.	1,033,765,804	43,418,867	990,346,938	0	593
47	Philam Bond Fund, Inc.	7,307,565,051	45,064,638	7,262,500,413	0	5,407
48	Philequity Peso Bond Fund, Inc.	291,753,751	913,197	290,840,553	18,657,854	4,263
49	Soldivo Bond Fund, Inc.	666,848,586	2,614,380	664,234,206	0	831
50	Sun Life Prosperity Bond Fund, Inc.	5,329,724,945	53,419,929	5,276,305,017	0	14,696
51	Sun Life Prosperity GS Fund, Inc.	294,711,059	752,234	293,958,824	0	2,332
Sub total - Peso Currency		63,385,716,795	605,238,025	62,780,478,769	3,192,269,344	60,413
<i>Primarily invested in foreign currency securities</i>						
52	ALFM Dollar Bond Fund, Inc.	13,207,047,282	140,906,471	13,066,140,811	0	9,313
53	ATRAM Total Return Dollar Bond Fund, Inc. <i>(formerly, ATR KimEng Total Return Bond Fund, Inc.)</i>	1,083,068,269	4,321,703	1,078,746,566	0	132
54	First Metro Save and Learn Dollar Bond Fund, Inc.	628,673,357	2,331,741	626,341,616	0	115
55	PAMI Global Bond Fund Phils., Inc.	109,900,154	9,471,773	100,428,381	1,887,873	29
56	Philam Dollar Bond Fund, Inc.	2,579,857,355	20,939,628	2,558,917,726	0	2,211
57	Philequity Dollar Income Fund, Inc.	276,223,415	1,895,794	274,327,620	0	129

58	Sun Life Prosperity Dollar Abundance Fund, Inc.	624,083,711	2,100,608	621,983,104	0	2,485
Sub total - US Currency		18,508,853,543	181,967,718	18,326,885,825	1,887,873	14,414
59	ALFM Euro Bond Fund, Inc.	994,854,593	7,889,431	986,965,161	0	656
Sub total - Euro Currency		994,854,593	7,889,431	986,965,161	0	656
Sub total - bond funds		82,889,424,930	795,095,174	82,094,329,756	3,194,157,217	75,483
Money Market Funds						
<i>Primarily invested in Peso securities</i>						
60	ALFM Money Market Fund, Inc.	44,913,082,961	66,781,365	44,846,301,596	0	24,071
61	First Metro Save and Learn Money Market Fund, Inc.	1,515,663,308	81,936,116	1,433,727,192	0	364
62	Sun Life Prosperity Money Market Fund, Inc.	82,934,442,154	179,973,955	82,754,468,199	0	47,887
Sub total - Peso Currency		129,363,188,423	328,691,436	129,034,496,987	0	72,322
<i>Primarily invested in foreign currency securities</i>						
63	Sun Life Prosperity Dollar Starter Fund, Inc.	4,476,988,496	37,916,855	4,439,071,640	0	1,627
Sub total - US Currency		4,476,988,496	37,916,855	4,439,071,640	0	1,627
Sub total - money market funds		133,840,176,919	366,608,292	133,473,568,627	0	73,949
Feeder Fund						
<i>Primarily invested in Peso securities</i>						
64	Sun Life Prosperity World Equity Index Feeder Fund, Inc.	618,380,759	23,262,544	595,118,215	0	812
Sub total - Peso Currency		618,380,758.83	23,262,543.60	595,118,215.23	-	812
<i>Primarily invested in foreign currency securities</i>						
65	ALFM Global Multi-Asset Income Fund, Inc.	2,992,064,113	2,478,066	2,989,586,047	0	4
Sub total - US Currency		2,992,064,113	2,478,066	2,989,586,047	0	4
Sub total - feeder fund		3,610,444,872	25,740,610	3,584,704,262	0	816
GRAND TOTAL		362,932,944,817	2,900,200,229	360,032,744,589	125,125,966,302	514,859

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 2019 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 2017.

Calendar Year Returns (%)

	2020	2019	2018	2017	2016
PDIF	3.32	5.85	-0.41	1.49	1.65

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
2020	0.06099	0.05904	0.06059	0.05913	0.06136	0.06059	0.06241	0.06137
2019	0.05807	0.05638	0.05914	0.05802	0.06026	0.05915	0.06035	0.06012
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, 2020 is 129. Common shares outstanding as of December 31, 2020 are 91,665,369. 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, 2020.

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	2020	2019
Balance Sheet		
Assets	276.53	279.73
Liabilities	2.17	1.17
Stockholder's Equity	274.37	278.56
Book Value Per Share	2.9931	3.0557
Income Statement		
Income	13.67	20.93
Expenses	5.39	5.80
Net Income	8.28	15.13
Earnings per Share (using weighted Average number of Outstanding Shares)	0.0903	0.1683

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	2020	2019	2018
Current Ratio	12750.97%	23813.18%	26523.00%
Acid Test Ratio	12750.97%	23813.18%	26523.00%
Solvency Ratio	381.92%	1288.20%	-85.42%
Assets to Equity Ratio	100.79%	100.42%	100.38%
Liabilities to Equity Ratio	0.79%	0.42%	0.38%
Interest Rate Coverage Ratio	N/A	N/A	N/A
Return on Ave. Assets Ratio	2.98%	5.54%	-0.33%
Return on Ave. Equity Ratio	3.00%	5.56%	-0.33%
Net Profit Margin	127.07%	117.81%	-803.68%

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

Formula	
Current Ratio	Current Assets / Current Liabilities
Acid Test Ratio	(Cash Eq + Marketable Securities + Receivables) / Current Liabilities
Solvency Ratio	Net Income/Total Liabilities
Assets to Equity Ratio	Total Assets / Total Equity
Liabilities to Equity Ratio	Total Liabilities / Total Equity
Interest Rate Coverage Ratio	EBIT/Interest Expense
Return on Ave. Assets Ratio	Net Income / Average Total Assets
Return on Ave. Equity Ratio	Net Income / Average Total Equity
Net Profit Margin	Gross Profit/Net Income

Management's Analysis and Plan of Operation

2020 was a turbulent year for bonds, headlined by the coronavirus which spread from China to the rest of the world. To support their respective economies, central banks lowered interest rates to levels not seen since the 2008 crisis. Central banks accommodated lower rates, cut RRR ratios to adjust for inflation and to ensure that their respective countries would be able to bounce back from the pandemic. Economies shut down early in the year to curb the spread of the virus. In the Philippines, President Duterte placed Metro Manila under lockdown in March as the virus spread in the NCR. Central Business Districts such as BGC and Makati were hit hardest from the virus with BGC becoming an early hotspot. To combat this, governments passed legislations as support such as stimulus checks in the US and the Bayanihan Heal As One Act in the Philippines. As the virus ravaged the world, stock markets would take a hit and flows would shift to safer haven assets such as bonds and money market funds. Lower rates from the Fed sent bond yields lower and effectively bond prices higher. In Asia, the Philippines was one of the most aggressive central banks with Governor Diokno immediately cutting by 0.50% to 1% at a time, ensuring that the country is ahead of the curve.

We expect another volatile 2021, dictated by how the central bank navigates increasing inflation, oil and commodity prices. The restart of the economy will also be watched as GDP and remittances took a big hit last year. While the peso appreciated in 2020, it remains to be seen how long the Dollar will remain weak. Finally, the government's response to combat the virus and how soon they can rollout the vaccine will be key to recovery and higher bond prices. Economic data such as GDP, remittances, the peso, trade balance and the twin deficits will also be monitored as any sharp and unexpected moves will impact the performance of the fund.

B. Financial Condition

Y2020 compared to Y2019

INCOME AND EXPENSES

Comprehensive Income	Y2020	Y2019	Inc/(Dec)	Percent
Total Income	₱13,668,709	₱ 20,932,816	(7,264,107)	-35%
Total Expenses	₱ 5,385,804	₱ 5,800,373	(414,569)	-7%
Net Income	₱8,282,905	₱15,132,443	(6,849,538)	-45%

**total expenses include provision for income tax*

Investment Income

Investment Income	2020	Y2019	Inc/(Dec)	Percent
Net gain/(loss) on financial assets at FVPL	3,889,926	9,461,548	(5,571,622)	-58.89%
Interest income	9,778,783	11,471,268	(1,692,485)	-14.75%
Total	13,668,709	20,932,816	(7,264,107)	-34.70%

Decrease in investment income by 34.70% compared to 2019 is significantly attributable to decrease in gain on financial assets at FVPL.

Expenses

Expenses	Y2020	Y2019	Inc/(Dec)	Percent
Management fee	3,143,643	3,104,851	38,792	1.25%
Professional fees	576,926	999,635	-422,709	-42.29%
Taxes and licenses	80,270	79,472	798	1.00%
Income tax expense	1,569,697	1,575,359	-5,662	-0.36%
Other expenses	15,268	41,056	-25,788	-62.81%
Total	5,385,804	5,800,373	-414,569	-7.15%

The Fund's net decrease in total expense by 7.15% is mainly attributed to lower management fee due to decrease in asset under management by PEMI and decrease in retainer fee. Decrease in other expenses is due to lower transfer agent fees paid for the year while lower income tax was paid for the year.

ASSETS AND LIABILITIES

Financial Position	Y2020	Y2019	Inc/(Dec)	Percent
Financial assets at fair value through profit or loss	243,683,206	224,788,624	18,894,582	8.41%
Cash and cash equivalent	29,568,916	51,697,514	(22,128,598)	-42.80%
Accrued interest receivable	3,282,333	3,245,570	36,760	1.13%
Prepaid expenses	-	-	-	-
Total Assets				-1.14%

	276,534,455	279,731,708	(3,197,254)	
Total Liabilities	2,168,733	1,174,693	994,040	84.62%
Total Equity	274,365,722	278,557,016	(4,191,294)	-1.50%

Assets

Cash and cash equivalent

This account consists of:

	2020	Y2019
Cash in banks	29,568,916	20,405,084
Short-term deposits	-	31,292,430
Total	29,568,916	51,697,514

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 and short term placements.

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:

	Y2020	Y2019
Net asset value attributable to holders of redeemable shares	274,365,722	278,557,014
Number of shares outstanding	91,665,369	91,160,969
NAV per share	2.9931	3.0557

Below is comparative study of the net asset value per share of selected mutual funds for the years 2020 and 2019:

		2020	1 yr.	2019	1 yr.
		NAV	Return	NAV	Return
Fund Name		Per Share	(%)	Per Share	(%)
STOCK FUNDS					
<i>Primarily invested in Peso securities</i>					
1	ALFM Growth Fund, Inc *	227.22	-8.96%	251.89	-0.13%
2	ATRAM Alpha Opportunity Fund, Inc.*	1.3132	-3.75%	1.3823	-4.08%
3	ATRAM Philippine Equity Opportunity Fund, Inc.*	3.1334	-13.59%	3.6791	-5.75%
4	Climbs Share Capital Equity Investment Fund Corp.*	0.8045	-9.52%	0.8975	0.8%
5	First Metro Consumer Fund on MSCI Phils. IMI, Inc. * *****	0.7417	-11.86%	0.8495	3.5%
6	First Metro Save and Learn Equity Fund, Inc.*	4.9418	-6.41%	5.3296	1.09%
7	MBG Equity Investment Fund, Inc. * *****	0.7601	-10.12%	0.8539	2.56%
8	One Wealthy Nation Fund, Inc.*	101.39	-2.42%	103.47	-11.28%
9	PAMI Equity Index Fund, Inc.*	46.8477	-7.78%	51.2915	4.2%
10	Philam Strategic Growth Fund, Inc.*	488.98	-7.44%	532.9	3.5%
11	Philequity Alpha One Fund, Inc.	1.0973	7.95%	1.0301	n.a.
12	Philequity Dividend Yield Fund, Inc.*	1.1682	-8.31%	1.2869	2.62%
13	Philequity Fund, Inc.*	34.7698	-7.42%	37.8971	3.45%
14	Philequity MSCI Philippine Index Fund, Inc. -a,1	0.913	-9.47%	1.0181	n.a.
15	Philequity PSE Index Fund Inc.*	4.7912	-7.41%	5.2235	5.34%
16	Philippine Stock Index Fund Corp.*	801.65	-7.19%	872.08	5.27%
17	Soldivo Strategic Growth Fund, Inc. *	0.719	-14.37%	0.8517	-1.13%
18	Sun Life Prosperity Philippine Equity Fund, Inc.*	3.6243	-13.1%	4.2102	3.71%
19	Sun Life Prosperity Philippine Stock Index Fund, Inc.*	0.9178	-7.43%	1.0009	4.87%
20	United Fund, Inc.*	3.3192	-8.46%	3.654	4.36%
<i>Exchange Traded Fund</i>					
21	First Metro Phil. Equity Exchange Traded Fund, Inc.	107.5583	-7.16%	116.9625	5.61%

<i>Primarily invested in foreign currency securities</i>					
22	ATRAM AsiaPlus Equity Fund, Inc.	\$1.1881	15.25%	\$1.0259	11%
23	Sun Life Prosperity World Voyager Fund, Inc.	\$1.6687	21.33%	\$1.372	24.13%
BALANCED FUNDS					
<i>Primarily invested in Peso securities</i>					
24	ATRAM Dynamic Allocation Fund, Inc	1.6688	7.35%	1.5631	-5.36%
25	ATRAM Philippine Balanced Fund, Inc.	2.2856	5.45%	2.1813	-1.27%
26	First Metro Save and Learn Balanced Fund Inc.	2.6272	0.4%	2.632	3.46%
27	First Metro Save and Learn F.O.C.C.U.S. Dynamic Fund, Inc. -a,5	0.1986	-12.32%	0.2285	n.a.
28	Grepalife Balanced Fund Corporation* ****			1.3294	1.92%
29	NCM Mutual Fund of the Phils., Inc.	1.9671	0.58%	N.S.	N.S.
30	PAMI Horizon Fund, Inc.****	3.7881	0.38%	3.7895	7.21%
31	Philam Fund, Inc.	16.9366	0.29%	16.962	6.61%
32	Solidaritas Fund, Inc.* ****	2.0941	-1.03%	2.1258	2.58%
33	Sun Life of Canada Prosperity Balanced Fund, Inc.*	3.5734	-7%	3.864	5.81%
33	Sun Life Prosperity Achiever Fund 2028, Inc.	1.0226	1.26%	1.0158	n.a.
34	Sun Life Prosperity Achiever Fund 2038, Inc.	0.9492	-3.99%	0.9965	n.a.
35	Sun Life Prosperity Achiever Fund 2048, Inc. -a,d,2	0.9331	-5.29%	0.9933	n.a.
36	Sun Life Prosperity Dynamic Fund, Inc.*	0.8878	-8.32%	0.975	5.77%
<i>Primarily invested in foreign currency securities</i>					
37	Cocolife Dollar Fund Builder, Inc.	\$0.03912	2.41%	\$0.03823	8.48%
38	PAMI Asia Balanced Fund, Inc.	\$1.1416	9.99%	\$1.0331	11.33%
39	Sun Life Prosperity Dollar Advantage Fund, Inc.	\$4.4973	15.18%	\$3.8944	17.69%
40	Sun Life Prosperity Dollar Wellspring Fund, Inc.	\$1.1996	6.3%	\$1.125	11.93%
BOND FUNDS					
<i>Primarily invested in Peso securities</i>					
41	ALFM Peso Bond Fund, Inc.*	371.07	3.67%	357.8	4.2%
42	ATRAM Corporate Bond Fund, Inc.*	1.9003	-0.12%	1.9017	2.3%

43	Cocolife Fixed Income Fund, Inc.*	3.2134	3.1%	3.1144	4.83%
44	Ekklesia Mutual Fund Inc.*	2.296	3.18%	2.225	4.44%
45	First Metro Save and Learn Fixed Income Fund, Inc.*	2.4534	4.01%	2.3589	6.79%
46	Grepalife Fixed Income Fund Corp.*	4.6346	5.89%	P 1.6065	2.72%
47	Philam Bond Fund, Inc.*	1.3212	5.15%	4.3722	11.54%
48	Philequity Peso Bond Fund, Inc.	4.0011	5.69%	3.7882	7.71%
49	Soldivo Bond Fund, Inc.	1.042	8.09%	0.9642	8.03%
50	Sun Life of Canada Prosperity Bond Fund, Inc.	3.2059	4.23%	3.075	11.2%
51	Sun Life Prosperity GS Fund, Inc.	1.7551	3.2%	1.7008	10.47%
Primarily invested in foreign currency securities					
52	ALFM Dollar Bond Fund, Inc. *	\$483.87	3.33%	\$468.22	4.45%
53	ALFM Euro Bond Fund, Inc. *	€219.18	-0.26%	€219.73	3.33%
54	ATRAM Total Return Dollar Bond Fund, Inc.**	\$1.2805	6.12%	\$1.2057	7.14%
55	First Metro Save and Learn Dollar Bond Fund, Inc.*	\$0.0266	3.1%	\$0.0258	3.61%
56	Grepalife Dollar Bond Fund Corp.*			\$1.7091	1.11%
57	PAMI Global Bond Fund, Inc.*	\$1.0925	-0.25%	\$1.094	5.7%
58	Philam Dollar Bond Fund, Inc.*	\$2.5356	5.62%	\$2.4034	10.71%
59	Philequity Dollar Income Fund Inc.*	\$0.0623182	3.3%	\$0.0603144	5.85%
60	Sun Life Prosperity Dollar Abundance Fund, Inc.*	\$3.2241	1.74%	\$3.1751	10.56%
MONEY MARKET FUNDS					
Primarily invested in Peso securities					
61	ALFM Money Market Fund, Inc.	129.81	3.15%	125.78	4.09%
62	First Metro Save and Learn Money Market Fund, Inc.	1.0481	1.67%	1.03	n.a.
63	Philam Managed Income Fund, Inc.			1.2563	6.35%
54	Sun Life Prosperity Money Market Fund, Inc.	1.2965	2.51%	1.2643	3.74%
Primarily invested in foreign currency securities					
65	Sun Life Prosperity Dollar Starter Fund, Inc.* *****	\$1.0524	1.46%	\$1.0371	2.11%
Feeder Funds					

<i>Primarily invested in Peso securities</i>					
66	Sun Life Prosperity World Equity Index Feeder Fund, Inc. -a,d,7	1.1133	n.a.	n.a.	n.a.
<i>Primarily invested in foreign currency securities</i>					
67	ALFM Global Multi-Asset Income Fund Inc. -b,d,2	\$0.98	-2%	\$0.99	n.a.

Y2019 compared to Y2018

INCOME AND EXPENSES

Comprehensive Income	Y2019	Y2018	Inc/(Dec)	Percent
Total Income	₱ 20,932,816	₱ 4,281,269	₱ 16,651,547	389%
Total Expenses*	5,800,373	5,140,909	659,464	13%
Net Income	₱ 15,132,443	₱ (859,640)	₱ 15,992,083	-1860%

**total expenses include provision for income tax*

Investment Income

Investment Income	Y2019	Y2018	Inc/(Dec)	Percent
Net gain/(loss) on financial assets at FVPL	₱9,461,548	(₱(6,936,376))	₱16,397,924	236.40%
Interest income	11,471,268	11,139,197	332,071	2.98%
Net foreign exchange gains	-	52,590	(52,590)	-100.00%
Miscellaneous income	-	25,858	(25,858)	-100.00%
Total	₱ 20,932,816	₱ 4,281,269	₱ 16,651,547	388.94%

Increase in investment income by 388.94% compared to 2018 is significantly attributable to higher gain on financial assets at FVPL.

Expenses

Expenses	Y2019	Y2018	Inc/(Dec)	Percent
Management fee	3,104,851	3,012,263	92,588	3.07%
Professional fees	264,558	755,360	-490,802	-64.98%
Taxes and licenses	79,472	193,770	-114,298	-58.99%
Income tax expense	1,575,359	967,412	607,947	62.84%
Other expenses	776,133	212,104	564,029	265.92%
Total	5,800,373	5,140,909	659,464	12.83%

The Fund's net increase in total expense by 12.83% 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 higher income tax was paid for the year.

ASSETS AND LIABILITIES

Financial Position	Y2019	Y2018	Inc/(Dec)	Percent
Financial assets at fair value through profit or loss	224,788,624	143,467,515	81,321,109	56.68%
Cash and cash equivalent	51,697,514	121,080,039	(69,382,525)	-57.30%
Accrued interest receivable	3,245,571	2,368,559	877,012	37.03%
Prepaid expenses	-	-	-	-
Total Assets	279,731,709	266,916,113	12,815,596	4.80%
Total Liabilities	1,174,693	1,006,357	168,336	16.73%

Total Equity	278,557,016	265,909,756	12,647,260	4.76%
---------------------	--------------------	--------------------	-------------------	--------------

Assets

Cash and cash equivalent

This account consists of:

	Y2019	Y2018
Cash in banks	20,405,084	6,192,805
Short-term deposits	31,292,430	114,887,234
Total	51,697,514	121,080,039

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 short term placements 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:

	Y2019	Y2018
Net asset value attributable to holders of redeemable shares	278,557,016	265,909,756
Number of shares outstanding	91,160,969	88,668,771
NAV per share	3.0557	2.9989

Below is comparative study of the net asset value per share of selected mutual funds for the years 2019 and 2018:

		2019		2018	
		NAV	1 yr. Return	NAV	1 yr.
Fund Name		Per Share	(%)	Per Share	Return (%)
STOCK FUNDS					
<i>Primarily invested in Peso securities</i>					
1	ALFM Growth Fund, Inc	251.89	-0.13%	252.23	-13.98%
2	ATRAM Alpha Opportunity Fund, Inc.	1.3823	-4.08%	1.4411	-9.76%
3	ATRAM Philippine Equity Opportunity Fund, Inc.	3.6791	-5.75%	3.9037	-15.01%
4	Climbs Share Capital Equity Investment Fund Corp.	0.8975	0.8%	0.8904	-12.4%
5	First Metro Consumer Fund on MSCI Phils. IMI, Inc.	0.8495	3.5%	0.8208	n.a.
6	First Metro Save and Learn Equity Fund, Inc.	5.3296	1.09%	5.2719	-12.32%
7	First Metro Save and Learn Philippine Index Fund, Inc.	0.8539	2.56%	n.a.	n.a.
8	MBG Equity Investment Fund, Inc.	103.47	-11.28%	116.63	n.a.
9	One Wealthy Nation Fund, Inc.			0.8326	-16.06%
10	PAMI Equity Index Fund, Inc.	51.2915	4.2%	49.2235	-12.72%
11	Philam Strategic Growth Fund, Inc.	532.9	3.5%	514.86	-12.52%
12	Philequity Alpha One Fund, Inc.	1.0301	n.a.	n.a.	n.a.
13	Philequity Dividend Yield Fund, Inc.	1.2869	2.62%	1.254	-10.7%
14	Philequity Fund, Inc.*	37.8971	3.45%	36.6323	-10.86%
15	Philequity MSCI Philippine Index Fund, Inc.	1.0181	n.a.	n.a.	n.a.
16	Philequity PSE Index Fund Inc.*	5.2235	5.34%	4.9588	-12.61%
17	Philippine Stock Index Fund Corp.*	872.08	5.27%	828.49	-12.4%
18	Soldivo Strategic Growth Fund, Inc. *	0.8517	-1.13%	0.8614	-10.95%

19	Sun Life Prosperity Philippine Equity Fund, Inc.*	4.2102	3.71%	4.0597	-11.37%
20	Sun Life Prosperity Philippine Stock Index Fund, Inc.*	1.0009	4.87%	0.9544	-12.71%
21	United Fund, Inc.*	3.654	4.36%	3.5013	-9.15%
Exchange Traded Fund					
22	First Metro Phil. Equity Exchange Traded Fund, Inc.	116.9625	5.61%	110.7537	-12.07%
Primarily invested in foreign currency securities					
23	ATRAM AsiaPlus Equity Fund, Inc.	\$1.0259	11%	\$0.9242	-16.25%
24	Sun Life Prosperity World Voyager Fund, Inc.	\$1.372	24.13%	\$1.1053	-12.64%
BALANCED FUNDS					
Primarily invested in Peso securities					
25	ATRAM Dynamic Allocation Fund, Inc	1.5631	-5.36%	1.6516	-11.38%
26	ATRAM Philippine Balanced Fund, Inc.	2.1813	-1.27%	2.2094	-10.08%
27	First Metro Save and Learn Balanced Fund Inc.	2.632	3.46%	2.5439	-8.16%
28	First Metro Save and Learn F.O.C.C.U.S. Dynamic Fund, Inc.	0.2285	n.a.	n.a.	n.a.
29	Grepalife Balanced Fund Corporation*	1.3294	1.92%	1.3043	-10.36%
30	NCM Mutual Fund of the Phils., Inc.	N.S.	N.S.	1.8428	-7.29%
31	PAMI Horizon Fund, Inc.	3.7895	7.21%	3.5346	-9.79%
32	Philam Fund, Inc.	16.962	6.61%	15.9103	-9.39%

3		2.1258	2.58%	2.0723	-7.7%
3	Solidaritas Fund, Inc.				
3		3.864	5.81%	3.6517	-8.63%
4	Sun Life of Canada Prosperity Balanced Fund, Inc.				
3		1.0158	n.a.	n.a.	n.a.
5	Sun Life Prosperity Achiever Fund 2028, Inc.				
3		0.9965	n.a.	n.a.	n.a.
6	Sun Life Prosperity Achiever Fund 2038, Inc.				
3		0.9933	n.a.	n.a.	n.a.
7	Sun Life Prosperity Achiever Fund 2048, Inc.				
3		0.975	5.77%	0.9218	-9.66%
8	Sun Life Prosperity Dynamic Fund, Inc.				
<i>Primarily invested in foreign currency securities</i>					
3		\$0.03823	8.48%	\$0.03524	-2.19%
9	Cocolife Dollar Fund Builder, Inc.				
4		\$1.0331	11.33%	\$0.928	-
0	PAMI Asia Balanced Fund, Inc.				12.08%
4		\$3.8944	17.69%	\$3.3089	-9.42%
1	Sun Life Prosperity Dollar Advantage Fund, Inc.				
4		\$1.125	11.93%	\$1.0101	-9.18%
2	Sun Life Prosperity Dollar Wellspring Fund, Inc.				
BOND FUNDS					
<i>Primarily invested in Peso securities</i>					
4	ALFM Peso Bond Fund, Inc.	357.8	4.2%	343.38	1.87%
2					
4	ATRAM Corporate Bond Fund, Inc.	1.9017	2.3%	1.8589	-1.76%
3					
4	Cocolife Fixed Income Fund, Inc.	3.1144	4.83%	2.9708	5.44%
4					
4	Ekklesia Mutual Fund Inc.	2.225	4.44%	2.1305	1.27%
5					
4	First Metro Save and Learn Fixed Income Fund, Inc.	2.3589	6.79%	2.209	-0.32%
6					
4	Grepalife Fixed Income Fund Corp.	P 1.6065	2.72%	P 1.5639	-2.83%
7					
4	Philam Bond Fund, Inc.	4.3722	11.54%	3.92	-3.21%
8					

4 9	Philequity Peso Bond Fund, Inc.	3.7882	7.71%	3.5171	0.35%
5 0	Soldivo Bond Fund, Inc.	0.9642	8.03%	0.8925	-3.33%
5 1	Sun Life of Canada Prosperity Bond Fund, Inc.	3.075	11.2%	2.7652	-0.41%
5 2	Sun Life Prosperity GS Fund, Inc.	1.7008	10.47%	1.5396	-0.63%
<i>Primarily invested in foreign currency securities</i>					
5 3	ALFM Dollar Bond Fund, Inc. *	\$468.22	4.45%	\$448.28	0.55%
5 4	ALFM Euro Bond Fund, Inc. *	€219.73	3.33%	€212.65	-0.5%
5 5	ATRAM Total Return Dollar Bond Fund, Inc.**	\$1.2057	7.14%	\$1.1254	-0.82%
5 6	First Metro Save and Learn Dollar Bond Fund, Inc.*	\$0.0258	3.61%	\$0.0249	-0.4%
5 7	Grepalife Dollar Bond Fund Corp.*	\$1.7091	1.11%	\$1.6903	-4.58%
5 8	PAMI Global Bond Fund, Inc*	\$1.094	5.7%	\$1.035	-3.64%
5 9	Philam Dollar Bond Fund, Inc.*	\$2.4034	10.71%	\$2.1708	-3.56%
6 0	Philequity Dollar Income Fund Inc.*	\$0.06031 44	5.85%	\$0.0569814	-0.41%
6 1	Sun Life Prosperity Dollar Abundance Fund, Inc.*	\$3.1751	10.56%	\$2.8719	-4.67%
MONEY MARKET FUNDS					
<i>Primarily invested in Peso securities</i>					
6 2	ALFM Money Market Fund, Inc.	125.78	4.09%	120.84	2.76%
	First Metro Save and Learn Money Market Fund, Inc.	1.03	n.a.	n.a.	n.a.
6 3	Philam Managed Income Fund, Inc.	1.2563	6.35%	1.1813	2.06%
6 4	Sun Life Prosperity Money Market Fund, Inc.	1.2643	3.74%	1.2187	2.67%

<i>Primarily invested in foreign currency securities</i>					
6		\$1.0371	2.11%	\$1.0157	1.7%
5	Sun Life Prosperity Dollar Starter Fund, Inc.*				
FEEDER FUND					
<i>Primarily invested in foreign currency securities</i>					
6		\$0.99	n.a.	n.a.	n.a.
6	ALFM Global Multi-Asset Income Fund Inc.				

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 – Y2020 versus Y2019

58.89% decrease in net gain(loss) on financial assets at FVPL
Attributable to lower market price of debt securities

42.29% decrease in professional fees
Due to decrease in retainer this year

62.81% decrease in other expense
Mainly due to lower transfer agent fees for the year

Balance Sheet Items – Y2020 versus Y2019

42.80% decrease in cash and cash equivalents
Due to lesser short term deposits outstanding as the reporting period.

8.41% increase in financial assets at fair value through profit or loss
Attributable to higher market price of debt securities at end of reporting period

84.62% increase in accrued expenses and other liabilities
Mainly due to increase 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 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 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 C. Sabado was the partner in charge for the year 2017 and Mr. Juan Carlo B. Maminta for 2018 to 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	2020	2019
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.	₱92,250	₱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 Corporation. The Independent Accountant also does not render other services for the Corporation

B. OTHER INFORMATION

OTHER RATIOS REQUIRED FOR MUTUAL FUNDS

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

	As of December 31, 2020	As of December 31, 2019
INVESTMENT IN BONDS:		
ACNRGY	12.49%	12.75%
BPI 4.25	11.35%	11.52%
RCBCPM - 3	3.65%	3.58%
RCBPM	3.69%	3.74%
ROP29	10.20%	10.02%
ICT23	11.03%	11.38%
FDC20	0.00%	3.64%
JGS23	9.27%	9.41%

SECB PM	0.00%	2.73%
CN VLL	10.96%	11.92%
BDO PM	3.58%	0.00%
MBTPM	3.57%	0.00%
FDC 25	9.04%	0.00%
Total Investment in Liquid or Semi-Liquid Assets to Total Assets	10.69%	18.48%
Total Operating Expenses to Total Net Worth	1.38%	1.55%
Total Assets to Total Borrowings	12750.97%	23813.18%

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

	As of December 31, 2020	As of December 31, 2019
INVESTMENT IN BONDS:		
ACNRGY	0.22%	0.22%
BPI 4.25	0.10%	0.10%
RCBCPM - 3	0.07%	0.07%
RCBPM	0.04%	0.04%
ROP29	0.03%	0.03%
ICT23	0.15%	0.15%
FDC20	0.00%	0.07%
JG SUMMIT 23	0.07%	0.07%
SECB PM	0.00%	0.05%
CN VLL	0.14%	0.14%
BDO PM	0.03%	
MBTPM	0.04%	
FDC 25	0.25%	

As of December 31, 2020 and December 31, 2019, the Fund's average daily net asset value is Php 276,197,974.31 and Php 273,370,562.07 respectively.

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

	Number of Investors	Percentage of Investment	Number of Shares
Retail	110	23.65%	21,677,962
Institutional	19	76.35%	69,987,407

(vii) Geographic Concentration of Investments

	Number of Investors	Percentage of Investment	Number of Shares
Philippines	129	100.00%	91,665,369
Foreign	0	0.00%	0

(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	75	2006 to present
Violeta O. Luym	Director/Treasurer	Filipino	73	2000 to present
Aurora L. Shih	Director	Filipino	78	2013 to present
Ramon Y. Sy	Director	Filipino	89	2013 to present
Felipe U. Yap	Director	Filipino	82	2000 to present
Dobbin A. Tan	Independent Director	Filipino	55	Sept 2018 to present
Gregorio U. Kilayko	Independent Director	Filipino	65	2013 to present
Jonathan P. Ong	Corporate Secretary	Filipino	54	June 2020 to present
Kevin Neil A. Sy	Assistant Treasurer	Filipino	35	2017 to present
Ma. Angelica D. Cabanit	Compliance Officer	Filipino	50	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 2018-2019 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), Yapster e-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).

Jonathan P. Ong

Atty. Jonathan P. Ong, 53, Filipino, is the Corporate Secretary of the Corporation. He obtained his Bachelor of Science (Economics) degree from the U.P. School of Economics on April 2, 1989 and his Bachelor of Laws degree from the U.P. College of Law on April 24, 1993. He took the bar examinations in September 1993 and was admitted to the Philippine Bar on March 15, 1994. He joined the law firm of Atty. Mario E. Ongkiko sometime in 1994. In June 1996 he became in-house counsel of the erstwhile International Exchange Bank until August 31, 2006. He then joined Maybank Philippines (MPI) in May 2007, a position which he held until July 19, 2019. He was also the Corporate Secretary of the affiliates of MPI in the Philippines – Philmay Property, Inc. and Philmay Holdings, Inc. He is currently special counsel to the Disini Buted and Disini law offices, which he advises on matters involving banking and litigation, and a senior associate at the Valerio Law Offices. He is also currently the Corporate Secretary of Kinderheim, Inc., a small family owned educational institution.

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.
15th Floor, Philippine Stock Exchange Tower, 5th Avenue corner 28th Street,
Bonifacio Global City, Taguig City

Custodian Bank

Philippine Depository and Trust Corporation
37/F, Tower 1, The Enterprise Centre
6766 Ayala Avenue corner 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

Divina Law office
8th Floor Pacific Star Building,
Sen. Gil Puyat Avenue corner Makati Avenue,
Makati, 1200 Metro Manila

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

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

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 two (2) 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, 2020.

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, 2020, 2019 and 2018 are as follows:

	Management Fee	Sales Commission	Due to PEMI
2020	3,143,643	4,798	230,438
2019	3,104,851	5,838	197,705
2018	3,012,263	-	219,235

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, 2020 and 2019.

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 18 September 2020
Results of Annual Stockholder’s Meeting held on September 17,2020.

- Filed on September 22,2020
2020 Annual Stockholders’ Meeting Record Date

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, 2020 and 2019

Statements of Income and Retained Earnings for the

Years Ended December 31, 2020, 2019 and 2018

Statements of Cash Flows for the Years Ended

December 31, 2020, 2019 and 2018

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

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 Long-Term Debt (*Part II 6D, Annex 68-E, E*)
- E Indebtedness to Related Parties (included in the consolidated statement of financial
position) (*Part II 6D, Annex 68-E, F*)
- F Guarantees of Securities of Other Issuers (*Part II 6D, Annex 68-E, G*)
- G 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.

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 CITY OF MANILA on APR 13 2021

PHILEQUITY DOLLAR INCOME FUND, INC.

By:



IGNACIO B. GIMENEZ
Chairman & President¹

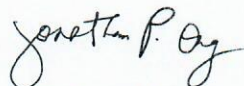


VIOLETA O. LUYM
Treasurer²



Angelica Cabanit (Apr 12, 2021 04:30 GMT+8)

MA. ANGELICA CABANIT
Compliance Officer



ATTY. JONATHAN P. ONG
Corporate Secretary

Name	TIN
Ignacio B. Gimenez	TIN: 228-111-486
Violeta O. Luym	TIN: 109-731-437
Ma. Angelica D. Cabanit	TIN: 107-184-956
Jonathan P. Ong	TIN: 162-906-632

¹ equivalent to Principal Executive Officer / Principal Operating Officer

² equivalent to Principal Financial Officer

SUBSCRIBED AND SWORN TO BEFORE ME THIS APR 13 2021
DAY OF _____, 20____, IN THE CITY OF MANILA: AFFIANT EXHIBITING
TO ME HIS/HER _____ WITH NO. _____ ISSUED
ON _____ VALID UNTIL _____ ISSUED AT _____

DOC. NO. 187
PAGE NO. 38
BOOK NO. 11
SERIES OF 2021



ATTY. HENRY D. ADASA

NOTARY PUBLIC CITY OF MANILA
UNTIL DECEMBER 31, 2021
NOTARIAL COMMISSION 097 MLA
IBP NO. 141253 - 01/04/2021, PASIG
PTR NO. 9826148 - 01/05/2021 MLA
ROLL NO. 29679, TIN: 172-528-620
②1 MCLE COMPL. NO. VII-0000165
URBAN DECA HOME MANILA, B-2, UNIT 355

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.

TABLE OF CONTENTS

	Page No.
 PART I – BUSINESS AND GENERAL INFORMATION	
Item 1 Business	1-6
Item 2 Properties	7
Item 3 Legal Proceedings	7
Item 4 Submission of Matters to a Vote of Security Holders	7
 PART II – OPERATIONAL AND FINANCIAL INFORMATION	
Item 5 Market for Registrant’s Common Equity and Related Stockholders Matters	7-8
Item 6 Management’s Discussion and Analysis or Plan of Operation	8-18
Item 7 Financial Statements and Other Information	19-21
Item 8 Changes in and Disagreements with Accountants and Financial Disclosure	21
 PART III – CONTROL AND COMPENSATION INFORMATION	
Item 9 Directors and Executive Office of the Registrant	22-25
Item 10 Executive Compensation	25
Item 11 Security Ownership of Certain Beneficial Owners and Management	26
Item 12 Certain Relationships and Related Transactions	26-27
Item 13 Compliance with the Manual of Corporate Governance	27
 PART IV – CORPORATE GOVERNANCE	 27
 PART V – EXHIBITS AND SCHEDULES	
Item 14 a. Exhibits	27
b. Reports on SEC Form 17-C (Current Report)	27
 SIGNATURES	 28
 INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES	 29
INDEX TO EXHIBITS	30

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

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	n	e	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

A	A	F	S
---	---	---	---

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

8250-8750

Mobile Number

N/A

No. of Stockholders

129

Annual Meeting (Month / Day)

09/17

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATIONThe designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Ma. Angelica Cabanit

Email Address

angelica.cabanit@philequity.net

Telephone Number/s

8250-8713

Mobile Number

0917-590-7176

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, 2020 and 2019, 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.:

TIN: 228-111-486


Eduardo R. Sycip, Jr. (Apr 8, 2021 10:42 AM GMT+8)

VIOLETA O. LUYM

Treasurer

CTC No.:

TIN: 109-731-437

Signed this 8th day of April, 2021.

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

APR 13 2021

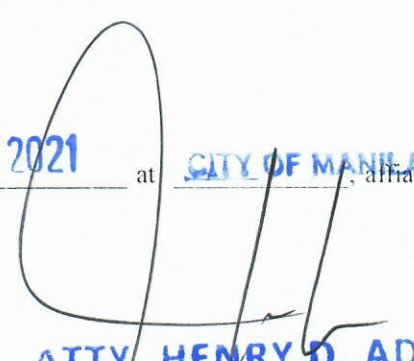
at CITY OF MANILA, affiants

Doc. No. 197

Page No. 47

Book No. 17

Series of 2021



ATTY. HENRY D. ADASA
NOTARY PUBLIC CITY OF MANILA
UNTIL DECEMBER 31, 2021
NOTARIAL COMMISSION 097 MLA
IBP NO. 141253 - 01/04/2021, PASIG
PTR NO. 9826148 - 01/05/2021 MLA
ROLL NO. 29679, TIN: 172-528-620
(21) MCLE COMPL. NO. VII-0000165
URBAN DECA HOME MANILA, B-2, UNIT 355



Jingle Atasan <jingle.atasan@e-businessphil.ph>

SEC CiFSS-OST Initial Acceptance

noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph>

Wed, May 12, 2021 at 4:42 PM

Greetings!

SEC Registration No: A199816216

Company Name: PHILEQUITY DOLLAR INCOME FUND INC.

Document Code: AFS

This serves as temporary receipt of your submission.

Subject to verification of form and quality of files of the submitted report.

Another email will be sent as proof of review and acceptance.

[Quoted text hidden]

INDEPENDENT AUDITOR'S REPORT

The Stockholders and Board of Directors
Philequity Dollar Income Fund, Inc.
15th Floor, Philippine Stock Exchange Tower,
28 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, 2020 and 2019, 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, 2020, 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, 2020 and 2019, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2020 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.

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 18 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 B. Maminta

Partner

CPA Certificate No. 115260

Accreditation No. 115260-SEC (Group A)

Valid to cover audit of 2020 to 2024

financial statements of SEC covered institutions

Tax Identification No. 210-320-399

BIR Accreditation No. 08-001998-132-2020,

November 27, 2020, valid until November 26, 2023

PTR No. 8534323, January 4, 2021, Makati City

April 8, 2021



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

STATEMENTS OF FINANCIAL POSITION

	December 31, 2020		December 31, 2019	
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
ASSETS				
Cash and cash equivalents (Note 6)	\$615,805	₱29,568,916	\$1,021,178	₱51,697,514
Financial assets at fair value through profit or loss (Note 7)	5,074,302	243,683,206	4,439,392	224,788,624
Receivables (Note 8)	68,349	3,282,333	64,099	3,245,570
	<u>\$5,758,456</u>	<u>₱276,534,455</u>	<u>\$5,524,669</u>	<u>₱279,731,708</u>
LIABILITIES AND EQUITY				
Liabilities				
Accrued expenses and other liabilities (Note 9)	\$33,323	₱1,600,301	\$20,670	₱1,046,630
Income tax payable	11,837	568,432	2,529	128,064
	<u>45,160</u>	<u>2,168,733</u>	<u>23,199</u>	<u>1,174,694</u>
Equity				
Capital stock (Note 11)	1,991,908	91,665,369	1,982,649	91,160,969
Additional paid-in capital	1,761,544	85,467,823	1,742,563	84,437,361
Retained earnings	1,959,844	99,535,404	1,776,258	88,680,945
Cumulative translation adjustment	—	(2,302,874)	—	14,277,739
	<u>5,713,296</u>	<u>274,365,722</u>	<u>5,501,470</u>	<u>278,557,014</u>
	<u>\$5,758,456</u>	<u>₱276,534,455</u>	<u>\$5,524,669</u>	<u>₱279,731,708</u>
Net Asset Value per Share (Note 11)	<u>\$0.0623</u>	<u>₱2.9931</u>	<u>\$0.0603</u>	<u>₱3.0557</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					
	2020		2019		2018	
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
REVENUE						
Trading and investment securities gains (losses) - net (Note 7)	\$90,384	₱3,889,926	\$184,355	₱9,461,548	(\$134,856)	(₱6,936,376)
Interest income (Notes 6 and 7)	199,847	9,778,783	223,641	11,471,268	211,207	11,139,197
Net foreign exchange gain (loss)	—	—	—	—	—	52,590
Miscellaneous income	—	—	—	—	500	25,858
	290,231	13,668,709	407,996	20,932,816	76,851	4,281,269
EXPENSES						
Management fee (Note 15)	63,541	3,143,643	60,063	3,104,851	57,120	3,012,263
Professional fees	11,461	576,926	19,330	999,635	15,512	827,005
Taxes and licenses	1,594	80,270	1,536	79,472	3,754	193,770
Other expenses	313	15,268	788	41,056	445	140,460
	76,909	3,816,107	81,717	4,225,014	76,831	4,173,498
INCOMEBEFORE INCOME TAX	213,322	9,852,602	326,279	16,707,802	20	107,771
PROVISION FOR INCOME TAX (Note 12)	32,164	1,569,697	30,347	1,575,359	18,397	967,411
NET INCOME (LOSS)	181,158	8,282,905	295,932	15,132,443	(18,377)	(859,640)
OTHER COMPREHENSIVE INCOME						
<i>Items that recycle to profit or loss in subsequent periods:</i>						
Cumulative translation adjustment	—	(16,580,613)	—	(10,069,149)	—	13,283,032
TOTAL COMPREHENSIVE INCOME (LOSS)	\$181,158	(₱8,297,708)	\$295,932	₱5,063,294	(\$18,377)	₱12,423,392
EARNINGS (LOSS) PER SHARE (Note 13)	\$0.0020	₱0.0903	\$0.0033	₱0.1683	(\$0.0002)	(₱0.0097)

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					
	2020		2019		2018	
	Functional Currency	Functional Currency	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
CAPITAL STOCK (Note 11)						
Balance at beginning of year	\$1,982,649	₱91,160,969	\$1,935,604	₱88,668,771	\$1,926,062	₱88,074,976
Issuances	39,362	1,943,790	62,407	3,210,048	23,131	1,200,203
Redemptions	(30,103)	(1,439,390)	(15,362)	(717,850)	(13,589)	(606,408)
Balance at end of year	1,991,908	91,665,369	1,982,649	91,160,969	1,935,604	88,668,771
ADDITIONAL PAID-IN CAPITAL						
Balance at beginning of year	1,742,563	84,437,361	1,638,566	78,987,745	1,610,762	77,491,384
Issuances	79,548	3,930,084	127,751	6,571,815	45,168	2,348,135
Redemptions	(60,567)	(2,899,622)	(23,754)	(1,122,199)	(17,364)	(851,774)
Balance at end of year	1,761,544	85,467,823	1,742,563	84,437,361	1,638,566	78,987,745
RETAINED EARNINGS						
Balance at beginning of year	1,776,258	88,680,945	1,483,417	73,906,352	1,505,298	75,122,939
Net income	181,158	8,282,905	295,932	15,132,443	(18,377)	(859,640)
Excess of redemption costs over the original issuance price	—	—	(3,091)	(357,850)	(3,504)	(356,947)
Excess of original issuance price over the redemption costs	2,428	2,571,554	—	—	—	—
Balance at end of year	1,959,844	99,535,404	1,776,258	88,680,945	1,483,417	73,906,352
CUMULATIVE TRANSLATION ADJUSTMENT						
Balance at beginning of year	—	14,277,739	—	24,346,888	—	11,063,856
Other comprehensive income (loss) - foreign exchange adjustments	—	(16,580,613)	—	(10,069,149)	—	13,283,032
Balance at end of year	—	(2,302,874)	—	14,277,739	—	24,346,888
	\$5,713,296	₱274,365,722	\$5,501,470	₱278,557,014	\$5,057,587	₱265,909,756

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					
	2020		2019		2018	
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	\$213,322	₱9,852,602	\$326,279	₱16,707,802	\$20	₱107,771
Adjustment for net unrealized loss (gain) on changes in fair value of financial assets at fair value through profit or loss (Note 7)	(90,384)	(3,889,926)	(228,294)	(11,710,407)	104,188	5,349,879
Operating income before working capital changes	122,938	5,962,676	97,985	4,997,395	104,208	5,457,650
Decrease (increase) in:						
Financial assets at fair value through profit or loss	(544,526)	(15,004,656)	(1,482,541)	(69,610,702)	358,983	18,168,887
Receivables	(4,251)	(36,763)	(19,052)	(877,011)	(10,466)	(513,712)
Increase (decrease) in accrued expenses and other liabilities	12,654	553,671	3,258	131,119	2,570	129,022
Net cash generated from (used in) operations	(413,185)	(8,525,072)	(1,400,350)	(65,359,199)	455,295	23,241,847
Income tax paid	(22,856)	(1,129,329)	(29,546)	(1,538,141)	(34,384)	(1,761,085)
Net cash provided by (used in) operating activities	(436,041)	(9,654,401)	(1,429,896)	(66,897,340)	420,911	21,480,762
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from issuances of capital stock	118,910	5,873,874	190,158	9,781,863	68,299	3,548,338
Payments for redemptions of capital stock	(88,242)	(1,767,458)	(42,207)	(2,197,899)	(34,457)	(1,815,130)
Net cash provided by financing activities	30,668	4,106,416	147,951	7,583,964	33,842	1,733,208
EFFECT OF EXCHANGE RATE DIFFERENCES	—	(16,580,613)	—	(10,069,149)	—	5,576,922
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(405,373)	(22,128,598)	(1,281,945)	(69,382,525)	454,753	28,790,892
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,021,178	51,697,514	2,303,123	121,080,039	1,848,370	92,289,147
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	\$615,805	₱ 29,568,916	\$1,021,178	₱51,697,514	\$2,303,123	₱121,080,039
OPERATIONAL CASH FLOWS FROM INTEREST						
Interest received	\$195,288	₱9,726,475	\$204,589	₱10,594,257	\$200,741	₱10,497,255

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.

The registered address of the Fund is 15th Floor, Philippine Stock Exchange Tower, 28th St. Corner 5th Ave., Bonifacio Global City, Taguig City, Metro Manila, Philippines.

The accompanying financial statements of the Fund were approved and authorized for issue by the BOD on April 8, 2021.

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 10.

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 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. Exchange differences arising on translation to the presentation currency are taken to other comprehensive income (OCI) under 'Cumulative translation adjustment' in the statements of comprehensive income.

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, 2020.

Adoption of these pronouncements did not have any significant impact on the Fund's financial position or performance, unless otherwise indicated.

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*
The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.
- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.



- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

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 (3) 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 December 31, 2020, 2019 and 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

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 fair



value through other comprehensive income (FVOCI) with recycling of cumulative gains and losses (debt instruments), financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) and financial assets measured at amortized cost.

Contractual cash flows characteristics

The Fund assesses whether the cash flows from the financial asset represent “solely payment of principal and interest” or “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 SPPI 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 ‘stresscase’ 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, 2020 and 2019, the Fund has no financial assets at FVOCI.

Financial assets at FVTPL

Debt financial assets that do not meet the amortized cost criteria, or that meet the criteria but the Fund has chosen to designate as at FVTPL at initial recognition, are measured at fair value through profit or loss. Equity investments are classified as at FVTPL, unless the FVTPL designates an investment that is not held for trading as at FVOCI at initial recognition. The Fund's financial assets at FVTPL include equity securities held for trading purposes and equity investments not designated as at FVOCI.



A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Fund manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Financial assets at FVTPL are carried at fair value and gains and losses on these instruments are recognized as 'Trading and investment securities gains (losses)' in the statement of income. Interest earned on these investments is reported in the statement of income under 'Interest income'.

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 SPPI 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 'Receivables'.

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, 2020 and 2019, 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'.

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, 2020 and 2019, 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

Expected credit loss (ECL)

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 significant increase in credit risk (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.



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.

Capital Stock and Redeemable Shares

A puttable financial instrument is classified as an equity instrument if it has all of the following features:

- It entitles the holder to a pro-rata share of the Fund's net assets in the event of the Fund's liquidation;
- The instrument is in the class of instruments that is subordinate to all other classes of instruments;
- All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- The instrument does not include any contractual obligation to deliver cash or another financial asset other than the holder's right to a pro-rata share of the Fund's net assets; and
- The total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund over the life of the instrument.

Further, the Fund does not have other financial instruments or contract that have:

- Total cash flows based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund; and
- The effect of substantially restricting or fixing the residual return to the holders of redeemable shares.

The Fund continuously assesses the classification of the redeemable shares. If the redeemable shares cease to have all the features or meet all the conditions set out above, the Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognized in equity. If the redeemable shares subsequently have all the features and meet the conditions set out above, the Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.



The issuance, acquisition and resale of redeemable shares are accounted for as equity transactions. Upon sale of shares, the consideration received is included in equity. Redemptions are recorded as charges against equity.

Share Issuance Costs

Share issuance costs such as sales load fee are deducted against 'Additional paid-in capital'. If 'Additional paid-in capital' is not sufficient to absorb the share issuance costs, any excess is charged against 'Retained earnings'.

Retained Earnings

The amounts in retained earnings include accumulated investment income from previous periods reduced by excess of redemption costs over the original issuance price of redeemed shares.

Net Asset Value (NAV) Per Share

NAV per share is computed by dividing net assets (total assets less total liabilities) by the total number of redeemable shares issued and outstanding as of reporting 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.

As of December 31, 2020 and 2019, the Fund does not have revenues within the scope of PFRS 15.

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.

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 benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.



The specific recognition criteria described below must also be met before expense is recognized:

Management fee

Management fee is accrued over time at 1.00% of the average NAV of the Fund.

Professional fees

This includes legal, audit and transfer agent fee which are recognized when incurred.

Taxes and licenses

This includes all other local taxes which are recognized when incurred.

Income Taxes

Current tax

Current tax liabilities for the current and prior periods are measured at the amounts expected to be paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively 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 carryforward 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 carryforward 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 or loss.

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 the 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.

Value Added Tax (VAT)

The Fund is not subject to VAT on its sales of goods and/or services. The amount of VAT passed on from its purchase of goods or service is recognized as part of the cost of goods/asset acquired or as part of the expense item, as applicable.



Earnings (Loss) Per Share

Earnings (loss) per share 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) per share is determined on the basis of the weighted average number of shares of the Fund outstanding during the period.

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.

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. Where discounting is used, the increase in the provision due to passage of time is recognized as an interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

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 that the expense relating to any provision is presented in the profit or loss in the statement of comprehensive income, net of any reimbursement.

Contingent Liabilities and Contingent Assets

Contingent liabilities are not recognized in the statement of financial position but are disclosed in the notes to financial statements 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 in the notes to financial statements when an inflow of economic benefits is probable.

Segment Reporting

For management purposes, the Fund is organized into one main operating segment, which invests in short term placements and dollar-denominated debt instruments in the form of government and private debt securities. All of the Fund's activities are interrelated and interdependent.

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.

Events After the Reporting Date

Any post year-end events that provide additional information about the Fund's financial position 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 financial statements. The Fund intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs 2018-2020 Cycle*
- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*
- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- PFRS 17, *Insurance Contracts*

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*

3. Significant Accounting Judgments

The preparation of the financial statements in accordance with PFRS requires the Fund to make judgments 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.

c. Business model test

The Fund developed business models which reflect how it manages its portfolio of financial instruments. The Fund's business models need not be assessed at entity level or as a whole but applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Fund) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Fund evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Fund.

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 years' 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, 2020 and 2019, 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 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, 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, but not limited to the following:

- (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.

The following table sets out the different investments as of December 31, 2020 and 2019 and their respective percentages to the total net assets of the Fund:

	2020	2019
Financial assets at FVTPL		
Government securities	10.20%	10.02%
Corporate bonds	78.62%	70.67%
Cash and cash equivalents	10.78%	18.56%
	99.59%	99.26%



Financial assets

Except for financial assets at FVTPL, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity. For financial assets at FVTPL, the analysis into maturity groupings is based on the expected dates on which the assets will be realized.

Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Fund can be required to pay.



The table below shows the financial assets and financial liabilities' liquidity information which includes coupon cash flows categorized based on the expected date on which the asset will be realized and the liability will be settled.

2020														
	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	\$615,805	\$-	\$-	\$-	\$-	\$-	\$615,805	₱29,568,916	₱-	₱-	₱-	₱-	₱-	₱29,568,916
Financial assets at FVTPL:														
Government securities*	-	-	9,375	722,773	-	-	732,148	-	-	450,216	34,709,728	-	-	35,159,944
Corporate bonds*	-	44,738	19,875	4,769,001	-	-	4,833,614	-	2,148,429	954,457	229,800,697	-	-	232,903,583
	615,805	44,738	29,250	5,491,774	-	-	6,181,567	29,568,916	2,148,429	1,404,673	264,510,425	-	-	297,632,443
Financial Liabilities														
Accrued expenses and other liabilities**	-	31,889	-	-	-	-	31,889	-	1,531,415	-	-	-	-	1,531,415
Redeemable Shares	5,713,296	-	-	-	-	-	5,713,296	274,365,722	-	-	-	-	-	274,365,722
Net Asset (Liability)	(\$5,097,491)	\$12,849	\$29,250	\$5,491,774	\$-	\$-	\$436,382	(₱244,796,806)	₱617,014	₱1,404,673	₱264,510,425	₱-	₱-	₱21,735,306

*Includes accrued interest receivable and future interest

**Excludes statutory obligations

2019														
	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*	\$403,178	\$619,282	\$-	\$-	\$-	\$-	\$1,022,460	₱20,405,084	₱31,357,344	₱-	₱-	₱-	₱-	₱51,762,428
Financial assets at FVTPL:														
Government securities*	-	-	-	688,750	-	-	668,750	-	-	-	33,862,156	-	-	33,862,156
Corporate bonds*	-	40,488	172,838	4,090,151	-	-	4,303,477	-	2,050,110	8,751,652	207,104,796	-	-	217,906,558
	403,178	659,770	172,838	4,778,901	-	-	5,994,687	20,405,084	33,407,454	8,751,652	240,966,952	-	-	303,531,142
Financial Liabilities														
Accrued expenses and other liabilities**	-	18,526	-	-	-	-	18,526	-	938,066	-	-	-	-	938,066
Redeemable Shares	5,501,470	-	-	-	-	-	5,501,470	278,557,015	-	-	-	-	-	278,557,015
Net Asset (Liability)	(\$5,098,292)	\$641,244	\$172,838	\$4,778,901	\$-	\$-	\$474,691	(₱258,151,931)	₱32,469,388	₱8,751,652	₱240,966,952	₱-	₱-	₱24,036,061

*Includes accrued interest receivable and future interest

**Excludes statutory obligations

As of December 31, 2020 and 2019, 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:

	2020		2019	
Cash and cash equivalents	₱229,373	\$4,860	₱386,595	\$7,830
Accounts payable	(1,018,626)	(21,211)	(267,158)	(5,276)
Accrued expenses	(282,351)	(5,879)	(473,202)	(9,345)
Due to PEMI	(230,438)	(4,798)	(197,705)	(3,905)
Net exposure	(₱1,422,826)	(\$29,544)	(₱551,470)	(\$10,696)

In translating the foreign currency denominated assets and liabilities into Philippine peso, the exchange rate used was ₱48.023 to US\$1 and ₱50.635 to US\$1 as of December 31, 2020 and 2019, 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, 2020 and 2019:

2020			2019		
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	(\$159,137) (₱7,642,255)		+100	(\$149,174) (₱7,553,446)
-100	167,003	8,019,987	-100	157,133	7,956,424

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 are generally based on quoted market prices. Fair values of quoted debt securities are based on yields within the bid-ask spread.

Accrued expenses and other liabilities

The carrying amounts approximate fair values considering that these are either due or 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, 2020 and 2019:

2020										
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	\$582,580	₱27,977,240	\$582,580	₱27,977,240	\$—	₱—	\$—	₱—	\$582,580	₱27,977,240
Corporate bonds	4,491,722	215,705,966	4,491,722	4,491,722	—	—	—	—	4,491,722	4,491,722
2019										
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	\$551,435	₱27,921,911	\$551,435	₱27,921,911	\$—	₱—	\$—	₱—	\$551,435	₱27,921,911
Corporate bonds	3,887,957	196,866,713	3,887,957	196,866,713	—	—	—	—	3,887,957	196,866,713

In 2020 and 2019, there were no transfers among the three levels in the fair value hierarchy.

As of December 31, 2020 and 2019, 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:

	2020		2019	
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
Cash in banks	\$615,805	₱29,568,916	\$403,178	₱20,405,084
Short-term placements	—	—	618,000	31,292,430
	\$615,805	₱29,568,916	\$1,021,178	₱51,697,514

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 0.05% to 1.50% in 2020, 1.00% to 2.20% in 2019 and 1.00% to 2.20% in 2018.

Interest income earned on cash and cash equivalents amounted to \$3,591 (₱0.18 million), \$11,067 (₱0.57 million), and \$34,831 (₱1.84 million) in 2020, 2019 and 2018, respectively.

Accrued interest receivable on cash and cash equivalents amounted to nil and \$760 (₱0.04 million) as of December 31, 2020 and 2019, respectively (see Note 8).

7. Financial Assets at Fair Value through Profit or Loss

This account consists of investments in:

	2020		2019	
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
Government securities	\$582,580	₱27,977,240	\$551,435	₱27,921,911
Corporate bonds	4,491,722	215,705,966	3,887,957	196,866,713
	\$5,074,302	₱243,683,206	\$4,439,392	₱224,788,624

The Fund earns interest from government securities of 3.75% in 2020 and 2019 and 7.25% in 2018.

Corporate bonds are dollar-denominated bonds issued by private companies which bear annual coupon interest rates from 2.125% to 7.38% in 2020 and 3.00% to 7.38% in 2019 and 2018.

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

	2020		2019		2018	
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
Changes in fair value	\$90,384	₱3,889,926	\$228,294	₱11,710,408	(\$104,188)	(₱5,349,879)
Net realized gain (loss) from sale/maturity	—	—	(43,939)	(2,248,860)	(30,668)	(1,586,497)
	\$90,384	₱3,889,926	\$184,355	₱9,461,548	(\$134,856)	(₱6,936,376)



Movement of government bond and corporate bonds follow:

	2020		2019	
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
Beginning balance	\$4,439,392	₱224,788,624	\$2,728,557	₱143,467,515
Acquisitions	894,526	43,727,439	3,512,282	182,945,941
Disposals	—	—	(507,327)	(26,255,983)
Maturity	(350,000)	(17,722,250)	(1,522,414)	(80,048,552)
Foreign translation adjustment	—	(11,000,533)	—	(7,030,704)
Mark-to-market valuation Adjustment	90,384	3,889,926	228,294	11,710,407
Ending balance	\$5,074,302	₱243,683,206	\$4,439,392	₱224,788,624

In 2020, 2019 and 2018, interest income earned on government securities and corporate bonds amounted to \$196,256 (₱9.60 million), \$212,575 (₱10.90 million), and \$176,376 (₱9.30 million), respectively. Accrued interest receivable on debt securities amounted to \$68,349 (₱3.28 million) and \$63,031 (₱3.19 million) in 2020 and 2019, respectively (see Note 8).

8. Receivables

This account consists of investments in:

	2020		2019	
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
Accrued interest receivable (Notes 6 and 7)	\$68,349	₱3,282,333	\$63,791	₱3,230,024
Other receivables	—	—	308	15,546
	\$68,349	₱3,282,333	\$64,099	₱3,245,570

9. Accrued Expenses and Other Liabilities

This account consists of:

	2020		2019	
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
Financial Liabilities:				
Accounts payable	\$21,212	₱1,018,626	\$5,276	₱267,159
Accrued expenses	5,879	282,351	9,345	473,202
Due to PEMI (Note 15)	4,798	230,438	3,905	197,705
	31,889	1,531,415	18,526	938,066
Nonfinancial liabilities:				
Withholding tax payable	1,434	68,886	2140	108,357
Documentary stamp tax payable	—	—	4	207
	1,434	68,886	\$2,144	108,564
	\$33,323	₱1,600,301	\$20,670	₱1,046,630



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.

10. Maturity Analysis of Assets and Liabilities

The following table shows an analysis of assets and liabilities analyzed according to whether they are expected to be recovered or settled within one year and beyond one year from reporting date:

	2020					
	Functional Currency			Presentation Currency		
	Less than twelve months	Over twelve months	Total	Less than twelve months	Over twelve months	Total
Financial Assets						
Cash and cash equivalents:						
Cash in banks	\$615,805	\$–	\$615,805	₱29,568,916	₱–	₱29,568,916
Financial assets at FVTPL:						
Government securities	582,580	–	582,580	27,977,240	–	27,977,240
Corporate bonds	4,491,722	–	4,491,722	215,705,966	–	215,705,966
Loans and receivables:						
Accrued interest receivable	68,349	–	68,349	3,282,333	–	3,282,333
Total Financial Assets	\$5,758,456	\$–	\$5,758,456	₱276,534,455	₱–	₱276,534,455
Financial Liabilities						
Accrued expenses	\$5,879	\$–	\$5,879	₱282,351	₱–	₱282,351
Accounts payable	21,212	–	21,212	1,018,626	–	1,018,626
Due to PEMI	4,798	–	4,798	230,438	–	230,438
	31,889	–	31,889	1,531,415	–	1,531,415
Nonfinancial Liabilities						
Withholding tax payable	1,434	–	1,434	68,886	–	68,886
Income tax payable	11,837	–	11,837	568,432	–	568,432
	13,271	–	13,271	637,318	–	637,318
Total Liabilities	\$45,160	\$–	\$45,160	₱2,168,733	₱–	₱2,168,733

	2019					
	Functional Currency			Presentation Currency		
	Less than twelve months	Over twelve months	Total	Less than twelve months	Over twelve months	Total
Financial Assets						
Cash and cash equivalents:						
Cash in banks	\$403,178	\$–	\$403,178	₱20,405,084	₱–	₱20,405,084
Short-term placements	618,000	–	618,000	31,292,430	–	31,292,430
Financial assets at FVTPL:						
Government securities	551,435	–	551,435	27,921,911	–	27,921,911
Corporate bonds	3,887,957	–	3,887,957	196,866,713	–	196,866,713
Loans and receivables:						
Accrued interest receivable	63,791	–	63,791	3,230,024	–	3,230,024
Other receivables	308	–	308	15,546	–	15,546
Total Financial Assets	\$5,524,669	\$–	\$5,524,669	₱279,731,708	₱–	₱279,731,708
Financial Liabilities						
Accrued expenses	\$9,345	\$–	\$9,345	₱473,202	₱–	₱473,202
Accounts payable	5,276	–	5,276	267,159	–	267,159
Due to PEMI	3,905	–	3,905	197,705	–	197,705
	18,526	–	18,526	938,066	–	938,066
Nonfinancial Liabilities						
Withholding tax payable	2,140	–	2,140	108,357	–	108,357
Documentary stamp tax payable	4	–	4	207	–	207
Income tax payable	2,529	–	2,529	128,064	–	128,064
	4,673	–	4,673	236,628	–	236,628
Total Liabilities	\$23,199	\$–	\$23,199	₱1,174,694	₱–	₱1,174,694



11. Equity

Capital Stock

The Fund's capital stock consists of:

	2020		2019	
	Shares	Amount	Shares	Amount
Common - ₱1.00 par value				
Authorized	100,000,000	₱100,000,000	100,000,000	₱100,000,000
Issued and outstanding	91,665,369	₱91,665,369	91,160,969	₱91,160,969

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:

	2020	2019
Beginning balance	91,160,969	88,668,771
Shares issued during the year	1,943,790	3,210,048
Shares redeemed during the year	(1,439,390)	(717,850)
Ending balance	91,665,369	91,160,969

As of December 31, 2020 and 2019, the total number of stockholders of the Fund is 129 and 118, 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.

	2020		2019	
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
NAV attributable to holders of redeemable shares	\$5,713,296	₱274,365,722	\$5,501,470	₱278,557,014
Number of shares outstanding	91,665,369	91,665,369	91,160,969	91,160,969
NAV per share	\$0.0623	₱2.9931	\$0.0603	₱3.0557

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, 2020 and 2019, 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, 2020 and 2019.

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, 2020 and 2019, 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, 2020 and 2019, the Fund is in compliance with this requirement. There is no retained surplus profit 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.

12. Income Taxes

The provision for income tax consists of:

	2020		2019		2018	
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
RCIT	\$31,625	₱1,542,445	\$28,687	₱1,489,488	\$13,172	₱690,958
Final tax	539	27,252	1,660	85,871	5,225	276,453
	\$32,164	₱1,569,697	\$30,347	₱1,575,359	\$18,397	₱967,411



Provision for income tax of the Fund pertains to 20.00% final taxes paid on interest income from cash and cash equivalents and debt securities.

Current tax regulations provide that the RCIT rate shall be 30.00% and that interest allowed as a deductible expense is reduced by 33.00% of interest income subjected to final tax.

An Optional Standard Deduction (OSD) equivalent to 40.00% of gross income maybe claimed as an alternative deduction in computing for the RCIT.

Current tax regulations also provide for a MCIT of 2.00% on modified gross income and allow a NOLCO. The MCIT is imposed on the fourth taxable year from commencement of the Fund's business operations. The MCIT and NOLCO may be applied against the Fund's income tax liability and taxable income, respectively, over a three-year period from the year of inception.

On September 30, 2020, the Bureau of Internal Revenue (BIR) has issued Revenue Regulations (RR) No. 25-2020 to implement Section 4 (bbbb) of Republic Act No. 11494, otherwise known as "Bayanihan to Recover as One Act", allowing qualified businesses or enterprises which incurred net operating loss for taxable years 2020 and 2021 to carry over the same as a deduction from its gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2020, 2019 and 2018, the Fund has no NOLCO and unrecognized deferred tax.

The reconciliation between the Fund's provisions 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:

	2020	2019	2018
Statutory income tax	₱2,955,781	₱5,012,341	₱32,331
Tax effects of:			
Net unrealized (gain) loss on changes in fair value of financial assets at FVTPL	(1,166,978)	(3,513,122)	1,604,964
Interest income subjected to final tax	(302,871)	(745,281)	(276,578)
Net realized loss on sale or maturity of financial assets at FVTPL	—	674,658	475,949
Non-taxable income/exempt	—	—	(979,347)
Non-deductible expense	83,765	146,763	110,092
Effective income tax	₱1,569,697	₱1,575,359	₱967,411



13. Earnings Per Share

Earnings 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 per share computations:

	2020		2019		2018	
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
Net income	\$181,158	₱8,282,905	\$295,932	₱15,132,443	(\$18,377)	(₱859,640)
Divided by weighted average number of common shares	91,744,524	91,744,524	89,895,655	89,895,655	88,557,540	88,557,540
	\$0.0020	₱0.0903	\$0.0033	₱0.1683	(\$0.0002)	(₱0.0097)

There were no potential dilutive common shares for the periods ended December 31, 2020, 2019 and 2018.

14. Segment Reporting

The Fund has one operating segment. The table below shows the analyses of the Fund's operating income (loss) per asset type:

	2020		2019		2018	
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency
Financial assets at FVTPL	\$286,640	₱13,487,207	\$396,930	₱20,360,404	\$41,520	₱2,358,965
Cash and cash equivalents	3,591	181,502	11,066	572,412	34,831	1,843,856
Others	—	—	—	—	500	78,448
	\$290,231	₱13,668,709	\$407,996	₱20,932,816	\$76,851	₱4,281,269

As the Fund has one operating segment, the assets and liabilities as reported in the statements of financial position are also the segment assets and liabilities.

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.

No investment income was derived from a single customer that constitutes 10.00% or more of the Fund's investment income in 2020, 2019 and 2018.

15. 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 shall manage the resources and operations of the Fund in accordance to prescribed Fund policies and/or approval of the Board of directors. PEMI is also 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, 2020, 2019 and 2018 follows:

	2020				
	Amount/Volume		Outstanding Balance		Terms and Conditions
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	
PEMI					
Management fee for remittance (Note 9)	\$63,541	₱3,143,643	\$4,798	₱230,438	Due the following month, non-interest bearing and unsecured.
	2019				
	Amount/Volume		Outstanding Balance		Terms and Conditions
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	
PEMI					
Management fee for remittance (Note 9)	\$60,063	₱3,104,851	\$3,905	₱197,705	Due the following month, non-interest bearing and unsecured.
	2018				
	Amount/Volume		Outstanding Balance		Terms and Conditions
	Functional Currency	Presentation Currency	Functional Currency	Presentation Currency	
PEMI					
Management fee for remittance (Note 9)	\$57,120	₱3,012,263	\$4,170	₱219,235	Due 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 9).



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, 2020 and 2019, seven shares of the Fund are held by directors. There were no movements on the number of shares held by directors in 2020 and 2019.

16. COVID-19 Pandemic

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, unless earlier lifted or extended. The ECQ was subsequently extended until May 15, 2020. Subsequent to May 15, 2020, a modified enhanced community quarantine (MECQ) was imposed in NCR and other areas until May 31, 2020. On June 1, Metro Manila and selected provinces were downgraded to GCQ, while the rest of the country was placed under modified GCQ. On August 4, Metro Manila, and the provinces of Laguna, Cavite, Rizal, and Bulacan reverted back to modified ECQ amid the rising number of COVID-19 positive cases.

The MECQ lasted until August 18. On August 17, on the recommendation of IATF-EID, the President announced that Metro Manila and its neighboring provinces of Bulacan, Cavite and Laguna will be downgraded to GCQ starting August 19. On September 16, the President issued Proclamation No. 1021 (s.2020) extending the period of the State of Calamity throughout the Philippines until September 21, 2021.

Vantage Equities, Inc., the Parent Company, is in close coordination with its subsidiaries to monitor their business operations under the new environment. Meantime, the Group has and will continue to abide by government-mandated policies and guidelines on the pandemic. Work-from-home arrangements are at the maximum possible. Physical travel and contact are kept to the barest minimum. Front line employees have been given protective equipment and continuous disinfection of client servicing areas has been implemented. These will remain in place until health risks subside.

17. Events after the Reporting Period

President Rodrigo Duterte signed into law on March 26, 2021 the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.



The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Fund:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30.00% to 25.00% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5.00 million and with total assets not exceeding ₱100.00 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20.00%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Effective April 11, 2021, final income tax rate on interest income from a depository bank under the expanded foreign currency deposit system is increased from 7.50% to 15.00%.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2011 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Fund would have been subjected to lower regular corporate income tax rate of 25.00% effective July 1, 2020.

Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated CIT rate of the Fund for CY2020 is 27.50%. This will result in lower provision for current income tax for the year ended December 31, 2020 and lower income tax payable as of December 31, 2020, amounting to ₱1,414,770 and ₱440,758, respectively, or a reduction of ₱128,615 and ₱128,615, respectively. The reduced amounts will be reflected in the Fund's 2020 annual income tax return. However, for financial reporting purposes, the changes will only be recognized in the 2021 financial statements.

18. 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 2020, the Fund reported and/or paid the following taxes and licenses fees:

Municipal permits	₱27,805
Documentary stamp tax	19,390
Annual registration	500
Community tax	715
Others	31,860
	<u>₱80,270</u>

Withholding Taxes

As of December 31, 2020, total remittances and balance of expanded withholding taxes amounted to ₱360,275 and ₱68,886, respectively.

Tax Assessments and Cases

In 2020, the Fund 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).



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Philequity Dollar Income Fund, Inc. (an Open-end Mutual Fund Company) (the Fund), as at December 31, 2020 and 2019, and have issued our report thereon dated April 8, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Financial Statements and Supplementary Schedules are the responsibility of the Fund's management. These schedules are presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Juan Carlo B. Maminta

Partner

CPA Certificate No. 115260

Accreditation No. 115260-SEC (Group A)

Valid to cover audit of 2020 to 2024

financial statements of SEC covered institutions

Tax Identification No. 210-320-399

BIR Accreditation No. 08-001998-132-2020,

November 27, 2020, valid until November 26, 2023

PTR No. 8534323, January 4, 2021, Makati City

April 8, 2021



PHILEQUITY DOLLAR INCOME FUND, INC.
INDEX TO THE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2020

Schedules Required under Securities Regulation Code Rule 68

Schedule	Content	Page No.
Part 1		
I	Reconciliation of Retained Earnings Available for Dividend Declaration <i>(Part I 4C, Annex 68-D)</i>	1
Part 2		
A	Financial Assets <i>(Part II, Annex 68-J, A)</i>	2
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates) <i>(Part II, Annex 68-J, B)</i>	3
C	Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements <i>(Part II 6D, Annex 68-J, C)</i>	4
D	Long-Term Debt <i>(Part II, Annex 68-J, D)</i>	5
E	Indebtedness to Related Parties (included in the consolidated statement of financial position) <i>(Part II, Annex 68-J, E)</i>	6
F	Guarantees of Securities of Other Issuers <i>(Part II, Annex 68-J, F)</i>	7
G	Capital Stock <i>(Part II, Annex 68-J, G)</i>	8

PHILEQUITY DOLLAR INCOME FUND, INC.
SCHEDULE I
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2020

Unappropriated retained earnings, as adjusted to available for dividend distribution, beginning	₱76,970,538
<hr/>	
Add: Net income actually earned/realized during the period	
Net income during the period closed to retained earnings	8,282,905
Less: Non-actual/unrealized income net of tax	
Unrealized gain from fair value changes of financial assets at FVTPL	(3,889,926)
Net income actually earned during the period	81,363,517
Add: Addition in retained earnings due to redemption of capital stock	2,571,554
<hr/>	
Total retained earnings, end available for dividend declaration	₱83,935,071

Philequity Dollar Income Fund, Inc.
Schedule A - Financial Assets
December 31, 2020

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds or notes (Functional Currency)-USD	Amount shown on the balance sheet (Functional Currency)-USD	Valued bases on market quotation at balance sheet date (Functional Currency)-USD	Income received and accrued (Functional Currency)-USD
Financial assets at fair value through profit or loss				
<i>Government securities</i>				
Republic of the Philippines	\$500,000	582,580	582,580	18,750
<i>Corporate Bonds</i>				
AC Energy	\$660,000	713,328	713,328	31,350
BDO Unibank, Inc.	\$200,000	204,604	204,604	1,983
Bank of the Philippine Islands	\$600,000	648,594	648,594	25,500
Filinvest Development Corporation -2020	—	—	—	2,149
Filinvest Development Corporation -2025	\$500,000	516,225	516,225	5,958
International Container Terminal Services	\$600,000	629,922	629,922	27,750
JG Summit Holdings, Inc.	\$500,000	529,405	529,405	21,875
Metropolitan Bank and Trust Company	\$200,000	203,780	203,780	1,960
Rizal Commercial Banking -2023	\$200,000	211,050	211,050	8,204
Rizal Commercial Banking -2024	\$200,000	208,516	208,516	6,000
Security Bank Corporation	—	—	—	527
VLL International, Inc.	\$600,000	626,298	626,298	44,250
Total	\$4,760,000	\$5,074,302	\$5,074,302	\$196,256

Philequity Dollar Income Fund, Inc.
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and
Principal Stockholders (Other than Related Parties)
December 31, 2020

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts Collected	Amounts Written- off	Current	Non- Current	Balance at end of period
---------------------------------------	-----------------------------------------------	------------------	------------------------------	-------------------------------------	----------------	-------------------------	-------------------------------------

None to Report.

Receivables from Directors, Officers, Employees, Related Parties and Principal Stockholders are subject to usual terms in the normal course of business.

Philequity Dollar Income Fund, Inc.
Schedule C - Amounts Receivable from Related Parties which are eliminated
during the consolidation of financial statements
December 31, 2020

Name of Debtor	Balance at beginning of period	Additions	Amounts Collected (i)	Amounts Written-off (ii)	Current	Non-Current	Balance at end of period
----------------	--------------------------------	-----------	-----------------------	--------------------------	---------	-------------	--------------------------

None to Report

-
- (i) If collected was other than in cash, explain.
(ii) Give reasons to write-off.

Philequity Dollar Income Fund, Inc.
Schedule D- Long-Term Debt
December 31, 2020

Title of issue and type of obligation ⁽ⁱ⁾	Amount authorized by indenture	Amount shown under caption “Current portion of long-term debt” in related balance sheet ⁽ⁱⁱ⁾	Amount shown under caption “Long-Term Debt” in related balance sheet ⁽ⁱⁱⁱ⁾	Interest Rate %	Maturity Date
-----------------------------------------------------------------	-----------------------------------------------	------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------	--------------------------------	--------------------------

None to Report

⁽ⁱ⁾ Include in this column each type of obligation authorized.

⁽ⁱⁱ⁾ This column is to be totalled to correspond to the related balance sheet caption.

⁽ⁱⁱⁱ⁾ Include in this column details as to interest rates, amounts or numbers of periodic instalments, and maturity dates.

Philequity Dollar Income Fund, Inc.
Schedule E - Indebtedness to Related Parties
(Long-Term Loans from Related Companies)
December 31, 2020

Name of Related Parties ⁽ⁱ⁾	Balance at beginning of period	Balance at end of period ⁽ⁱⁱ⁾
----------------------------------------	--------------------------------	------------------------------------------

None to Report

- ⁽ⁱ⁾ The related parties named shall be grouped as in Schedule D. The information called for shall be stated for any persons whose investments shown separately in such related schedule.
- ⁽ⁱⁱ⁾ For each affiliate named in the first column, explain in a note hereto the nature and purpose of any material increase during the period that Is in excess of 10 percent of the related balance at either the beginning or end of the period.

Philequity Dollar Income Fund, Inc.
Schedule F - Guarantees of Securities of Other Issuers
December 31, 2020

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount of guaranteed and outstanding ⁽ⁱ⁾	Amount owned by person of which statement is filed	Nature of guarantee ⁽ⁱⁱ⁾
---------------------------------------------------------------------------------------------------------	--------------------------------------------------------------	------------------------------------------------------------------	-----------------------------------------------------------	--------------------------------------------

None to Report

-
- (i) Indicate in a note any significant changes since the date of the last balance sheet file. If this schedule is filed in support of consolidated financial statements, there shall be set forth guarantees by any person included in the consolidation except such guarantees of securities which are included in the consolidated balance sheet.
- (ii) There must be a brief statement of the nature of the guarantee, such as “Guarantee of principal and interest”, “Guarantee of Interest”, or “Guarantee of Dividends”. If the guarantee is of interest, dividends, or both, state the annual aggregate amount of interest or dividends so guaranteed.

Philequity Dollar Income Fund, Inc.
Schedule G - Capital Stock
December 31, 2020

Title of Issue ⁽ⁱ⁾	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties ⁽ⁱⁱ⁾	Number of directors, officers and employees	Others ⁽ⁱⁱⁱ⁾
Common	100,000,000	91,665,369	None to Report	None to Report	7	There were 1,943,790 subscriptions and 1,439,390 redemptions of redeemable common shares during the year.

⁽ⁱ⁾ Include in this column each type of issue authorized

⁽ⁱⁱ⁾ Related parties referred to include persons for which separate financial statements are filed and those included in the consolidated financial statements, other than the issuer of the particular security.

⁽ⁱⁱⁱ⁾ Indicate in a note any significant changes since the date of the last balance sheet filed.

PHILEQUITY DOLLAR INCOME FUND, INC.
SECTION II
FINANCIAL SOUNDNESS INDICATORS
As of December 31, 2020

	Formula	December 31, 2020	December 31, 2019
Current Ratio	Current Asset/Current Liabilities	12750.97%	23813.18%
Acid Test Ratio	(Cash Eq + Marketable Securities + Receivables)/ Current Liabilities	12750.97%	23813.18%
Solvency Ratio	Net Income/Total Liabilities	381.92%	1288.20%
Debt-to-Equity Ratio	Total Liabilities/Total Equity	0.79%	0.42%
Asset-to-Equity Ratio	Total Assets/Total Equity	100.79%	100.42%
Interest Rate Coverage Ratio	EBIT/Interest Expense	N/A	N/A
Return on Assets	Net Income/Average Total Asset	2.98%	5.54%
Return on Equity	Net Income/Average Total Equity	3.00%	5.56%
Net Profit Margin	Gross Profit/Net Income	127.07%	117.81%

PHILEQUITY DOLLAR INCOME FUND, INC.
SECTION III
OTHER RATIOS REQUIRED FOR MUTUAL FUNDS
As of December 31, 2020

PERCENTAGE OF INVESTMENT IN A SINGLE ENTERPRISE TO NET ASSET VALUE

	As of December 31, 2020	As of December 31, 2019
INVESTMENT IN BONDS:		
ACNRGY	12.49%	12.75%
BPI 4.25	11.35%	11.52%
RCBCPM - 3	3.65%	3.58%
RCBPM	3.69%	3.74%
ROP29	10.20%	10.02%
ICT23	11.03%	11.38%
FDC20	0.00%	3.64%
JGS23	9.27%	9.41%
SECB PM	0.00%	2.73%
CN VLL	10.96%	11.92%
BDO PM	3.58%	0.00%
MBTPM	3.57%	0.00%
FDC 25	9.04%	0.00%
Total Investment in Liquid or Semi-Liquid Assets to Total Assets	10.69%	18.48%
Total Operating Expenses to Total Net Worth	1.38%	1.55%
Total Assets to Total Borrowings	12750.97%	23813.18%

PERCENTAGE OF INVESTMENT IN A SINGLE ENTERPRISE TO NET ASSET VALUE

	As of December 31, 2020	As of December 31, 2019
INVESTMENT IN BONDS:		
ACNRGY	0.22%	0.22%
BPI 4.25	0.10%	0.10%
RCBCPM - 3	0.07%	0.07%
RCBPM	0.04%	0.04%
ROP29	0.03%	0.03%
ICT23	0.15%	0.15%
FDC20	0.00%	0.07%
JG SUMMIT 23	0.07%	0.07%
SECB PM	0.00%	0.05%
CN VLL	0.14%	0.14%
BDO PM	0.03%	
MBTPM	0.04%	
FDC 25	0.25%	

Philequity Management, Inc.**ANNEX D**
PEMI Funds <philequityfunds@philequity.net>

CGFD_Philequity Dollar Income Fund Inc_SEC Form 17Q_20aUGUST2021

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>
To: philequityfunds@philequity.net

Sat, Aug 21, 2021 at 12:03 AM

Dear Customer,

Your report/document has been SUCCESSFULLY ACCEPTED by ICTD.

(Subject to Verification and Review of the Quality of the Attached Document)

Official copy of the submitted document/report with Bar Code Page (Confirmation Receipt) will be made available after 15 days from receipt through the SEC Express System at the SEC website at www.sec.gov.ph

NOTICE

Please be informed that pursuant to SEC Memorandum Circular No. 3, series of 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (PDF) **Secondary Reports** such as: 17-A, 17-C, 17-L, 17-Q, ICASR, 23-A, 23-B, I-ACGR, FS-P, FS-C, Monthly Reports, Quarterly Reports, Letters, etc... through email at

ictdsubmission@sec.gov.ph

Note: All submissions through this email are no longer required to submit the hard copy thru mail or over-the-counter.

For those applications that require payment of filing fees, these still need to be filed and sent via email with the SEC RESPECTIVE OPERATING DEPARTMENT.

Further, note that other reports shall be filed thru the **ONLINE SUBMISSION TOOL (OST)** such as:

AFS, GIS, GFFS, SFFS, LCFS, LCIF, FCFS, FCIF ANO, ANHAM. All submissions through OST are no longer required to submit the hard copy thru mail or over-the-counter.

FOR MC28, please email to:

[\(MC28_S2020@sec.gov.ph\)](mailto:MC28_S2020@sec.gov.ph)

For your information and guidance.

Thank you and keep safe.

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 - Q

Department requiring the report

Secondary License Type, If
Applicable

N A

COMPANY INFORMATION

Company's Email Address

philequityfunds@philequity.
net

Company's Telephone Number/s

8250-8700

Mobile Number

09175907176

No. of Stockholders

128

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

Ma. Angelica Cabanit

Email Address

angelica.cabanit@philequity.net

Telephone Number/s

8250-8713

Mobile Number

0917-590-7176

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, 2021**
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) 8250-8700
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 March 31, 2021
Common Stock, P1.00 par value	91,824,106

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, 2021	Audited December 31, 2020	Increase/ (Decrease)	Percent
Total Assets	202,920,596	276,534,455	-73,613,859	-26.62%
Total Liabilities	892,330	2,168,733	-1,276,403	-58.85%
Total Equity	202,028,266	274,365,722	-72,337,456	-26.37%

Movement in the Fund’s financial position is driven by lower outstanding liabilities as of reporting period.

Operating Revenues and Expenses

Statement of Income	June 30, 2021	June 30, 2020	Increase/ (Decrease)	Percent
Total Investment Income	4,755,380	3,672,791	1,082,590	-29.48%
Total Expenses	1,979,042	2,466,548	-487,506	-19.76%
Net Investment Income	2,776,338	1,206,242	1,570,096	-130.16%

Investment income/(loss) – As of the 2nd quarter of 2021, the Fund posted a total investment gain of PHP4.76M, which is comprised of interest income amounting to PHP4.97M, net unrealized loss on change in fair value of financial assets amounting to PHP3.64M, net unrealized gain on sale of financial assets at FVPL amounting to PHP3.43M and net realized foreign exchange loss amounting to PHP0.002M.

Operating Expenses -The total operating expense of PHP1.98M as of June 30, 2021 is composed of management fee and commission (74%), professional fees (16%), taxes and licenses (9%), and other expenses (1%).

Net income – the Fund registered a net gain of PHP2.78M after income tax of PHP0.11M as of June 30, 2021.

Cash Flow

Cash and cash equivalents decreased to PHP10.64M from PHP29.57M as of June 30, 2021 and June 30, 2020, 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, 2021 versus Quarter ended June 30, 2020

202.09% decrease in unrealized loss on change in fair value of financial assets through FVPL
Due to higher market value of debt security

172.19% decrease in net realized foreign exchange gain(loss)
Mainly due to low dollar exchange rates

21.07% decrease in professional fees
Mainly due to payment of custody fees last year

78.66% increase in taxes and licenses
Due to increase in documentary stamp tax from higher subscription of the Fund's stocks

Balance Sheet Items – June 30, 2021 versus December 31, 2020

64.02% decrease in cash and cash equivalents
Due to higher outstanding cash in bank balances from collection of interest income

22.40% decrease in financial assets at FVPL
Due to disposal of debt security during the period

13.65% decrease in accrued interest receivable
Due to lower outstanding holdings as compared with same period last year

100% increase in prepaid expenses
Represents payment of tax expense for the period

44.24% decrease in accrued liabilities
Mainly lower accrual custody fees and drop in the accrual of income tax payable

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.

Key Performance Indicators	June 30, 2021	December 31, 2020
Current Ratio	22740.53%	12750.97%
Acid Test Ratio	22740.53%	12750.97%
Solvency Ratio	644.51%	381.92%
Assets to Equity Ratio	100.44%	100.79%
Liabilities to Equity Ratio	0.44%	0.79%
Interest Rate Coverage Ratio	N/A	N/A
Return on Ave. Assets Ratio	2.40%	2.98%
Return on Ave. Equity Ratio	2.41%	3.00%
Net Profit Margin	171.28%	127.07%

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

Formula	
Current Ratio	Current Assets / Current Liabilities
Acid Test Ratio	(Cash Eq + Marketable Securities + Receivables)/ Current Liabilities
Solvency Ratio	Net Income/Total Liabilities
Assets to Equity Ratio	Total Assets / Total Equity
Liabilities to Equity Ratio	Total Liabilities / Total Equity
Interest Rate Coverage Ratio	EBIT/Interest Expense
Return on Ave. Assets Ratio	Net Income / Average Total Assets
Return on Ave. Equity Ratio	Net Income / Average Total Equity
Net Profit Margin	Gross Profit/Net Income

Changes in Net Assets

Below is a summary of fund's activity as of the 1st quarter ended June 30, 2021:

Total amount from Subscriptions and Redemptions of Shares	
Total amount received for the quarter ended	11,849,977
Total amount of redemption for the quarter ended	89,938,614
Shares issued and outstanding:	
Beginning balance - December 31, 2020	91,665,369
Shares subscribed during the quarter ended	3,916,378
Shares redeemed during the quarter ended	(29,862,121)
Ending balance - June 30, 2021	65,719,626

Business Outlook

As of June 2021, the mutual fund industry grew by 6% from the previous quarter to P391 billion in net assets. Quarter-on-quarter, feeder funds grew the most by 50% followed by stock funds which grew by 9% and money market funds which grew by 6%. Bond funds suffered a net redemption amounting to P537 million, a reversal from the previous quarter's P895 million net subscription. The Philequity Dollar Income Fund followed the trend, seeing net redemptions for the quarter amounting to P56 million versus last quarter's net subscription of P500 thousand. Net assets fell 27% quarter on quarter to P202 million. Market sentiment was generally higher as restrictions were relaxed after ECQ in March. Lower COVID19 positive cases, LGUs gaining momentum in mass inoculations, and prospects of vaccines arriving in the millions in the coming months all supported market breadth. CPI came in at 4.5% for May which was as expected. Higher oil and gas prices were offset by lower food prices, although pork prices remain stubbornly high due to high demand and supply pressure due to ASF. Apart from the highly transmissible Delta variant which is currently wreaking havoc globally and forcing some countries such as Indonesia and Australia to reinforce lockdown measures, crude prices and a much depreciated peso are also a growing concern. The fund expects continued range bound trading moving forward as any news related to COVID19 can have a significant impact on market movement. The fund will continue to closely monitor the Fed and the BSP's response to the pandemic, higher inflation and GDP.

PART II – OTHER INFORMATION

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

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

	as of June 30, 2021	as of June 30, 2020
Percentage of Investment in a single enterprise to Net Asset Value:		
INVESTMENT IN BONDS:		
RCBC 3	0.10%	0.07%
BPI	0.32%	0.23%
BDOPM	0.10%	0.00%
MBTPM	0.10%	0.00%
PSALM	-	0.00%
ICT23	0.31%	0.22%
FDC20	0.26%	0.00%
JGS23	0.26%	0.19%
FGEN	0.00%	0.00%
CN VLL	-	0.22%
SECB PM	-	0.00%
MEGPM	-	0.00%
ACNRGY 4.75	0.36%	0.25%
ROP29	-	0.21%
FIRPAC	-	0.00%
RCBPM	0.10%	0.07%

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

	as of June 30, 2021	as of June 30, 2020
Total Investment of the Fund to the Outstanding Debt Security of an Investee Company:		
RCBC 3	0.07%	0.07%
BPI	0.10%	0.10%
BDOPM	0.03%	0.00%
MBTPM	0.04%	0.00%
ICT23	0.15%	0.15%
FDC20	0.17%	0.07%
JGS23	0.07%	0.07%
CN VLL	-	0.14%
SECB PM	-	0.00%
ACNRGY 4.75	0.18%	0.29%
ROP29	-	0.03%
FIRPAC	-	0.00%
RCBPM	0.04%	0.04%

	as of June 30, 2021	as of June 30, 2020
Total Investment in Liquid or Semi-Liquid Assets to Total Assets	98.44%	98.95%
Total Operating Expenses to Total Net Worth	34.39%	38.08%
Total Assets to Total Borrowings	22740.53%	34240.15%

The Fund's average daily net asset value as of June 30, 2021 and June 30, 2020 is Php 5,434,160 and Php 5,510,013, respectively.

ITEM 3. Number of Institutional and Retail Investors and the Percentage of their Investments

	Number of Investors	Percentage of Investment	Number of Shares
Retail	103	18.76%	12,329,489
Institutional	22	81.24%	53,390,137

ITEM 4. Geographic Concentration of Investments

	Number of Investors	Percentage of Investment	Number of Shares
Philippines	125	100.00%	65,719,626
Foreign	0	0.00%	0

ITEM 5. Fund Performance

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

Calendar Year Returns (%)

	2020	2019	2018	2017	2016
PDIF	3.32	5.85	-0.41%	1.49%	1.65%

ITEM 6. 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, thereunto duly authorized, in the City of CITY OF MANILA on AUG 20 2021.

PHILEQUITY DOLLAR INCOME FUND, INC.

By:

IGNACIO B. GIMENEZ

Chairman & President¹

Edrondo Luym, Jr. (Aug 18, 2021 13:35 GMT+8)

VIOLETA O. LUYM

Treasurer²

Angelica Cabanit (Aug 19, 2021 13:35 GMT+8)

MA. ANGELICA CABANIT

Compliance Officer

ATTY. JONATHAN P. ONG

Corporate Secretary

Name

Ignacio B. Gimenez

TIN: 228-111-486

Violeta O. Luym

TIN: 109-731-437

Ma. Angelica D. Cabanit

TIN: 107-184-956

Jonathan P. Ong

TIN: 162-906-632

¹ equivalent to Principal Executive Officer / Principal Operating Officer

² equivalent to Principal Financial Officer

432
DOC. NO. 88
PAGE NO. M
BOOK NO. 2021
SERIES OF

AUG 20 2021

ATTY. HENRY D. ADASA

NOTARY PUBLIC CITY OF MANILA
UNTIL DECEMBER 31, 2021
NOTARIAL COMMISSION 097 MLA
IBP NO. 141253 - 01/04/2021, PASIG
PTR NO. 9826148 - 01/05/2021 MLA
ROLL NO. 29679, TIN: 172-528-620
(21) MCLE COMPL. NO. VII-0000165
URBAN DECA HOME MANILA, B-2, UNIT 353

PHILEQUITY DOLLAR INCOME FUND, INC.

(An Open-End Mutual Fund Company)

STATEMENTS OF FINANCIAL POSITION

	Unaudited		Audited	
	June 30, 2021		December 31, 2020	
	Functional Currency (\$)	Presentation Currency (P)	Functional Currency (\$)	Presentation Currency (P)
ASSETS				
Cash and cash equivalents (Note 6)	218,027	10,639,739	615,805	29,568,916
Financial assets at fair value through profit or loss (Note 7)	3,875,138	189,106,725	5,074,302	243,683,206
Accrued interest receivable	58,080	2,834,312	68,349	3,282,333
Prepaid expenses	6,964	339,820	-	-
	4,158,209	202,920,596	5,758,456	276,534,455
LIABILITIES AND EQUITY				
Liabilities				
Accrued expenses and other liabilities	18,285	892,330	45,160	2,168,733
	18,285	892,330	45,160	2,168,733
Equity				
Capital Stock (Note 8)	1,450,292	65,719,626	1,991,908	91,665,369
Additional paid-in capital	1,286,020	62,719,253	1,761,544	85,467,823
Retained earnings	1,403,610	72,917,417	1,959,844	99,535,404
Cumulative translation adjustment	-	671,970	-	(2,302,874)
	4,139,922	202,028,266	5,713,296	274,365,722
	4,158,207	202,920,596	5,758,456	276,534,455
Net Asset Value Per Share	0.0630	3.0741	0.0623	2.9931

See accompanying Notes to Financial Statements

PHILEQUITY DOLLAR INCOME FUND, INC.

(An Open-End Mutual Fund Company)

STATEMENTS OF COMPREHENSIVE INCOME

	For the Quarter Ended (Unaudited)				For the Quarter Ended (Unaudited)			
	June 30, 2021		June 30, 2020		June 30, 2021		June 30, 2020	
	Functional Currency (\$)	Presentation Currency (P)	Functional Currency (\$)	Presentation Currency (P)	Functional Currency (\$)	Presentation Currency (P)	Functional Currency (\$)	Presentation Currency (P)
REVENUE								
Interest income (Note 7)	103,033	4,970,665	97,830	4,874,879	49,647	2,379,864	46,896	2,293,569
Net unrealized gain (loss) on changes in fair value of financial assets at fair value through profit and loss	(75,482)	(3,641,529)	(24,191)	(1,205,447)	(59,186)	(2,850,674)	114,797	5,838,455
Net realized gain (loss) on sale of financial assets at fair value through profit or loss	71,070	3,428,669	-	-	71,070	3,428,669	-	-
Net realized gain (loss) on maturity of financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-
Net realized foreign exchange gain (loss)	(50)	(2,425)	67	3,359	4	220	65	3,218
Miscellaneous Income	-	-	-	-	-	-	-	-
	98,571	4,755,380	73,706	3,672,791	61,535	2,958,079	(88,051)	(4,462,451)
EXPENSES								
Management fee and commission	30,351	1,464,220	31,197	1,554,568	14,368	688,573	15,537	760,887
Professional fee	6,427	310,044	7,882	392,784	3,339	160,174	4,102	201,216
Taxes and licenses	1,362	65,700	738	36,774	504	24,076	20	361
Others	595	28,696	602	29,975	10	315	72	3,135
	38,735	1,868,660	40,419	2,014,101	18,221	873,138	19,731	965,599
INVESTMENT INCOME (LOSS) BEFORE INCOME TAX	59,836	2,886,720	33,287	1,658,689	43,314	2,084,941	142,027	7,169,642
PROVISION FOR INCOME TAX	2,288	110,382	9,080	452,447	2,253	108,705	8,723	434,368
NET INVESTMENT INCOME (LOSS)	57,548	2,776,338	24,207	1,206,242	41,061	1,976,236	133,304	6,735,274
OTHER COMPREHENSIVE INCOME (LOSS)	-	2,974,844	-	(6,990,524)	-	140,336	-	(7,253,229)
TOTAL COMPREHENSIVE INCOME (LOSS)	57,548	5,751,182	24,207	(5,784,282)	41,061	2,116,573	133,304	(517,955)
EARNINGS (LOSS) PER SHARE	0.0007	0.0328	0.0003	0.0132	0.0005	0.0240	0.0015	0.0735

See accompanying Notes to Financial Statements

PHILEQUITY DOLLAR INCOME FUND, INC.

(An Open-End Mutual Fund Company)

STATEMENTS OF CHANGES IN EQUITY

	For the Quarter Ended (Unaudited)			
	June 30, 2021		June 30, 2020	
	Functional Currency (\$)	Presentation Currency (P)	Functional Currency (\$)	Presentation Currency (P)
CAPITAL STOCK				
Common stock - ₱1 par value				
Authorized, 100,000,000 shares				
Issued and outstanding:				
Balance at beginning of year	1,991,908	91,665,369	1,982,649	91,160,969
Issuances	81,079	3,916,378	18,249	922,094
Redemptions	(622,694)	(29,862,121)	(6,999)	(312,693)
Balance at end of year	1,450,292	65,719,626	1,993,899	91,770,370
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of year	1,761,544	85,467,823	1,742,563	84,437,361
Issuances	164,237	7,933,599	34,584	1,746,126
Redemptions	(639,761)	(30,682,169)	(19,437)	(870,661)
Balance at end of year	1,286,020	62,719,253	1,757,710	85,312,826
RETAINED EARNINGS				
Balance at beginning of year	1,959,844	99,535,404	1,776,258	88,680,945
Net investment income	57,548	2,776,338	24,207	1,206,243
Excess of redemption costs over the				
original issuance price	(613,781)	(29,394,325)	7,817	235,799
Balance at end of year	1,403,611	72,917,417	1,808,282	90,122,987
CUMULATIVE TRANSLATION				
ADJUSTMENT				
Balance at beginning of year	-	(2,302,874)	-	14,277,739
Other comprehensive income (loss)				
- foreign exchange adjustment:	-	2,974,844	-	(6,990,524)
Balance at end of year	-	671,970	-	7,287,215
	4,139,924	202,028,266	5,559,892	274,493,398

See accompanying Notes to Financial Statements

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

STATEMENTS OF CASH FLOWS

	For the Quarter Ended (Unaudited)			
	June 30, 2021		June 30, 2020	
	Functional Currency (\$)	Presentation Currency (P)	Functional Currency (\$)	Presentation Currency (P)
CASH FLOWS FROM OPERATING ACTIVITIES				
Investment income before tax	59,836	2,886,720	33,287	1,658,690
Adjustment for:				
Interest income	(103,033)	(4,970,665)	(97,830)	(4,874,879)
Net unrealized gain on changes in fair value of financial assets at fair value through profit or loss	75,482	3,641,529	24,191	1,205,447
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Financial assets at fair value through profit or loss	1,123,682	50,934,952	350,002	21,014,310
Prepaid expenses	(6,964)	(339,820)	-	-
Increase (decrease) in accrued expenses and other liabilities	(15,038)	(707,971)	(4,385)	(235,124)
Net cash generated from (used in) operations	1,133,966	51,444,746	305,265	18,768,444
Income tax paid	(14,125)	(678,814)	(11,609)	(580,511)
Net cash generated by (used in) operating activities	1,119,841	50,765,932	293,656	18,187,933
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	113,302	5,418,686	103,397	5,203,807
Net cash provided by investing activities	113,302	5,418,686	103,397	5,203,807
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from subscriptions of capital stock	245,316	11,849,977	52,833	2,668,220
Payments for redemptions of capital stock	(1,876,236)	(89,938,614)	(18,619)	(947,555)
Net cash provided by financing activities	(1,630,920)	(78,088,637)	34,214	1,720,665
EFFECT OF EXCHANGE RATE DIFFERENCES				
	-	2,974,844	-	(6,990,524)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(397,777)	(18,929,176)	431,267	18,121,881
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	615,805	29,568,916	1,021,178	51,697,514
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	218,028	10,639,740	1,452,445	69,819,395

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 owned by the Fund as of June 30, 2021 and December 31, 2020 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, 2021 and December 31, 2020, 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, 2021, 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, 2021 and December 31, 2020, 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, 2021.

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, 2021, 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, 2021 and December 31, 2020, 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, 2021 and December 31, 2020.

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, 2021 and December 31, 2020, 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, 2021 and December 31, 2020, 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 ICA Rule 35-1 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, 2021 and December 31, 2020, 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, 2021, 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, 2021 and December 31, 2020, 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.

On June 30, 2021 and December 31, 2020, 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, 2021 and December 31, 2020:

	June 30, 2021			
	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	-	-	-	-
Corporate bonds	3,875,138	189,106,725	3,875,138	189,106,725
	3,875,138	189,106,725	3,875,138	189,106,725

	December 31, 2020			
	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	582,580	27,977,240	582,580	27,977,240
Corporate bonds	4,491,722	215,705,966	4,491,722	215,705,966
	5,074,302	243,683,206	5,074,302	243,683,206

6. Cash and Cash Equivalents

This account consists of:

	June 30, 2021		December 31, 2020	
	Functional Currency (\$)	Presentation Currency (P)	Functional Currency (\$)	Presentation Currency (P)
Cash in banks	218,027	10,639,739	615,805	29,568,916
Short-term placements	-	-	-	-
	218,027	10,639,739	615,805	29,568,916

7. Financials Assets at Fair Value Through Profit or Loss

This account consists of investments in:

	June 30, 2021		December 31, 2020	
	Functional Currency (\$)	Presentation Currency (Php)	Functional Currency (\$)	Presentation Currency (Php)
Government securities	-	-	582,580	27,977,240
Corporate bonds	3,875,138	189,106,725	4,491,722	215,705,966
	3,875,138	189,106,725	5,074,302	243,683,206

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 3.64M and Php 1.21M loss on market valuation as of June 30, 2021 and June 30, 2020, respectively.

As of June 30, 2021 and June 30, 2020, interest income earned on government and corporate debts amounted to Php4.97M and Php4.87M, respectively.

8. Accrued Expenses and Other Liabilities

	June 30, 2021		December 31, 2020	
	Functional Currency (\$)	Presentation Currency (P)	Functional Currency (\$)	Presentation Currency (P)
Due to PEMI (Note 10)	9,538	465,450	4,798	230,438
Accrued expenses and Other Liabilities	8,747	426,880	19,150	919,669
Accounts payable	-	-	21,212	1,018,626
	18,285	892,330	45,160	2,168,733

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

9. Equity

Capital Stock

The Fund's capital stock consists of:

	<u>June 30, 2021</u>		<u>December 30, 2020</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>
Common - 1.00 par value				
Authorized	100,000,000		100,000,000	
Issued and outstanding	65,719,626	65,719,626	91,665,369	91,665,369

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:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Beginning balance December 31, 2020 ₱	91,665,369	91,160,969
Shares issued during the year	3,916,378	1,943,790
Shares redeemed during the year	(29,862,121)	(1,439,390)
Ending balance - June 30, 2021	65,719,626	91,665,369

As of June 30, 2021 and December 31, 2020, the total number of stockholders of the Fund is 125 and 129, respectively.

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, 2021		December 31, 2020	
	Functional Currency (\$)	Presentation Currency (₱)	Functional Currency (\$)	Presentation Currency (₱)
NAV attributable to holders of				
redeemable shares (a)	4,139,923	202,028,266	5,713,296	274,365,722
Number of shares outstanding	65,719,626	65,719,626	91,665,369	91,665,369
NAV per share (a/b)	0.0630	3.0741	0.0623	2.9931

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, 2021 and December 31, 2020, 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).

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, 2021 and December 31, 2020, 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, 2021 and December 31, 2020, the Fund is in compliance with this requirement. There is no retained surplus profit in excess of 100.00% of paid-in capital stock.

10. 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, 2021 and as of December 31, 2020 are as follows:

	June 30, 2021	December 31, 2020
Management Fee	P 1,464,220	P 3,143,643
Due to PEMI	465,450	230,438

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, 2021 and December 31, 2020, seven shares of the Fund are held by directors.

11. 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.

12. 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, 2021		June 30, 2020	
	Functional Currency (\$)	Presentation Currency (P)	Functional Currency (\$)	Presentation Currency (P)
Net investment income (a)	57,548	2,776,338	24,207	1,206,243
Weighted average number of outstanding shares of stock (b)	84,755,956	84,755,956	91,675,098	91,675,098
Earnings per share (a/b)	0.0007	0.0328	0.0003	0.0132

There were no potential dilutive common shares for the periods ended June 30, 2021 and December 31, 2020.