

COVER SHEET

SEC Registration Number

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Company Name

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

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Form Type

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Department requiring the report

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Secondary License Type, If Applicable

N	A		
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COMPANY INFORMATION

Company's Email Address

philequityfunds@philequity.net

Company's Telephone Number/s

8250-8700

Mobile Number

0917-590-7176

No. of Stockholders

3,938

Annual Meeting
Month/Day

09/01

Fiscal Year
Month/Day

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

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 Dividend Yield Fund, Inc.** will be held on **Thursday, 30 September 2021, at 3:50 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. Amendment of By-Laws to Allow Notices of Board and Stockholders Meetings to be Delivered Through Electronic Means of Communication
9. Amendment of By-Laws to Allow Board and Stockholders Meetings to be Conducted Through Teleconferencing, Videoconferencing and Other Remote or Electronic Means of Communication
10. Amendment of By-Laws to Set Quorum for Meetings at 10%
11. Amendment of the By-Laws to Move the Date of the Annual Stockholders meeting from last Thursday of June to the Third Quarter of the Calendar Year
12. Appointment of External Auditors
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 DIVIDED YIELD 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

Leo M. Garcia

Violeta O. Luym

Aurora L. Shih

Ramon Y. Sy

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 Dividend Yield 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	_____
Leo M. Garcia	_____
Violeta O. Luym	_____
Aurora L. Shih	_____
Ramon Y. Sy	_____
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

This solicitation is made by the Company through the Chairman. No director has informed the Company/Chairman in writing or otherwise of his intention to oppose any action intended to be taken up at the meeting. Solicitation of proxies will be done mainly by electronic means. The cost of solicitation will be borne by the Company.

SECURITIES AND EXCHANGE COMMISSION SEC FORM 20-IS
Information Statement Pursuant to Section 20 of
The Securities Regulation Code

1. Check the appropriate box:
☐ Preliminary Information Statement ☒ Definitive Information Statement
2. Name of Company as specified in its charter: **Philequity Dividend Yield Fund, Inc.**
3. Province, country, or other jurisdiction of incorporation or organization: Metro Manila, Philippines
4. SEC Identification Number: CS201214318
5. BIR Tax Identification Code: 008-342-256-000
6. Address of principal office: 15th Floor, Philippine Stock Exchange, 5th Ave. cor. 28th Street,
Bonifacio Global City, Taguig City, Metro Manila 1630
7. Company's telephone number, including area code: (632) 8250-8700
8. Date, time and place of the meeting of security holders:
 Date : 30 September 2021
 Time : 03:30 p.m.
 Venue : Via Remote Connection (details to be posted 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: **9 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 8 and 12 of the Code (information on number of shares and amount of debt is applicable only to corporate registrants):
- | Title of Each Class | Number of shares of
Common Stock Outstanding |
|-------------------------------|---|
| Common Stock, P1.00 par value | 1,917,687,599
(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 : 3:30p.m.
Venue : Via remote connection (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 9 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 Dividend Yield Fund, Inc. (hereinafter referred to as the 'Fund' or the 'Company') which falls under the instances provided by law when dissenting stockholders can exercise their Appraisal Right.

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

- A. No person who has been a director or officer or a nominee for election as director of the Company or associate of such persons, has a substantial interest, direct or indirect in any matter to be acted upon other than the election of directors for the year 2020-2021.
- B. No director of the Company has informed the Company in writing that he intends to oppose any action to be taken by the Company at the meeting.

CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- A. The Company has 1,898,855,362 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 1 September 2021.
- C. In the forth coming annual stockholders' meeting, stockholders shall be entitled to elect seven (7) members to the Board of Directors. Each stockholder may vote such number of shares for as many as seven (7) persons he may choose to be elected from the list of nominees, or he may cumulate said shares and give one candidate as many votes as the number of his shares multiplied by seven (7) shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by seven(7).
- D. Security Ownership of Certain Record and Beneficial Owners

(1) Security Ownership of Certain Record and Beneficial Owners

The SEC has approved the Company's request for confidential treatment of information regarding the holders of the Company's shares. A separate disclosure was filed with the Commission.

(2) Security Ownership of Management

The following is a tabular presentation of the shares beneficially owned by all directors and executive officers of the Company as of 31 July 2021:

Class	Name of Director	Citizenship	No. of Shares	Percentage
Common	Ignacio B. Gimenez	Filipino	1	0.00%
Common	Violeta O. Luym	Filipino	6,594,249	0.35%
Common	Dobbin A. Tan	Filipino	2	0.00%
Common	Gregorio U. Kilayko	Filipino	1	0.00%
Common	Leo M. Garcia	Filipino	1	0.00%
Common	Aurora L. Shih	Filipino	1	0.00%
Common	Ramon Y. Sy	Filipino	1	0.00%
TOTAL			6,594,256	0.35%

(3) Voting Trust Holders of 5% or more

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

(4) Changes in Control

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

Item 5. Directors and Executive Officers

A. Directors, Executive Officers, Promoters and Control Persons

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

Name	Position	Citizenship	Age	Periods Served
Ignacio B. Gimenez	Chairman/President	Filipino	77	Incorporation to present
Dobbin Tan	Independent Director	Filipino	56	September 2018 to present
Daniel A. Ongchoco	Independent Director	Filipino	53	For Nomination
Violeta O. Luym	Director/Treasurer	Filipino	74	Incorporation to present
Aurora L. Shih	Director	Filipino	75	2013 to present
Leo M. Garcia	Director	Filipino	84	2013 to present
Ramon Y. Sy	Director	Filipino	89	2013 to present
Jonathan Ong	Corporate Secretary	Filipino	54	2019 to present
Kevin A. Sy	Assistant Treasurer	Filipino	37	2014 to present
Ma. Angelica D. Cabanit	Compliance Officer	Filipino	50	2014 to present

The information on the business affiliations and experiences of the following persons who are also nominated for election as members of the Board for 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. All nominees who are nominated for election as Independent Director, are incumbent directors.

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. He is also the Chairman and President of the following mutual funds: Philequity Peso Bond Fund, Inc., Philequity Dollar Income Fund, Inc., Philequity PSE Index Fund, Inc., Philequity Fund, Inc., Philequity Balanced Fund, Inc., Philequity Foreign Currency Fixed Income, Philequity Resources Fund, Inc., Philequity Strategic Growth Fund, Inc., Philequity MSCI Philippines Index Fund, Inc., Philequity AlphaOne Fund, Inc., and Philequity Global Fund, Inc. Concurrently, he is also a Director of Vantage Equities Inc., and Vantage Financial Corporation. At the same time, he also holds positions as Chairman of Philippine Investment Funds Association (PIFA) and as President of I.B. Gimenez Securities, Inc. He holds a graduate degree in Business Administration from the Asian Institute of Management (1970) and a college degree from the University of the Philippines (1967).

Violeta O. Luym

Ms. Luym is a Director and the Treasurer of the Fund since 1994. She is also a Director and the Treasurer of the following mutual funds: Philequity Dollar Income Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity Fund, Inc., Philequity MSCI Philippines index Fund, Inc., Philequity AlphaOne Fund, Inc., Philequity Global Fund, Inc., Philequity Resources Fund, Inc., Philequity Strategic Growth Fund, Inc., Philequity Foreign Currency Fixed Income Fund, Inc., Philequity PSE Index Fund, Inc., and Philequity Balanced Fund, Inc. She is also a Director and the Treasurer of BDO Capital & Investment Corporation and Venture Vision Realty Development Corporation. She also serves as a Director of BDO Private Bank, Inc., and Tangiers Resources Corporation. She is likewise the Corporate Secretary of Homeworld Shopping Corporation. She was also a director of Banco de Oro Universal Bank from 1967 to 2006. She holds a Master's Degree in Business Administration from the University of California Los Angeles (1968) and a Bachelor of Science Degree in Business Administration from the Assumption College (1967).

Dobbin A. Tan (independent Director)

Mr. Tan is an Independent Director of the Fund. He is also an Independent Director of the following mutual fund companies: Philequity Peso Bond Fund, Inc., Philequity MSCI Philippines Index Fund, Inc., Philequity Dollar Income Fund, Inc., Philequity PSE Index Fund, Inc., Philequity Fund, Inc., Philequity Alpha One Fund, Inc., Philequity Global Fund, Inc., Philequity Foreign Currency Fixed Income Fund, Inc., Philequity Resources Fund, Inc.,

Philequity Balanced Fund, Inc., and Philequity Strategic Growth Fund, Inc. He is currently the CEO of New Sunlife Ventures Inc., Rising Tide Mobile Entertainment, Inc., and Red Rock Securities, Inc. He is also the School Treasurer of Xavier School, Inc. Mr. Tan also serves as an Independent Director of Alliance Select Foods International, Inc. He was also the former Managing Director and Chief Operating Officer of Information Gateway (2002-2012). Mr. Tan holds a Master's degree in Business Administration from the University of Chicago, Booth School of Business and a Bachelor of Science degree in Management Engineering from the Ateneo de Manila University.

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-Foods Corp. (2009-present) and Health & Development Solutions, Inc. (formerly NCP Publishing Corp.) (2009-present).

Leo M. Garcia

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

Aurora L. Shih

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

Ramon Y. Sy

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

Kevin A. 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).

Jonathan Ong

Atty. Jonathan P. Ong 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.

Ma. Angelica D. Cabanit

Ms. Cabanit is the Compliance Officer of the Fund. She is likewise the Compliance Officer of Vantage Equities, Inc. and all other Philquity Funds. Presently, she manages the Treasury Operations of Vantage Equities, Inc. as well as the settlement and transaction control of Vantage Financial Corporation (2010 to present). Ms. Cabanit is a graduate of Bachelor of Science in Commerce major in Accounting from St. Scholastica's College (1989).

Nomination of Directors

The Fund's Board of Directors, inclusive of both the independent and regular Directors, shall be nominated by the Nomination Committee and elected during the annual stockholders' meeting to serve for a term of ONE (1) YEAR until their successors shall have been duly elected and qualified. All nominations shall be submitted to the Nomination Committee by any stockholder of record within such reasonable time to allow the Nomination Committee sufficient time to assess and evaluate the qualifications of the nominees.

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

Independent Directors

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

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

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

A. Significant Employees

The Company has no significant employees.

B. 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.

C. Material Pending Legal Proceedings

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

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

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.

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

The Fund has an existing Agreement with PEMI, the Fund manager. Pursuant to the terms of the Management and Distribution Agreement, the Fund shall pay an annual management fee of a maximum of 1.50% of the average NAV of the Fund's assets. The NAV shall be determined in accordance with the procedures agreed upon by both parties. Also, the Fund shall remit to PEMI sales commission of a maximum of 5.00% of the gross investment based on tiered-front end sales schedule.

Related party transactions and balances with Philequity Management, Inc. (PEMI), the Fund's Fund Manager, as of and for the year ended December 31, 2020, 2019, and 2018 are as follows:

	Management Fee	Sales Commission	Due to PEMI
2020	₱34,810,364	₱5,311	₱3,256,684
2019	₱45,414,999	₱125,618	₱3,138,723
2018	₱44,934,756	₱99,843	₱3,138,616
2017	₱56,623,837	₱110,074	₱3,663,123

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

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

E. Disagreement with Director

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

Item 6. Compensation of Directors and Executive Officers

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

Item 7. Independent Public Accountants

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

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

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

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

A. Audit and Audit-related Fees	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.	₱94,211	₱85,646
2. Other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the registrant's financial statements.	N/A	N/A
B. Taxes/Fees	-	-
C. All other Fees	-	-

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

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

OTHER MATTERS

Item 15. Action with Respect to Reports

The Company will seek the approval by the stockholders of the Minutes of the previous Stockholders' Meeting during which the following were taken up: (1) Call to Order, (2) Proof of Notice of Meeting, (3) Certification of Quorum, (4) Approval of the Minutes of the Previous Meeting of Stockholders, (5) Approval of 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, financing activities of the Company, transfer of BIRRDO, authorization to undergo Case Monitoring System with the BIR, and other requirements in connection with the Company's operations.

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 last Thursday 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 20 September 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.

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 there in.

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SIGNATURE

After reasonable inquiry and to the best of our knowledge and belief, we certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on 25 August 2021.

PHILEQUITY DIVIDEND YIELD FUND, INC.

By:


JONATHAN P. ONG
Corporate Secretary

PHILEQUITY DIVIDEND YIELD FUND, INC. PART I.

BUSINESS AND GENERAL INFORMATION

Item 1. BUSINESS

A. Incorporation

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

B. Investment Policy/Risks

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

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

C. Investment Limitations/Restrictions

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

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

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

D. Investment Guidelines and Strategy

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

E. Investment Manager and Principal Distributor

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

1. Management fee computed at a maximum of one and a half percent per annum of the monthly average net asset value of the Fund's assets. The net asset value shall be determined in accordance with the procedures agreed upon by both parties.
2. Sales load charge of maximum three and a half percent for every sale of the Fund's shares of stocks.

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

F. Sub-distribution Agreement

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

G. Capitalization and Ownership

The Fund's authorized capital is ten billion pesos (P10,000,000,000) divided into 10.0 billion shares with a par value of P1.00 per unit. Each unit of stock of the fund is a voting stock with voting rights equal to every other outstanding share of stock, and subject to right of redemption.

(1) Right of Redemption

The holder of any unit of stock of the fund, upon its presentation to the fund, or its duly authorized representatives, is entitled to receive by way of redemption approximately his proportionate share of the fund's net assets or cash equivalent thereof, i.e., the current net asset value, subject to the existing laws and the by-laws of the Fund; provided, however, that no such redemption may be made unless the remaining unimpaired capital of the Fund shall be 50% of its outstanding liabilities to the creditors of the fund. Provided further, the redemption 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 anytime be issued, optioned for sale, and sold or disposed of by the fund pursuant to a resolution of its Board of Directors, to such persons and upon persons and upon such terms as such the Board may deem proper, without first offering such stock or securities or any part thereof to existing stockholders.

(3) Restriction on Transfer

No transfer of stock of the fund which would reduce the stock ownership or equity interest of Filipino citizens to less than the percentage required by applicable laws on regulations shall be caused or allowed to be recorded in the proper books of the fund.

H. Effects of Government Regulation

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

The negative effect of government regulation can be seen with the lowering of the threshold of covered transactions under the Anti-Money Laundering Act of 2001 (Republic Act No. 9160) from P4,000,000.00 to P500,000.00, making the investing public wary of attempting to invest an amount that would place their investment in such a position that would entail a report to the AMLA Council. Moreover, investors would consider the reportorial provision of the Anti-Money Laundering Act as an invasion of their secrecy of deposit, more so, if the source of such investment is legitimate. Hence, with the AMLA as a discouraging factor, PDYF expects limited capital investment by shareholders in the near future.

I. Size and Strength of the Fund's Competitors

The Philippine mutual fund industry continues to grow with 65 funds as of December 31, 2020 according to data tracked by the Philippine Investment Funds Association. The industry continues to benefit from the low interest rate environment with investors looking for higher yields apart from regular savings and time deposit accounts. Net assets of mutual funds grew 14% from a year ago to P 290 billion. Of the 64 mutual funds, 23 are classified as stock funds or funds that primarily invest in equities, 17 are classified as balanced funds, 19 are classified as bond funds, 4 are classified as money market funds and 1 feeder fund.

ITEM 2. PROPERTIES

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

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. SUBMISSION OF MATTERS TO A VOTE

There were no matters submitted to a vote of security holders during the 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 Dividend Yield Fund, Inc. offers its investors above-average returns in its inception in February 2014. Below is the historical performance of the Fund in comparison with the performance of the PSEi:

Calendar Year Returns (%)

	2020	2019	2018	2017	2016
PDYF	-9.22%	-2.62%	-10.70%	20.80%	-0.85%
PSEi	-8.64%	-4.86%	-12.76%	25.11%	-1.60%

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

Below is the comparative tabulation of the Fund's Net Asset Value per share in 2020.

Year	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	High	Low	High	Low	High	Low	High	Low
2020	1.2892	.8132	1.0846	.911	1.0544	.965	1.1899	.9919
2019	1.3447	1.2578	1.3525	1.2628	1.3928	1.2873	1.3534	1.2487
2018	1.4593	1.2578	1.3238	1.1804	1.3157	1.2042	1.2913	1.1719
2017	1.2389	1.1628	1.3253	1.2323	1.3756	1.2992	1.4079	1.3418
2016	1.2171	1.0597	1.2865	1.1764	1.3406	1.2712	1.296	1.126

The Fund's NAVPS are reported to the 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 3,984. Common shares outstanding

as of December 31, 2020 are 1,917,687,599. 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. Recent Sales of Unregistered or Exempt Securities

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

ITEM 6. MANAGEMENT ANALYSIS AND DISCUSSION

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION
As of June 30, 2021

Financial Condition and Liquidity

The below table sets forth the comparative performance indicators of the Fund:

	Formula	June 30,2021	December 31, 2020
Current Ratio	Current Asset/Current Liabilities	18764.00%	23876.63%
Acid Test Ratio	(Cash Eq + Marketable Securities + Receivables)/ Current Liabilities	18764.00%	23876.63%
Solvency Ratio	Net Income/Total Liabilities	-328.96%	-2403.72%
Debt-to-Equity Ratio	Total Liabilities/Total Equity	0.54%	0.42%
Asset-to-Equity Ratio	Total Assets/Total Equity	100.54%	100.42%
Interest Rate Coverage Ratio	EBIT/Interest Expense	N/A	N/A
Return on Assets	Net Income/Average Total Asset	-0.43%	-2.38%
Return on Equity	Net Income/Average Total Equity	-1.74%	-9.57%
Net Profit Margin	Gross Profit/Net Income	-33.05%	-81.71%

Financial Highlights

	Unaudited June 30, 2021	Audited December 31, 2020	Increase/ (Decrease)	Percentage
Total Assets	2,197,069,993	2,249,754,930	(52,684,937)	-2.34%
Total Liabilities	11,708,961	9,422,414	2,286,548	24.27%
Total Equity	2,185,361,031	2,240,332,516	54,971,485	2.45%

Total assets decreased by 2.34% mainly because of decrease in market value of investments in equity securities.

Increase of 24.27% in total liabilities is mainly caused by increase in due to broker which arising from acquisition of securities. Settlement of broker payables is normally due within one (1) to three (3) days from the trade date.

Operating Revenues and Expenses

	For the Period Ended		Increase/ (Decrease)	Percentage
	June 30, 2021	June 30, 2020		
Investment Income (Loss)	(12,730,133)	(464,044,937)	451,314,804	-97.26%
Expenses	25,807,991	22,273,844	3,534,147	15.87%
Comprehensive Income	(38,538,123)	(486,318,780)	447,780,657	-92.08%

Investment income (loss) - For the period ended June 30, 2021, the Fund incurred a total investment loss of PHP 12.73M from PHP 464.04M loss of same period last year. Decrease in investment loss is attributable mainly to improvement of the market price of the equity securities.

Operating expense – Comparing this year and last year’s operating expenses, there is an increase of 15.87% brought by higher stock transfer tax related to the disposal of equity securities.

Comprehensive income (loss) – Because of the decrease in investment loss, the Fund ended the quarter with a loss of PHP 38.54M as of June 30, 2021 compared to a loss of PHP486.32M of same period of last year.

Cash Flow

Cash and cash equivalents increased to PHP 186.85M as of the period June 30, 2021. Additional information may be obtained from the statements of cash flows in later page.

Changes in Net Assets

Below is a summary of fund’s activity for the 2nd quarter ended June 30, 2021

Total Amount from Sales and Redemption of Shares	
Total amount received for the quarter	17,129,928
Total amount of redemptions for the quarter	33,545,923
Shares Issued and Outstanding	
Beginning Balance - December 31, 2020	1,917,687,599
Shares sold during the quarter	15,269,604
Shares redeemed during the quarter	30,141,261
Ending Balance - June 30, 2021	1,902,815,942

Business Analysis

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%. Stock funds brought in P1.8 billion in net subscription, P1.1 billion or 60% of which were subscriptions to index funds. The Philequity Dividend Yield Fund continued to see net redemptions, P11 million for this quarter. The fund however increased its net assets by 6% to P2.2 billion quarter-on-quarter as the Philippine Stock Exchange Index soared 7% for the same period. The PSEi rose on the back of lower COVID19 positive cases, LGUs gaining momentum in mass inoculations, and prospects of vaccines arriving in the millions in the coming months. The fund however remains cautious as there is growing concern of the highly transmissible Delta variant which is currently wreaking havoc globally and forcing some countries such as Indonesia and Australia to reinforce lockdown measures. While the country has so far not detected the variant in our shores, strong border control, swift contact tracing and strict quarantine measures should be enforced to maintain the PSEi’s ascent. The fund expects continued volatility moving forward as any news related to COVID19 can have a significant impact on market movement. The fund will continue to closely monitor the government’s response to the pandemic and how it will affect corporate earnings, GDP and inflation.

Top Five (5) Indicators

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

- (1) **Philippine Composite Index (Phisix)** - Phisix is the benchmark used to track the local stock market on an aggregate basis. On average, equity funds including PDYF, move in tandem with the Phisix.
- (2) **Gross National Product (GNP) and Gross Domestic Product (GDP)** - The GNP and GDP growth usually mirrors the economic cycle. A positive outlook on the economy is bullish for stocks and PDYF. A negative forecast on the other hand, is bearish for stocks and PDYF.
- (3) **Interest Rates** - A low interest rate environment, which is indicative of liquidity in the market, is healthy for stocks. A high interest rate level results in the reverse.
- (4) **Price to Earnings Ratio (P/E Ratio) of the Market** - The P/E Ratio and other valuation ratios are used to determine if companies are undervalued or not with respect to their earning power. A low P/E Ratio in a stock is usually a signal that the stock is worth buying for PDYF. Similarly, a low market P/E Ratio is a signal that it is worth increasing PDYF's equity allocation vis a vis its cash holdings.
- (5) **Foreign Buying and Selling Activity** - Foreign trading activity is tracked daily by the Philippine Stock Exchange. Consistent net buying by foreign players is positive for the broader market and for PDYF.

Indicator	June 30, 2021		June 30, 2020	
PHISIX	End of June	6,901.91	End of June	6,207.72
GNP growth	For 2Q	6.60%	For 2Q	-17.60%
GDP growth	For 2Q	11.80%	For 2Q	-16.50%
P/E Ratio	End of June	23.98	End of June	20.33
Foreign Buying and Selling (Net flow in billion PHP)	For 2Q	Net foreign SELL 21.98B	For 1Q	Net foreign SELL 34.32B

PART II – OTHER INFORMATION

PHILEQUITY DIVIDEND YIELD FUND, INC. OTHER RATIOS REQUIRED FOR MUTUAL FUNDS

Percentage of Investment in a single enterprise to Net Asset Value:		As June 30,	As June 30,
INVESTMENT IN SHARES:		2021	2020
AC	Ayala Corp	5.358%	7.303%
ACEN	AC Energy Philippines, Inc.	0.144%	0.000%
AEV	Aboitiz Equity Ventures Inc	1.021%	1.184%
AGI	Alliance Global Group Inc	0.119%	0.567%
ALI	Ayala Land Inc	4.097%	6.630%
AP	Aboitiz Power Corp	0.655%	0.939%
APVI	Altus Property Ventures, Inc.	0.007%	0.019%
AREIT	AREIT, Inc.	3.344%	0.000%
BDO	BDO Unibank Inc	2.061%	5.579%
BLOOM	Bloomerry Resorts Corp	0.000%	0.000%
BPI	Bank of the Phil. Islands	1.699%	5.434%
CEB	Cebu Air, Inc.	0.020%	0.143%
DMC	DMCI Holdings Inc	0.259%	0.240%
DNL	D&L Industries, Inc.	0.449%	0.000%
EEI	Engineering Equip. Inc.	0.046%	0.094%
EW	East West Banking Corporation	0.028%	0.022%
FGEN	First Gen Corp	0.264%	0.006%
FLI	Fil-Invest Land, Inc	0.653%	0.646%
GLO	Globe Telecom Inc	4.809%	1.834%
GTCAP	GT Capital Holdings Inc	0.833%	0.985%
ICT	Intl Cont Terminal Serv Inc	5.605%	2.617%
JFC	Jollibee Foods Corp	0.686%	0.395%
JGS	JG Summit Holdings Inc	3.439%	4.144%
LTG	LT Group Inc	0.328%	0.223%
MAC	MacroAsia Corporation	0.000%	0.000%
MBT	Metro Bank & Trust Co	2.279%	2.391%
MEG	Megaworld Prop & Holdings Inc	0.699%	0.572%
MER	Manila Electric Co	10.050%	1.572%
MPI	Metro Pacific Investment Corp	1.453%	2.038%
MWC	Manila Water Co	2.512%	0.000%
NIKL	Nickel Asia Corporation	2.746%	0.048%
PCOR	Petron Corp	0.060%	0.065%
PGOLD	Puregold Price Club Inc	0.000%	0.233%
PIP	Pepsi-Cola Products Philippines, Inc.	0.000%	0.000%
PLC	Premiun Leisure Corp	0.029%	0.023%
PNB	Phil National Bank	0.000%	0.000%
RLC	Robinsons Land Corp	0.000%	1.077%
RRHI	Robinsons Retail Holdings Inc	0.043%	0.000%
SCC	Semirara Mining Corp	0.000%	0.212%
SECB	Security Bank Inc	0.810%	1.070%
SHLPH	Pilipinas Shell Petroleum Corporation	0.045%	0.045%
SM	SM Investments Corp	8.557%	12.694%
SMC	San Miguel Corporation	1.163%	1.189%
SMPH	SM Prime Holdings Inc	7.656%	7.948%
SSI	SSI Group, Inc	0.056%	0.189%
TEL	Phil Long Distance Tel Co	14.273%	5.587%
URC	Universal Robina Corp	0.253%	5.708%
VLL	Vista Land & Lifescapes, Inc.	1.224%	0.174%
CEBCP	Cebu Air, Inc.	2.037%	0.000%

Total Investment of the Fund to the Outstanding Shares of an Investee Company			
AC	Ayala Corp	0.023%	7.303%
ACEN	AC Energy Philippines, Inc.	0.002%	0.000%
AEV	Aboitiz Equity Ventures Inc	0.009%	1.184%
AGI	Alliance Global Group Inc	0.003%	0.567%
ALI	Ayala Land Inc	0.017%	6.630%
AP	Aboitiz Power Corp	0.008%	0.939%
APVI	Altus Property Ventures, Inc.	0.009%	0.019%
AREIT	AREIT, Inc.	0.196%	0.000%
BDO	BDO Unibank Inc	0.009%	5.579%
BLOOM	Bloomberry Resorts Corp	0.000%	0.000%
BPI	Bank of the Phil. Islands	0.009%	5.434%
CEB	Cebu Air, Inc.	0.001%	0.143%
DMC	DMCI Holdings Inc	0.007%	0.240%
DNL	D&L Industries, Inc.	0.017%	0.000%
EEI	Engineering Equip. Inc.	0.013%	0.094%
EW	East West Banking Corporation	0.003%	0.022%
FGEN	First Gen Corp	0.005%	0.006%
FLI	Fil-Invest Land, Inc	0.053%	0.646%
GLO	Globe Telecom Inc	0.043%	1.834%
GTCP	GT Capital Holdings Inc	0.014%	0.985%
ICT	Intl Cont Terminal Serv Inc	0.037%	2.617%
JFC	Jollibee Foods Corp	0.006%	0.395%
JGS	JG Summit Holdings Inc	0.016%	4.144%
LTG	LT Group Inc	0.005%	0.223%
MAC	MacroAsia Corporation	0.000%	0.000%
MBT	Metro Bank & Trust Co	0.023%	2.391%
MEG	Megaworld Prop & Holdings Inc	0.015%	0.572%
MER	Manila Electric Co	0.070%	1.572%
MPI	Metro Pacific Investment Corp	0.027%	2.038%
MWC	Manila Water Co	0.145%	0.000%
NIKL	Nickel Asia Corporation	0.080%	0.048%
PCOR	Petron Corp	0.004%	0.065%
PGOLD	Puregold Price Club Inc	0.000%	0.233%
PIP	Pepsi-Cola Products Philippines, Inc.	0.000%	0.000%
PLC	Premium Leisure Corp	0.005%	0.023%
PNB	Phil National Bank	0.000%	0.000%
RLC	Robinsons Land Corp	0.000%	1.077%
RRHI	Robinsons Retail Holdings Inc	0.001%	0.000%
SCC	Semirara Mining Corp	0.000%	0.212%
SECB	Security Bank Inc	0.020%	1.070%
SHLPH	Pilipinas Shell Petroleum Corporation	0.003%	0.045%
SM	SM Investments Corp	0.016%	12.694%
SMC	San Miguel Corporation	0.009%	1.189%
SMPH	SM Prime Holdings Inc	0.016%	7.948%
SSI	SSI Group, Inc	0.030%	0.189%
TEL	Phil Long Distance Tel Co	0.112%	5.587%
URC	Universal Robina Corp	0.002%	5.708%
VLL	Vista Land & Lifescapes, Inc.	0.055%	0.174%
CEBCP	Cebu Air, Inc.	0.255%	0.000%
Total Investment in Liquid or Semi-Liquid Assets to Total Assets		99.882%	98.217%
Percentage of Operating Expense to the Average daily Average Net Asset Value		1.209%	1.063%
Total Assets to Total Borrowings		18764.004%	15379.407%

As of June 30, 2021 and June 30, 2020, the Fund's average daily net asset value is 2,133,140,814.92 and 2,068,703,556.49, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION
As of December 31, 2020

In Millions (PHP)	2020	2019	2018
Balance Sheet			
Assets	₱2,249.75	₱2,500.67	₱2,498.96
Liabilities	9.42	8.11	9.67
Stockholder's Equity	2,240.33	2,492.55	2,489.29
Book Value Per Share	1.1682	1.2869	1.2540
Income Statement			
Income	(185.05)	136.46	(253.22)
Expenses	41.01	61.64	59.51
Net Income	144.04	74.82	(313.73)
Earnings per Share (using weighted Average number of Outstanding Shares)	(0.12)	0.04	0.15

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.

	Formula	December 31, 2020	December 31, 2019
Current Ratio	Current Asset/Current Liabilities	23876.63%	30816.15%
Acid Test Ratio	(Cash Eq + Marketable Securities + Receivables)/ Current Liabilities	23876.63%	30816.15%
Solvency Ratio	Net Income/Total Liabilities	-2403.72%	922.00%
Debt-to-Equity Ratio	Total Liabilities/Total Equity	0.42%	0.33%
Asset-to-Equity Ratio	Total Assets/Total Equity	100.42%	100.33%
Interest Rate Coverage Ratio	EBIT/Interest Expense	N/A	N/A
Return on Assets	Net Income/Average Total Asset	-2.38%	2.99%
Return on Equity	Net Income/Average Total Equity	-9.57%	3.00%
Net Profit Margin	Gross Profit/Net Income	-81.71%	60.70%

A. Business strategy and outlook

2020 was a turbulent year for stocks, headlined by 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 gold and money market funds. Eventually vaccine trials showed promising effects and finally a rollout would ensue towards the end of the year by November and December, first by Pfizer-BioNtTech then by Moderna. Each critical phase of vaccine trials pushed markets higher, pushing the Chinese stock market and US stock market above water for the year. In the Philippines, the PSEi regained some of its losses and eventually closed the year down 8.25%, after falling as much as 49% at the height of the pandemic in March.

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	(185,053,017)	136,461,020	(321,514,037)	235.61%
Total Expenses	41,435,109	61,643,952	(20,208,843)	-32.78%
Net Income	(226,488,126)	74,817,068	(301,305,194)	-402.72%

Investment Income

Investment Income	Y2020	Y2019	Inc/(Dec)	Percent
Net gain (loss) on financial assets at fair value through profit or loss	(223,161,256)	85,620,493	(308,781,749)	360.64%
Dividend Income	35,994,444	42,396,728	(6,402,284)	-15.10%
Interest Income	2,113,795	8,443,799	(6,330,004)	-74.97%
Total	(185,053,017)	136,461,020	(321,514,037)	-235.61%

The decrease in investment income by 235.61% as compared to 2019 is due to loss on sale marketable securities and decrease in market valuation

Expenses

Expenses	Y2020	Y2019	Inc/(Dec)	Percent
Management fee	34,810,364	45,414,999	-10,604,635	-23.35%
Taxes and licenses	3,207,333	8,836,553	-5,629,220	-63.70%
Commission expense	2,301,002	4,823,314	-2,522,312	-52.29%
Income tax expense	422,759	1,688,724	-1,265,965	-74.97%
Others	364,422	242,314	122,108	-50.39
Professional fees	241,537	460,350	-218,813	-47.53%
Transaction cost	87,692	177,698	-90,006	-50.65%
Total	41,435,109	61,643,952	-20,208,843	-32.78%

Management fee decrease due to the decrease in asset under management by PEMI while taxes and licenses also drop mainly due to lower revenues in 2020 that is subjected to local taxes. The decrease in commission paid, transaction costs, professional fees, and other office and admin expense has a favourable impact on total expenses.

ASSETS AND LIABILITIES

Financial Position	Y2020	Y2019	Inc/(Dec)	Percent
Financial assets at fair value through profit or loss	2,080,994,003	2,354,041,534	(273,047,531)	-11.60%
Cash and cash equivalent	167,426,042	143,502,232	23,923,810	16.67%
Loans and receivables	1,334,886	3,121,819	(1,786,933)	-57.24%
Total Assets	2,249,754,931	2,500,665,585	(250,910,654)	-10.03%
Total Liabilities	9,422,415	8,114,788	1,307,626	16.11%
Total Equity	2,240,332,516	2,492,550,797	(252,218,280)	-10.12%

Assets

Cash and cash equivalents

This account consists of:

	2020	2019
Cash in banks	167,426,042	5,502,232
Short-term deposits	-	138,000,000
Total	167,426,042	143,502,232

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

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

Loans and receivable

	2020	2019
Dividend receivable	1,004,449	945,298
Due from brokers	330,437	2,141,321
Accrued interest receivable	-	35,200
Total	1,334,886	3,121,819

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

Liabilities

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

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

	Y2020	Y2019
Net asset value attributable to holders of redeemable shares	2,240,332,516	2,492,550,797
Number of shares outstanding	1,917,687,599	1,936,870,186
NAV per share	1.682	1.2869

Y2019 compared to Y2018

INCOME AND EXPENSES

Comprehensive income	Y2019	Y2018	Increase (Decrease)	Percent
Total income (loss)	136,461,020	(253,216,288)	389,677,308	-153.89%
Total expenses	61,643,952	60,216,194	1,427,758	2.37%
Net income	<u>74,817,068</u>	<u>(313,432,482)</u>	<u>388,249,550</u>	<u>-123.87</u>

Comprehensive Income	Y2019	Y2018	Inc/(Dec)	Percent
Total Income	136,461,020	₱(253,216,288)	₱389,677,308	-154%
Total Expenses	61,643,952	60,216,194	1,427,758	2%
Net Income	74,817,068	(₱313,432,482)	388,249,550	124%

Investment Income

Investment income	Y2019	Y2018	Increase (Decrease)	Percent
Net gain on financial assets at fair value through profit or loss	85,620,493	(292,222,978)	377,843,471	-129.30%
Dividend income	42,396,728	35,514,716	6,882,012	19.38%
Interest income	8,443,799	3,491,974	4,951,825	141.81%
Total	136,461,020	(253,216,288)	389,677,308	153.89%

Investment Income	Y2019	Y2018	Inc/(Dec)	Percent
Net gain on financial assets at fair value through profit or loss	₱85,620,493	(₱292,222,978)	₱377,843,471	129.30%
Dividend Income	42,396,728	35,514,716	6,882,012	19.38%
Interest Income	8,443,799	3,491,974	4,951,825	141.81%
Total	₱136,461,020	₱(253,216,288)	₱389,677,344	153.89%

The increase in investment income by 153.89% as compared to 2018 is due to gain on sale marketable securities.

Expenses

Expenses	Y2019	Y2018	Increase (Decrease)	Percent
Management fee	45,414,999	44,934,756	480,243	1.07%
Taxes and licenses	8,836,553	9,620,630	(784,077)	-8.15%
Commission expense	4,823,314	4,051,284	772,030	19.06%
Income tax expense	1,688,724	698,395	990,329	141.80%
Professional fees	460,350	452,046	8,304	1.84%
Transaction cost	177,698	108,015	69,683	64.51%
Others	242,314	351,068	(108,754)	30.98%
Total	61,643,952	60,216,194	1,427,758	2.37%

Expenses	Y2019	Y2018	Inc/(Dec)	Percent
Management fee	45,414,999	₱44,934,756	₱480,243	1.07%
Taxes and licenses	8,836,553	9,620,630	(784,077)	-8.15%
Transaction cost	177,698	108,015	69,683	64.51%
Commission expense	4,823,314	4,051,284	772,030	19.06%
Professional fees	460,350	452,046	8,304	1.84%
Income tax expense	1,688,724	698,395	990,329	141.81%
Others	242,314	351,068	(108,754)	-30.98%
Total	₱ 61,643,952	₱60,216,194	₱1,427,758	2%

Management fee increased due to the increase in asset under management by PEMI while taxes and licenses also drop mainly due to lower revenues in 2019 that is subjected to local taxes. The increase in commission paid, transaction costs, professional fees, and other office and admin expense has an unfavorable impact on total expenses.

ASSETS AND LIABILITIES

Financial position	Y2019	Y2018	Increase (Decrease)	Percent
Financial assets at fair value through profit of loss	2,354,041,534	2,186,488,042	167,553,492	7.66%
Cash and cash equivalent	143,502,232	310,869,817	(167,367,585)	-53.84%
Loans and receivables	3,121,819	1,613,007	1,508,812	93.54%
Total assets	2,500,665,585	2,498,970,866	1,694,719	0.07%
Total liabilities	8,114,789	9,679,563	(1,564,774)	-16.17%
Total equity	2,492,550,796	2,489,291,303	3,259,493	0.13%

Financial Position	Y2019	Y2018	Inc/(Dec)	Percent
Financial assets at fair value through profit or loss	2,354,041,534	2,186,488,042	167,553,492	7.66%
Cash and cash equivalent	143,502,232	310,869,817	(167,367,585)	-53.84%
Loans and receivables	3,121,819	1,613,007	1,508,812	93.54%
Total Assets	2,500,665,585	2,498,970,866	1,694,719	0.07%
Total Liabilities	8,114,789	9,679,563	(1,564,774)	-16.18%
Total Equity	2,492,550,796	2,489,291,303	3,259,493	0.13%

Assets

Cash and cash equivalents

This account consists of:

	2019	2018
Cash in banks	₱5,502,232	₱2,769,817
Short-term deposits	138,000,000	308,100,000
Total	₱ 143,502,232	₱310,869,817

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

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

Loans and receivable

	2019	2018
Due from brokers	2,141,321	-
Dividend receivable	945,298	960,395
Accrued interest receivable	35,200	652,612
Total	₱ 3,121,819	₱1,613,007

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

Liabilities

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

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

	Y2019	Y2018
Net asset value attributable to holders of redeemable shares	₱2,492,550,796	₱2,489,291,302
Number of shares outstanding	1,936,870,186	1,985,061,762
NAV per share	₱ 1.2869	₱1.2540

Top Five (5) Indicators

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

- (1) Philippine Composite Index (Phisix) – Phisix is the benchmark used to track the local stock market on an aggregate basis. On average, equity funds including PDYF, move in tandem with the Phisix.
- (2) Gross National Product (GNP) and Gross Domestic Product (GDP) – The GNP and GDP growth usually mirrors the economic cycle. A positive outlook on the economy is bullish for stocks and PDYF. A negative forecast on the other hand, is bearish for stocks and PDYF.
- (3) Interest Rates– A low interest rate environment, which is indicative of liquidity in the market, is healthy for stocks. A high interest rate level results in the reverse.
- (4) Price to Earnings Ratio (P/E Ratio) of the Market–The P/E Ratio and other valuation ratios are used to determine if companies are undervalued or not with respect to their earning power. A low P/E Ratio in a stock is usually a signal that the stock is worth buying for PDYF. Similarly, a low market P/E Ratio is a signal that it is worth increasing PDYF's equity allocation vis a vis its cash holdings.
- (5) Foreign Buying and Selling Activity – Foreign trading activity is tracked daily by the Philippine Stock Exchange. Consistent net buying by foreign players is positive for the broader market and for PDYF.

Key Indicators		2020		2019
PHISIX	End-Dec	7,139.71	End-Dec	7,815.26
GNP growth	4Q	12.00%	4Q	6.20%
GDP growth	4Q	-8.30%	4Q	6.40%
P/E Ratio	End-Dec	28.63	End-Dec	16.46
Foreign Buying and Selling	4Q	23.91B Net Foreign Sell	4Q	18.21B Net Foreign Sell

B. Other Matters

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

ANNEXES

Please refer to the following:

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

To fully comply with the adopted leading practices on good corporate governance, the Company has prepared and executed the Company’s Corporate Governance Manual which was approved and adopted by the Board of Directors on 7 August 2013. Further, the Company filed with the SEC its amended Manual of Corporate Governance which was made effective on 1 August 2014 in compliance with SEC Memorandum Circular No. 9, Series of 2014.

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

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

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

**JONATHAN P. ONG
THE CORPORATE SECRETARY
PHILEQUITY PSE INDEX FUND, INC.
15TH FLOOR, PHILIPPINE STOCK EXCHANGE
5TH AVE. CORNER 28TH STREET, BONIFACIO GLOBAL CITY,
TAGUIG CITY, METRO MANILA**

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 DIVIDEND YIELD 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 25 day of AUG 2021 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 22 ;
 Page No 6 ;
 Book No 4 ;
 Series 2021.

ATTY. HENRY D. ADASA
 NOTARY PUBLIC CITY OF MANILA
 UNTIL DECEMBER 31, 2021
 NOTARIAL COMMISSION 2020-097 MLA
 IBP NO. 141513 - 01/04/2021, PASIG
 PTR NO. 9826140 - 01/05/2021 MLA
 ROLL NO. 29079, TIN: 172-528-620
 MCLE COMPL. NO. VII-0000165
 URBAN DECA HOMES MANILA, 8-2, UNIT 355

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 DIVIDEND YIELD 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 DIVIDEND YIELD 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 DIVIDEND YIELD 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 DIVIDEND YIELD 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 CITY OF MANILA.



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

DANIEL ONGCHOCO

Affiant

SUBSCRIBED AND SWORN to before me this SEP 08 2021 day of CITY OF MANILA at CITY OF MANILA, affiant personally appeared before me and exhibited to me his Tax Identification No. .

Doc. No. 15;
Page No. 7;
Book No. 141;
Series of 2021.


ATTY. HENRY D. ABASA

NOTARY PUBLIC, CITY OF MANILA

UNTIL DECEMBER 31, 2021

NOTARIAL COMMISSION 2020-097 MLA

EXP. NO. 141253 - 01/04/2021, PASIG

PTR NO. 9026148 - 01/05/2021 MLA

ROLL NO. 29679, TR: 172-523-620

MCLE COMPL. NO. VII-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 DIVIDEND YIELD 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 Dollar Income 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 DIVIDEND YIELD 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 DIVIDEND YIELD 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 DIVIDEND YIELD FUND, INC.** (the "Fund") of any changes in the abovementioned information within five days from its occurrence.

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

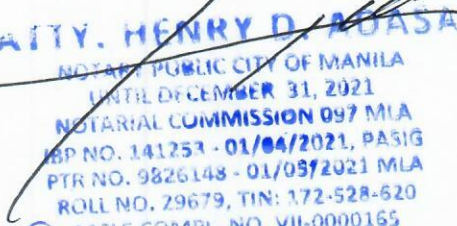

Dobbin A Tan (Aug 30, 2021 10:39 GMT+8)

DOBBIN A. TAN
Affiant

SEP 07 2021

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

Doc. No. 14;
Page No. 4;
Book No. 14;
Series of 2021.


ATTY. HENRY D. ABASA
NOTARY PUBLIC CITY OF MANILA
UNTIL DECEMBER 31, 2021
NOTARIAL COMMISSION 097 MIA
IBP NO. 141253 - 01/04/2021, PASIG
PTR NO. 9826148 - 01/03/2021 MIA
ROLL NO. 29679, TIN: 172-528-620
(21) MCLE COMPL. NO. VII-0000165
URBAN DECA HOME MANILA, B-2, UNIT 35E

COVER SHEET

SEC Registration Number

C	S	2	0	1	2	1	4	3	1	8
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Company Name

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,		I	N	C	.		(A	n		O	p	e	n	-	E	n	d		I	n	v	e	s	t	m	e	n	t
	C	o	m	p	a	n	y)																					

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

1	5	T	H		F	L	R	.	P	H	I	L	L	I	P	P	I	N	E		S	T	O	C	K				
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5	T	H		A	V	E	.		B	O	N	I	F	A	C	I	O		G	L	O	B	A	L		C	I	T	Y
T	A	G	U	I	G		C	I	T	Y	,		M	E	T	R	O		M	A	N	I	L	A	.				

Form Type

1	7	-	A
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Department requiring the report

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Secondary License Type, If Applicable

N	A		
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COMPANY INFORMATION

Company's Email Address

philequityfunds@philequity.net

Company's Telephone Number/s

250-8738

Mobile Number

0917-590-7176

No. of Stockholders

3,984

Annual Meeting
Month/Day

09/01

Fiscal Year
Month/Day

12/31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Ms. Maria Angelica Cabanit

Email Address

angelica.cabanit@philequity.net

Telephone Number/s

250-8713

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. **CS201214318**
3. BIR Tax Identification No. **008-342-256**
4. Exact name of registrant as specified in its charter: **PHILEQUITY DIVIDEND YIELD
FUND, INC.**
5. Province, Country or other jurisdiction of Incorporation or organization:
Philippines
6.

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 (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: **(02) 250-8700**
9. Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Shares Outstanding
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Common Stock, P1.00 par value	1,917,687,599
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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 there under 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: **P2,096,150,754**

PART I. BUSINESS AND GENERAL INFORMATION

Item 1. BUSINESS

A. Incorporation

On August 2, 2012, Philequity Dividend Yield Fund Inc. (PDYF or the “Fund”) was organized under the rules of the Investment Company Act 2629 and the Corporation. PDYF is a diversified, open-end investment company. The Fund is engaged in the sale of its shares of stock and in the investment of the proceeds from the sale of its shares into the well selected portfolio of securities, both debt and equity. The Fund is designed to encourage both big and small investors seeking capital appreciation to avail of the professional management of their investments at the lowest possible cost, together with increased liquidity, growth opportunity and satisfactory returns on their investments. The Fund is ready to redeem the shareholdings of any investor at the applicable net asset value per share.

B. Investment Policy/Risks

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

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

C. Investment Limitations/Restrictions

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

- (1) The Fund shall not participate in any underwriting or selling group in connection with public distribution of securities, except for its own capital stock.
- (2) The maximum investment in any single enterprise shall not exceed an amount equivalent to fifteen percent (15%) of the Fund’s Net Asset Value, and in no case shall the total investment of the Fund exceed ten percent (10%) of the outstanding securities of any one investee company.
- (3) The Fund shall not incur any further debt or borrowings unless at the time of its occurrence or immediately thereafter there is an asset coverage of at least three hundred percent (300%) for all its borrowings. In the event that such asset coverage shall fall below 300%, the Fund shall within (3) days thereafter reduce the amount of its borrowings to an extent that the asset coverage of such borrowings shall be at least 300%.
- (4) Operational expenses shall not exceed ten percent (10%) of its average investment fund or net worth as shown in the previous audited financial statements.

- (5) The Fund shall not make any investment for the purpose of exercising control of management.
- (6) The Securities and Exchange commission, by order, unless it provides otherwise, the Fund may not engage in any of the following:
 - (a) margin purchase of securities;
 - (b) commodity futures contracts;
 - (c) precious metals;
 - (d) unlimited liability investments;
 - (e) short selling of currencies;
 - (f) short selling of investments;
- (7) Other investment as the Securities & Exchange Commission shall, from time to time, prescribe.

D. Investment Guidelines and Strategy

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

E. Investment Manager and Principal Distributor

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

1. Management fee computed at a maximum of one and a half percent per annum of the monthly average net asset value of the Fund's assets. The net asset value shall be determined in accordance with the procedures agreed upon by both parties.
2. Sales load charge of maximum three and a half percent for every sale of the Fund's shares of stocks.

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

F. Sub-distribution Agreement

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

G. Capitalization and Ownership

The Fund's authorized capital is ten billion pesos (P10,000,000,000) divided into 10.0 billion shares with a par value of P1.00 per unit. Each unit of stock of the fund is a voting stock with voting rights equal to every other outstanding share of stock, and subject to right of redemption.

(1) Right of Redemption

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

I. Size and Strength of the Fund's Competitors

The Philippine mutual fund industry continues to grow with 65 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..

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	Soldiyo 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
Subtotal - 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
Subtotal - US Currency		1,325,328,417	5,115,880	1,320,212,537	0	1,812
Subtotal - 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

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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. (formerly, Bahay Puri Solidaritas Fund, Inc.)	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
Subtotal - 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
Subtotal - US Currency		2,586,893,493	29,770,855	2,557,122,638	248,732,873	4,860
Subtotal - 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. (formerly, Prudential Fixed Income Fund, Inc.)	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
Subtotal - 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. (formerly, ATR KimEng Total Return Bond Fund, Inc.)	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
<u>Sub total - US Currency</u>		<u>18,508,853,543</u>	<u>181,967,718</u>	<u>18,326,885,825</u>	<u>1,887,873</u>	<u>14,414</u>
59	ALFM Euro Bond Fund, Inc.	994,854,593	7,889,431	986,965,161	0	656
<u>Sub total - Euro Currency</u>		<u>994,854,593</u>	<u>7,889,431</u>	<u>986,965,161</u>	<u>0</u>	<u>656</u>
<u>Sub total - bond funds</u>		<u>82,889,424,930</u>	<u>795,095,174</u>	<u>82,094,329,756</u>	<u>3,194,157,217</u>	<u>75,483</u>
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
<u>Sub total - Peso Currency</u>		<u>129,363,188,423</u>	<u>328,691,436</u>	<u>129,034,496,987</u>	<u>0</u>	<u>72,322</u>
<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
<u>Sub total - US Currency</u>		<u>4,476,988,496</u>	<u>37,916,855</u>	<u>4,439,071,640</u>	<u>0</u>	<u>1,627</u>
<u>Sub total - money market funds</u>		<u>133,840,176,919</u>	<u>366,608,292</u>	<u>133,473,568,627</u>	<u>0</u>	<u>73,949</u>
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
<u>Sub total - Peso Currency</u>		<u>618,380,758.83</u>	<u>23,262,543.60</u>	<u>595,118,215.23</u>	<u>-</u>	<u>812</u>
<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
<u>Sub total - US Currency</u>		<u>2,992,064,113</u>	<u>2,478,066</u>	<u>2,989,586,047</u>	<u>0</u>	<u>4</u>
<u>Sub total - feeder fund</u>		<u>3,610,444,872</u>	<u>25,740,610</u>	<u>3,584,704,262</u>	<u>0</u>	<u>816</u>
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 Dividend Yield Fund, Inc. has no properties under its fixed assets accounts.

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. SUBMISSION OF MATTERS TO A VOTE

There were no matters submitted to a vote of security holders during the calendar year 2020 covered by this report.

PART II. OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR COMMON EQUITY and RELATED STOCKHOLDERS MATTERS

A. Fund Performance

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

Calendar Year Returns (%)

	2020	2019	2018	2017
PDYF	-9.22%	-2.62%	-10.70%	20.80%
PSEi	-8.64%	-4.68%	-12.76%	25.11%

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

Below is the comparative tabulation of the Fund's Net Asset Value per share in 2020.

Year	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	High	Low	High	Low	High	Low	High	Low
2020	1.2892	.8132	1.0846	.911	1.0544	.965	1.1899	.9919
2019	1.3447	1.2578	1.3525	1.2628	1.3928	1.2873	1.3534	1.2487
2018	1.4593	1.2578	1.3238	1.1804	1.3157	1.2042	1.2913	1.1719

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 3,984. Common shares outstanding as of December 31, 2020 are 1,917,687,599. 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. Recent Sales of Unregistered or Exempt Securities

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

ITEM 6. MANAGEMENT ANALYSIS AND DISCUSSION

In Millions (PHP)	2020	2019	2018
Balance Sheet			
Assets	₱2,249.75	₱2,500.67	₱2,498.96
Liabilities	9.42	8.11	9.67
Stockholder's Equity	2,240.33	2,492.55	2,489.29
Book Value Per Share	1.1682	1.2869	1.2540
Income Statement			
Income	(185.05)	136.46	(253.22)
Expenses	41.01	61.64	60.21
Net Income	144.04	74.82	(313.43)
Earnings per Share (using weighted Average number of Outstanding Shares)	(0.12)	0.04	(0.15)

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.

December 31, 2020 December 31, 2019			
Current Ratio	Current Asset/Current Liabilities	23876.63%	30816.15%
Acid Test Ratio	(Cash Eq + Marketable Securities + Receivables) / Current Liabilities	23876.63%	30816.15%
Solvency Ratio	Net Income/Total Liabilities	-2403.72%	921.98%
Debt-to-Equity Ratio	Total Liabilities/Total Equity	0.42%	0.33%
Asset-to-Equity Ratio	Total Assets/Total Equity	100.42%	100.33%
Interest Rate Coverage Ratio	EBIT/Interest Expense	N/A	N/A
Return on Assets	Net Income/Average Total Asset	-9.54%	2.99%
Return on Equity	Net Income/Average Total Equity	-9.57%	3.00%
Net Profit Margin	Gross Profit/Net Income	-81.71%	-182.39%

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

A. Business strategy and outlook

2020 was a turbulent year for stocks, headlined by 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 gold and money market funds. Eventually vaccine trials showed promising effects and finally a rollout would ensue towards the end of the year by November and December, first by Pfizer-BioNtTech then by Moderna. Each critical phase of vaccine trials pushed markets higher, pushing the Chinese stock market and US stock market above water for the year. In the Philippines, the PSEi regained some of its losses and eventually closed the year down 8.25%, after falling as much as 49% at the height of the pandemic in March.

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	Y2019	Y2019	Inc/(Dec)	Percent
Total Income	(185,053,017)	136,461,020	(321,514,037)	236%
Total Expenses	41,435,109	61,643,952	(20,208,843)	-33%
Net Income	(226,488,126)	74,817,068	(301,305,194)	403%

Investment Income

Investment Income	Y2020	Y2019	Inc/(Dec)	Percent
Net gain on financial assets at fair value through profit or loss	P(223,161,256)	P85,620,493	(308,781,749)	360.64%
Dividend Income	35,994,444	42,396,728	(6,402,284)	-15.10%
Interest Income	2,113,795	8,443,799	(6,330,004)	-74.97%
Total	(P185,053,017)	P136,461,020	(321,514,037)	-235.61%

The decrease in investment income by 235.61% as compared to 2019 is due to loss on sale marketable securities and decrease in market valuation

Expenses

Expenses	Y2020	Y2019	Inc/(Dec)	Percent
Management fee	P34,810,364	P45,414,999	P(10,604,635)	-23.35%
Taxes and licenses	3,207,333	8,836,553	(5,629,220)	-63.70%
Transaction cost	87,692	177,698	(90,006)	-50.65%
Commission expense	2,301,002	4,823,314	(2,522,312)	-52.29%
Professional fees	241,537	460,350	(218,813)	-47.53%
Income tax expense	422,759	1,688,724	(1,265,965)	-74.97%
Others	364,422	242,314	122,108	-50.39
Total	P 41,435,109	P 61,643,952	P20,208,843	-32.78%

Management fee decrease due to the decrease in asset under management by PEMI while taxes and licenses also drop mainly due to lower revenues in 2020 that is subjected to local taxes. The decrease in commission paid, transaction costs, professional fees, and other office and admin expense has a favourable impact on total expenses.

ASSETS AND LIABILITIES

Financial Position	Y2020	Y2019	Inc/(Dec)	Percent
Financial assets at fair value through profit or loss	2,080,994,003	2,354,041,534	(273,047,531)	-11.60%
Cash and cash equivalent	167,426,042	143,502,232	29,923,810	16.67%
Loans and receivables	1,334,886	3,121,819	(1,786,933)	-57.24%
Total Assets	2,249,754,931	2,500,665,585	(250,910,654)	-10.03%
Total Liabilities	9,422,415	8,114,788	1,307,626	16.11%
Total Equity	2,240,332,516	2,492,550,797	(252,218,280)	-10.12%

Assets

Cash and cash equivalents

This account consists of:

	2020	2019
Cash in banks	P167,426,042	P5,502,232
Short-term deposits	-	138,000,000
Total	P 167,426,042	P 143,502,232

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

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

Loans and receivable

	2020	2019
Due from brokers	330,437	2,141,321
Dividend receivable	1,004,449	945,298
Accrued interest receivable	-	35,200
Total	P 1,334,886	P 3,121,819

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

Liabilities

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

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

	Y2020	Y2019
Net asset value attributable to holders of redeemable shares	P 2,240,332,516	P 2,492,550,797
Number of shares outstanding	1,917,687,599	1,936,870,186
NAV per share	P 1.682	P 1.2869

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%
Exchange Traded Fund					
21	First Metro Phil. Equity Exchange Traded Fund, Inc.	107.5583	-7.16%	116.9625	5.61%
Primarily invested in foreign currency securities					
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					
Primarily invested in Peso securities					
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%
Primarily invested in foreign currency securities					
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					
Primarily invested in Peso securities					
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					
Primarily invested in Peso securities					
66	Sun Life Prosperity World Equity Index Feeder Fund, Inc. -a,d,7	1.1133	n.a.	n.a.	n.a.
Primarily invested in foreign currency securities					
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	136,461,020	₱(253,216,288)	₱389,677,344	-154%
Total Expenses*	61,643,951	60,216,194	1,426,720	2%
Net Income	74,817,069	(₱313,432,482)	388,250,624	124%

*includes provision for income tax

Investment Income

Investment Income	Y2019	Y2018	Inc/(Dec)	Percent
Net gain on financial assets at fair value through profit or loss	P85,620,493	(P292,222,978)	377,843,471	129.30%
Dividend Income	42,396,728	35,514,716	6,882,012	19.38%
Interest Income	8,443,799	3,491,974	4,951,861	141.81%
Total	P136,461,020	P(253,216,288)	P389,677,344	153.89%

The increase in investment income by 153% as compared to 2018 is due to gain on sale marketable securities.

Expenses

Expenses	Y2019	Y2018	Inc/(Dec)	Percent
Management fee	P45,414,999	P44,934,756	P479,169	1.07%
Taxes and licenses	8,836,553	9,620,630	(784,077)	-8.15%
Transaction cost	177,698	108,015	69,683	64.51%
Commission expense	4,823,314	4,051,284	772,030	19.06%
Professional fees	460,350	452,046	8,304	1.84%
Income tax expense	1,688,724	698,395	990,365	141.81%
Others	242,314	351,068	(108,754)	-30.98%
Total	P 61,643,952	P60,216,194	P1,426,720	2%

Management fee increase due to the increase in asset under management by PEMI while taxes and licenses also drop mainly due to lower revenues in 2019 that is subjected to local taxes. The increase in commission paid, transaction costs, professional fees, and other office and admin expense has a unfavourable impact on total expenses.

ASSETS AND LIABILITIES

Financial Position	Y2019	Y2018	Inc/(Dec)	Percent
Financial assets at fair value through profit or loss	2,354,041,534	2,186,488,042	167,553,492	7.66%
Cash and cash equivalent	143,502,232	310,869,817	(167,367,585)	-53.84%
Loans and receivables	3,121,819	1,613,007	1,508,812	93.54%
Total Assets	2,500,665,585	2,498,970,866	1,694,719	0.07%
Total Liabilities	8,114,789	9,679,563	(1,565,848)	-16.18%
Total Equity	2,492,550,796	2,489,291,303	3,260,567	0.13%

Assets

Cash and cash equivalents

This account consists of:

	2019	2018
Cash in banks	P5,502,232	P2,769,817
Short-term deposits	138,000,000	308,100,000
Total	P 143,502,232	P310,869,817

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

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

Loans and receivable

	2019	2018
Due from brokers	2,141,321	-
Dividend receivable	945,298	960,395
Accrued interest receivable	35,200	652,612
Total	P 3,121,819	P1,613,007

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

Liabilities

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

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

	Y2019	Y2018
Net asset value attributable to holders of redeemable shares	P 2,492,550,797	P2,489,291,303
Number of shares outstanding	1,936,870,186	1,985,061,762
NAV per share	P 1.2869	P1.2540

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

		2019		2018	
Fund Name		NAV Per Share	1 yr. Return (%)	NAV Per Share	1 yr. Return (%)
STOCK FUNDS					
<i>Primarily invested in Peso securities</i>					
1	ALFM Growth Fund, Inc *	253.04	0.62%	252.23	-13.98%
2	ATRAM Alpha Opportunity Fund, Inc.*	1.3784	-2.68%	1.4411	-9.76%
3	ATRAM Philippine Equity Opportunity Fund, Inc.*	3.6956	-4.94%	3.9037	-15.01%
4	Climbs Share Capital Equity Investment Fund Corp.*	0.9029	1.2%	0.8904	-12.4%
5	First Metro Consumer Fund on MSCI Phils. IMI, Inc. * *****	0.8531	4.21%	0.8208	n.a.
6	First Metro Save and Learn Equity Fund, Inc.*	5.3449	1.92%	5.2719	-12.32%
7	MBG Equity Investment Fund, Inc. * *****	0.8567	3.07%	116.63	n.a.
8	One Wealthy Nation Fund, Inc.*	103.41	-12.8%	0.8326	-16.06%

9	PAMI Equity Index Fund, Inc.*	51.4767	4.79%	49.2235	-12.72%
10	Philam Strategic Growth Fund, Inc.*	534.98	4.26%	514.86	-12.52%
11	Philequity Alpha One Fund, Inc.	1.0263	n.a.	n.a.	n.a.
12	Philequity Dividend Yield Fund, Inc.*	1.2919	3.22%	1.254	-10.7%
13	Philequity Fund, Inc.*	38.0502	4.1%	36.6323	-10.86%
14	Philequity MSCI Philippine Index Fund, Inc. -a,1	1.0218	n.a.		
15	Philequity PSE Index Fund Inc.*	5.2426	5.93%	4.9588	-12.61%
16	Philippine Stock Index Fund Corp.*	875.11	5.85%	828.49	-12.4%
17	Soldivo Strategic Growth Fund, Inc. *	0.8548	-0.33%	0.8614	-10.95%
18	Sun Life Prosperity Philippine Equity Fund, Inc.*	4.2296	4.48%	4.0597	-11.37%
19	Sun Life Prosperity Philippine Stock Index Fund, Inc.*	1.0044	5.46%	0.9544	-12.71%
20	United Fund, Inc.*	3.671	5.07%	3.5013	-9.15%
Exchange Traded Fund					
21	First Metro Phil. Equity Exchange Traded Fund, Inc.	117.3442	6.18%	110.7537	-12.07%
Primarily invested in foreign currency securities					
22	ATRAM AsiaPlus Equity Fund, Inc.	\$1.0235	11.7%	\$0.9242	-16.25%
23	Sun Life Prosperity World Voyager Fund, Inc.	\$1.3711	25.73%	\$1.1053	-12.64%
BALANCED FUNDS					
Primarily invested in Peso securities					
24	ATRAM Dynamic Allocation Fund, Inc	1.5669	-5.04%	1.6516	-11.38%
25	ATRAM Philippine Balanced Fund, Inc.	2.1866	-0.58%	2.2094	-10.08%
26	First Metro Save and Learn Balanced Fund Inc.	2.6364	4.11%	2.5439	-8.16%
27	First Metro Save and Learn F.O.C.C.U.S. Dynamic Fund, Inc. -a,5	0.2303	n.a.		
28	Grepalife Balanced Fund Corporation* ****	1.3294	2.04%	1.3043	-10.36%
29	NCM Mutual Fund of the Phils., Inc.	N.S.	N.S.	1.8428	-7.29%
30	PAMI Horizon Fund, Inc.****	3.7982	7.65%	3.5346	-9.79%
31	Philam Fund, Inc.	17.0014	7.06%	15.9103	-9.39%
32	Solidaritas Fund, Inc.* ****	2.1349	3.24%	2.0723	-7.7%
33	Sun Life of Canada Prosperity Balanced Fund, Inc.*	3.8745	6.36%	3.6517	-8.63%
33	Sun Life Prosperity Achiever Fund 2028, Inc.	1.0181	n.a.	n.a.	n.a.
34	Sun Life Prosperity Achiever Fund 2038, Inc.	0.9987	n.a.	n.a.	n.a.
35	Sun Life Prosperity Achiever Fund 2048, Inc. -a,d,2	0.9957	n.a.	n.a.	n.a.
36	Sun Life Prosperity Dynamic Fund, Inc.*	0.9787	6.28%	0.9218	-9.66%
Primarily invested in foreign currency securities					
37	Cocolife Dollar Fund Builder, Inc.	\$0.03817	8.38%	\$0.03524	-2.19%
38	PAMI Asia Balanced Fund, Inc.	\$1.0326	-0.14%	\$0.928	-12.08%
39	Sun Life Prosperity Dollar Advantage Fund, Inc.	\$3.8945	18.15%	\$3.3089	-9.42%
40	Sun Life Prosperity Dollar Wellspring Fund, Inc.	\$1.1248	12.38%	\$1.0101	-9.18%
BOND FUNDS					
Primarily invested in Peso securities					
41	ALFM Peso Bond Fund, Inc.*	357.83	4.21%	343.38	1.87%
42	ATRAM Corporate Bond Fund, Inc.*	1.9014	2.32%	1.8589	-1.76%
43	Cocolife Fixed Income Fund, Inc.*	3.1141	4.88%	2.9708	5.44%
44	Ekklesia Mutual Fund Inc.*	2.2237	4.35%	2.1305	1.27%
45	First Metro Save and Learn Fixed Income Fund, Inc.*	2.3589	6.81%	2.209	-0.32%
46	Grepalife Fixed Income Fund Corp.*	P 1.6065	2.8%	P 1.5639	-2.83%
47	Philam Bond Fund, Inc.*	4.3722	11.54%	3.92	-3.21%
48	Philequity Peso Bond Fund, Inc.	3.7767	7.75%	3.5171	0.35%
49	Soldivo Bond Fund, Inc.	0.9639	8.01%	0.8925	-3.33%
50	Sun Life of Canada Prosperity Bond Fund, Inc.	3.075	11.35%	2.7652	-0.41%
51	Sun Life Prosperity GS Fund, Inc.	1.7011	10.63%	1.5396	-0.63%
Primarily invested in foreign currency securities					
52	ALFM Dollar Bond Fund, Inc. *	\$468.02	4.43%	\$448.28	0.55%

53	ALFM Euro Bond Fund, Inc. *	€219.71	3.34%	€212.65	-0.5%
54	ATRAM Total Return Dollar Bond Fund, Inc.**	\$1.2063	7.24%	\$1.1254	-0.82%
55	First Metro Save and Learn Dollar Bond Fund, Inc.*	\$0.0258	3.61%	\$0.0249	-0.4%
56	Grepalife Dollar Bond Fund Corp.*	\$1.7091	1.09%	\$1.6903	-4.58%
57	PAMI Global Bond Fund, Inc.*	\$1.093	17.84%	\$1.035	-3.64%
58	Philam Dollar Bond Fund, Inc.*	\$2.402	10.63%	\$2.1708	-3.56%
59	Philequity Dollar Income Fund Inc.*	\$0.0603476	5.89%	\$0.0569814	-0.41%
60	Sun Life Prosperity Dollar Abundance Fund, Inc.*	\$3.1717	10.41%	\$2.8719	-4.67%
MONEY MARKET FUNDS					
<i>Primarily invested in Peso securities</i>					
61	ALFM Money Market Fund, Inc.	125.77	4.11%	120.84	2.76%
62	First Metro Save and Learn Money Market Fund, Inc.	1.0299	n.a.		
63	Philam Managed Income Fund, Inc.	1.2563	6.35%	1.1813	2.06%
64	Sun Life Prosperity Money Market Fund, Inc.	1.2641	3.74%	1.2187	2.67%
<i>Primarily invested in foreign currency securities</i>					
65	Sun Life Prosperity Dollar Starter Fund, Inc.*	\$1.0371	2.11%	\$1.0157	1.7%
Feeder Fund					
<i>Primarily invested in foreign currency securities</i>					
66	ALFM Global Multi-Asset Income Fund Inc. -b,d,4	\$0.99	n.a.	n.a.	n.a.

C. Top Five (5) Indicators

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

- (1) Philippine Composite Index (Phisix) – Phisix is the benchmark used to track the local stock market on an aggregate basis. On average, equity funds including PDYF, move in tandem with the Phisix.
- (2) Gross National Product (GNP) and Gross Domestic Product (GDP) – The GNP and GDP growth usually mirrors the economic cycle. A positive outlook on the economy is bullish for stocks and PDYF. A negative forecast on the other hand, is bearish for stocks and PDYF.
- (3) Interest Rates – A low interest rate environment, which is indicative of liquidity in the market, is healthy for stocks. A high interest rate level results in the reverse.
- (4) Price to Earnings Ratio (P/E Ratio) of the Market – The P/E Ratio and other valuation ratios are used to determine if companies are undervalued or not with respect to their earning power. A low P/E Ratio in a stock is usually a signal that the stock is worth buying for PDYF. Similarly, a low market P/E Ratio is a signal that it is worth increasing PDYF's equity allocation vis a vis its cash holdings.
- (5) Foreign Buying and Selling Activity – Foreign trading activity is tracked daily by the Philippine Stock Exchange. Consistent net buying by foreign players is positive for the broader market and for PDYF.

Key Indicators		2020		2019
PHISIX	End-Dec	7,139.71	End-Dec	7,815.26
GNP growth	4Q	12.00%	4Q	6.20%
GDP growth	4Q	-8.30%	4Q	6.40%
P/E Ratio	End-Dec	28.63	End-Dec	16.46
Foreign Buying and Selling	4Q	23.91B Net Foreign Sell	4Q	18.21B Net Foreign Sell

E. Other Matters

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

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

Income Statement Items – Y2020 versus Y2019

360.64% decrease in net gain on financial asset at fair value through profit and loss.
Due to lower market value of equity securities.

15.10% decrease in dividend income
Due to decrease in investment that declared dividends during the year.

74.97.% decrease in interest income
Mainly from lower interest rate of short-term investments during the year.

63.70% decrease in taxes and licenses
Net decrease pertains to lower sales tax and business tax paid for the year.

52.29% decrease in commission expense
Attributable to decrease in buying and selling transactions of equity securities.

50.65% decrease in transaction costs
Due to lower frequency of buying equity securities

50.39% increase in other expense
Increase in various administrative and office expenses for the year.

Balance Sheet Items – Y2020 versus Y2019

16.67% increase in cash and cash equivalents
Due to higher short term deposit outstanding as of reporting period.

-11.60% decrease in financial assets at fair value through profit or loss
Decrease in investments in equity securities and decrease in market value of outstanding equities as of reporting date period

57.24 % decrease in loans and receivable
Primarily due to decrease in receivables due from brokers, from the proceeds of equity securities sold not yet settled as of reporting date..

ITEM 7. 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 Tan,

an independent director. The two other members of the Committee are Mr. Leo M. Garcia and Ms. Violeta O. Luym.

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

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

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

A. Audit and Audit-related Fees	2019	2019
A. 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.	94,211	85,646
B. 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.

A. 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
	<i>Investment in equity securities:</i>		
AC	AC - Ayala Corporation	7.06%	5.37%
ACEN	ACEN- AC Energy Corporation	0.48%	0.11%
AEV	AEV - Aboitiz Equity Ventures, Inc.	1.12%	1.29%
AGI	AGI - ALLIANCE GLOBAL INC	0.78%	1.06%
ALI	ALI - Ayala Land, Inc.	6.79%	9.37%
AP	AP - Aboitiz Power Corp.	0.93%	1.03%
APVI	Altus Property Ventures, Inc.	0.00%	0.00%
AREIT	AREIT, Inc.	1.60%	0.00%
BDO	BDO - BDO Unibank, Inc.	5.25%	8.79%
BLOOM	BLOOM - Bloomerry Resorts Corporation	0.02%	0.00%

BPI	BPI - Bank of the Phil. Island	4.73%	5.32%
CEB	CEB - Cebu Air, Inc.	0.16%	0.26%
DMC	DMC - DMCI Holdings, Inc.	0.29%	0.03%
DNL	DNL - D & L Industries Inc	0.31%	0.00%
EDC	EDC - PNOC Energy Dev. Corp.	0.00%	0.00%
EEI	EEI - Engineering Equipment Inc	0.13%	0.15%
EW	EW - East West Banking Corporation	0.03%	0.00%
FGEN	FGEN - First Gen Corporation	0.24%	1.42%
FLI	FLI - Filinvest Land, Inc.	0.65%	0.78%
GLO	GLO - Globe Telecom, Inc.	1.60%	2.83%
GTCAP	GTCAP - GT Capital Holdings, Inc.	1.13%	1.49%
ICT	ICT - Intl. Cont. Terminal Serv. Inc.	4.17%	2.69%
JFC	JFC - Jollibee Foods Corp.	0.61%	1.18%
JGS	JGS - JG Summit Holdings, Inc.	4.39%	4.12%
LTG	LTG - LT Group, Inc.	0.32%	0.28%
MAC	MAC - MacroAsia Corporation	0.00%	0.03%
MBT	MBT - Metro Bank & Trust Co.	2.81%	5.34%
MEG	MEG - Megaworld Prop. & Holdings, Inc.	0.86%	1.81%
MER	MER - MERALCO-A	1.52%	1.53%
MPI	MPI - Metro Pacific Investments Corporation	2.11%	1.27%
MWC	MWC - Manila Water Company, Inc.	1.18%	0.00%
NIKL	NIKL - NICKEL ASIA CORP.	1.21%	0.00%
PCOR	PCOR - Petron Corp	0.07%	0.07%
PGOLD	PGOLD - Puregold Price Club Inc	0.22%	0.60%
PIP	PIP - Pepsi-Cola Products Philippines, Inc.	0.00%	0.00%
PLC	PLC - Premiun Leisure Corp	0.03%	0.03%
PNB	PNB - Philippine National Bank	0.00%	0.00%
RLC	RLC - Robinson Land Corp.	0.00%	0.57%
RRHI	RRHI - Robinsons Retail Holdings Inc	0.05%	0.00%
SCC	SCC - Semirara Mining Corp.	0.00%	0.29%
SECB	SECB - Security Bank Inc	1.66%	1.62%
SHLPH	SHLPH - Pilipinas Shell Petroleum Corporation	0.05%	0.07%
SM	SM - SM Investment Corp.	12.90%	12.49%
SMC	SMC - San Miguel Corporation	1.35%	1.65%
SMPH	SMPH - SM Prime Holdings, Inc.	10.34%	10.57%
SSI	SSI -SSI Group, Inc.	0.22%	0.37%
TEL	TEL - Phil Long Distance Tel Co	5.88%	3.11%
URC	URC - Universal Robina	6.16%	4.82%
VLL	VLL - Vista Land & Lifescapes, Inc.	1.47%	0.31%

(i) **TOTAL INVESTMENT OF THE FUND TO THE OUTSTANDING SHARES OF AN INVESTEE COMPANY**

		As of December 31, 2020	As of December 31, 2019
Total Investment of the Fund to the Outstanding Shares of an Investee Company:			
AC	AC - Ayala Corporation	0.03%	0.03%
ACEN	ACEN- AC Energy Corporation	0.01%	0.02%
AEV	AEV - Aboitiz Equity Ventures, Inc.	0.01%	0.01%
AGI	AGI - ALLIANCE GLOBAL INC	0.02%	0.02%
ALI	ALI - Ayala Land, Inc.	0.03%	0.03%
AP	AP - Aboitiz Power Corp.	0.01%	0.01%
APVI	Altus Property Ventures, Inc.	0.01%	0.00%
AREIT	AREIT, Inc.	0.12%	0.00%
BDO	BDO - BDO Unibank, Inc.	0.03%	0.03%
BLOOM	BLOOM - Bloomer Resorts	0.00%	0.00%
BPI	BPI - Bank of the Phil. Island	0.03%	0.03%
CEB	CEB - Cebu Air, Inc.	0.01%	0.01%
DMC	DMC - DMCI Holdings, Inc.	0.01%	0.00%
EEI	EEI - Engineering Equipment Inc	0.04%	0.04%
FGEN	FGEN - First Gen Corporation	0.01%	0.04%
FLI	FLI - Filinvest Land, Inc.	0.05%	0.05%
GLO	GLO - Globe Telecom, Inc.	0.01%	0.03%
GTCAP	GTCAP - GT Capital Holdings, Inc.	0.02%	0.02%
ICT	ICT - Intl. Cont. Terminal Serv. Inc.	0.04%	0.03%
JFC	JFC - Jollibee Foods Corp.	0.01%	0.01%
JGS	JGS - JG Summit Holdings, Inc.	0.02%	0.02%
LTG	LTG - LT Group, Inc.	0.01%	0.01%
MAC	MAC - MacroAsia Corporation	0.00%	0.00%
MBT	MBT - Metro Bank & Trust Co.	0.03%	0.04%
MEG	MEG - Megaworld Prop. & Holdings, Inc.	0.01%	0.03%
MER	MER - MERALCO-A	0.01%	0.01%
MPI	MPI - Metro Pacific Investments Corporation	0.04%	0.03%
MWC	MWC - Manila Water Company, Inc.	0.08%	0.00%
NIKL	NIKL - Nickel Asia Corporation	0.04%	0.01%
PCOR	PCOR - Petron Corp	0.00%	0.00%
PGOLD	PGOLD - Puregold Price Club Inc	0.00%	0.01%
PIP	PIP - Pepsi-Cola Products Philippines, Inc.	0.00%	0.03%
PLC	PLC - Premiun Leisure Corp	0.00%	0.00%
PNB	PNB - Philippine National Bank	0.00%	0.00%
RLC	RLC - Robinson Land Corp.	0.00%	0.01%
RRHI	RRHI - Robinsons Retail Holdings Inc	0.00%	0.00%
SCC	SCC - Semirara Mining Corp.	0.00%	0.01%
SECB	SECB - Security Bank Inc	0.04%	0.03%
SHLPH	SHLPH - Pilipinas Shell Petroleum Corporation	0.00%	0.00%
SM	SM - SM Investment Corp.	0.02%	0.02%
SMC	SMC - San Miguel Corporation	0.01%	0.01%
SMPH	SMPH - SM Prime Holdings, Inc.	0.02%	0.02%
SSI	SSI -SSI Group, Inc.	0.10%	0.10%
TEL	TEL - Phil Long Distance Tel Co	0.05%	0.04%
URC	URC - Universal Robina	0.04%	0.04%
VLL	VLL - Vista Land & Lifescapes, Inc.	0.06%	0.01%
		As of December 31, 2020	As of December 31, 2019
Total Investment in Liquid or Semi-Liquid Assets to Total Assets		99.94%	99.88%
Total Operating Expenses to Total Net Worth		1.97%	2.22%
Total Assets to Total Borrowings		23876.63%	30816.15%

As of December 31, 2020 and December 31, 2019, the Fund's average daily net asset value is Php 2,006,617,333.97 and Php 2,666,901,532.75 respectively.

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

	Number of Investors	Percentage of Investment	Number of Shares
Philippines	3,978	98.84%	1,985,489,818
Others	6	1.16%	22,197,781

(vii) Geographic Concentration of Investments

	Number of Investors	Percentage of Investment	Number of Shares
Retail	2,195	46.36%	889,088,997
Institutional	1,789	53.64%	1,028,598,602

(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	Periods Served
Ignacio B. Gimenez	Chairman/President	Filipino	75	Incorporation to present
Dobbin Tan	Independent Director	Filipino	55	September 2018 to present
Gregorio U. Kilayko	Independent Director	Filipino	66	Incorporation to present
Violeta O. Luym	Director/Treasurer	Filipino	73	Incorporation to present
Aurora L. Shih	Director	Filipino	74	2013 to present
Leo M. Garcia	Director	Filipino	84	2013 to present
Ramon Y. Sy	Director	Filipino	85	2013 to present
Jonathan Ong	Corporate Secretary	Filipino	52	2019 to present

Kevin Sy	Assistant Treasurer	Filipino	35	2014 to present
Ma. Angelica D. Cabanit	Compliance Officer	Filipino	49	2014 to present

Ignacio B. Gimenez

Mr. Gimenez is the Chairman and President of the Fund from incorporation. 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 PSE Index Fund, Inc., Philequity Dollar Income Fund, Inc., and Philequity Peso Bond Fund, Inc., (1999 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).

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 Dollar Income Fund, Inc. (b) Philequity PSE Index Fund, Inc. and (d) Philequity Peso Bond Fund, (1999 to present) 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 2013). 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).

Violeta O. Luym

Ms. Luym is the Director and Treasurer of the Fund. She is also the Treasurer of the following mutual fund: Philequity Fund, Inc. (1994 to present), Philequity Dollar Income Fund, Inc., Philequity Peso Bond Fund, Inc., and Philequity PSE Index Fund, Inc. (1999 to present), Philequity Resources Fund, Inc., Philequity Strategic Growth Fund, Inc., Philequity Foreign Currency Fixed Income Fund, Inc., and Philequity Balanced Fund, Inc., (2008 to present). She holds a Master's Degree in Business Administration from the University of California Los Angeles (1968) and a Bachelor of Science Degree in Business Administration from the Assumption College (1967).

Dobbin A. Tan

Mr. Tan is the Independent Director of Philequity 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 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.

Aurora L. Shih

Ms. Shih is the Director of the Fund. She is also a Director of the following mutual funds: (a) Philequity Fund, Inc. (1994 to present) (b) Philequity Peso Bond Fund, Inc. and (c) Philequity Dollar Income Fund, Inc. (1999 to present). She is also the Vice President of Luys

Securities Company, Inc. Ms. Shih graduated from University of the East with a degree of Bachelor of Business Administration (1963).

Ramon Y. Sy

Mr. Sy is the Director the Fund. He is also a Director of the following mutual funds: (a) Philequity Fund, Inc. (b) Philequity Dollar Income Fund, Inc. (c) Philequity PSE Index Fund, Inc. and (d) Philequity Peso Bond Fund, Inc. (2006 to present) (e) Philequity Strategic Growth Fund, Inc. and (f) Philequity Foreign Currency Fixed Income Fund, Inc. (g) Philequity Resources Fund, Inc. and (h) Philequity Balanced Fund, Inc. (2008 to present). He is also the Chief Financial Officer of Apex Mining Co. Inc. (2014), the Vice Chairman and Director of Asia United Bank (2012 to present) and has served as the President and Chief Executive Officer of the United Coconut Planters Bank (2007-2011). He graduated with a Bachelor of Science in Commerce from Far Eastern University (1952).

Leo M. Garcia

Mr. Garcia is the Director of the Fund. He is also a Director of the following mutual funds: (a) Philequity PSE Index Fund, Inc. (1999 to present) (b) Philequity Foreign Currency Fixed Income Fund, Inc. (c) Philequity Resources Fund, Inc. (d) Philequity Balanced Fund, Inc. and (e) Philequity Strategic Growth Fund, Inc. (2008 to present). He is also the President of LM Garcia Securities Corporation (1980 to 1997). Mr. Garcia holds a Bachelor of Science in Business Administration degree from University of the Philippines (1958).

Atty. Jonathan P. Ong

Atty. Jonathan P. Ong 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 since June 2014. 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 (incorporation to present). Presently, she manages the Treasury Operations of Vantage Equities, Inc. as well as the settlement and transaction control of eBusiness 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 PDYF pursuant to Section 38 of the Securities Regulation Code.

Investment Manager and Adviser

Philequity Management, Inc.
15th Flr. Philippine Stock Exchange Tower, 28th St. cor.
5th Ave., BGC Taguig City

Custodian Bank

Philippine Depository and Trust Corporation
37/F, Tower 1, The Entrerprise Center
6766 Ayala Avenue cor Paseo de Roxas
Makati City

Stock Transfer Agent

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

Legal Counsel

Divina Law Office
18th Floor, Pacific Star Building, Sen Gil Puyat Ave
Makati City, Philippines

External Auditors

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

B. Significant Employees

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

D. 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 other than per diem for each meeting attended and an annual per diem during stockholders' meeting. Their contributed efforts to the Fund are on voluntary basis only. Also, there are no 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.

NAME & PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION
Ignacio B. Gimenez <i>Director/Chairman/President</i>		
Violeta O. Luym <i>Director/Treasurer</i>		
Jonathan Ong <i>Corporate Secretary</i>		
Gregorio U. Kilayko Bert C. Hontiveros Aurora L. Shih Ramon Y. Sy Leo M. Garcia <i>Directors</i>		
All directors as a group unnamed	2019	P-
	2018	P-

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 and executive officers 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	3,811,890	0.1988%
Common	Gregorio U. Kilayko	Filipino	1	0.0000%
Common	Aurora L. Shih	Filipino	1	0.0000%
Common	Leo M. Garcia	Filipino	1	0.0000%
Common	Ramon Y. Sy	Filipino	61,171,550	3.1899%
Common	Dobbin A.Tan	Filipino	2	0.0000%
	Total		64,983,446	3.3887%

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

PDYF 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

The Fund has an existing Agreement with PEMI, the Fund manager. Pursuant to the terms of the Management and Distribution Agreement, the Fund shall pay an annual management fee of a maximum of 1.50% of the average NAV of the Fund's assets. The NAV shall be determined in accordance with the procedures agreed upon by both parties. Also, the Fund shall remit to PEMI sales commission of a maximum of 5.00% of the gross investment based on tiered-front end sales schedule.

Related party transactions and balances with PEMI as of and for the year ended December 31, 2020, 2019 and 2018 are as follows:

	Management Fee	Sales Commission	Due to PEMI
2020	P34,810,364	P 5,311	P 3,256,684
2019	P45,414,999	P 125,618	P 3,139,683
2018	P44,934,756	P 99,843	P3,138,616

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

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

PART IV – CORPORATE GOVERNANCE

ITEM 13. Compliance with the Manual of Corporate Governance

PDYF 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 18 August 2020**

2020 Annual Stockholders' Meeting Record Date

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 DIVIDEND YIELD FUND, INC.

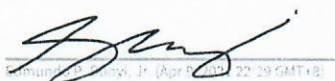
By:




IGNACIO B. GIMENEZ
Chairman & President¹



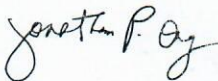
VIOLETA O. LUYM
Treasurer²



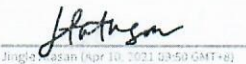
Ma. Angelica D. Cabanit (Apr 12, 2021 04:30 GMT+8)



MA. ANGELICA D. CABANIT
Compliance Officer



ATTY. JONATHAN P. ONG
Corporate Secretary



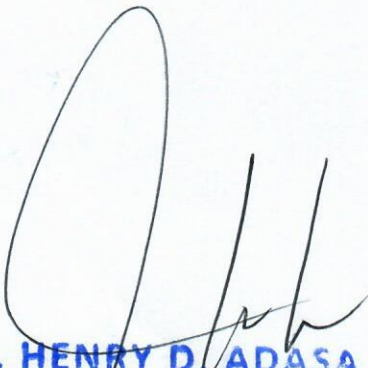
Jonathan P. Ong (Apr 12, 2021 03:50 GMT+8)

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

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

DCC. NO. 174
PAGE NO. 36
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 35F

PHILEQUITY DIVIDEND YIELD 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
- IV List of Effective Philippine Financial Reporting Standards and Interpretations
(*Part 1 4J*)

Part 2

- A Financial Assets (*Part II 6D, Annex 68-E, A*)
- B Amounts Receivable from Directors, Officers, Employees, Related Parties and
Principal Stockholders (Other than Affiliates)
(*Part II 6D, Annex 68-E, B*)
- C Amounts Receivable from Related Parties which are eliminated during the
consolidation of financial statements (*Part II 6D, Annex 68-E, C*)
- D 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.

INDEX TO EXHIBITS

Form 17-A

<u>No.</u>		<u>Page</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.

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COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	2	1	4	3	1	8
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COMPANY NAME

P	H	I	L	E	Q	U	I	T	Y		D	I	V	I	D	E	N	D		Y	I	E	L	D		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
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Department requiring the report

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

Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address

N/A

Company's Telephone Number

8250-8750

Mobile Number

N/A

No. of Stockholders

3,984

Annual Meeting (Month / Day)

08/31

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 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, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies



Fwd: Your BIR AFS eSubmission uploads were received

Nigel Wen <nigel.wen@e-businessphil.ph>

Mon, May 10, 2021 at 9:54 AM

To: Claudell Dwarlyn Mendez <claudelldwarlyn.mendez@e-businessphil.ph>

----- Forwarded message -----

From: <eafs@bir.gov.ph>

Date: Fri, Apr 30, 2021 at 8:42 PM

Subject: Your BIR AFS eSubmission uploads were received

To: <NIGEL.WEN@e-businessphil.ph>

Cc: <NORIE.ALMARIO@e-businessphil.ph>

Hi PHILEQUITY DIVIDEND YIELD FUND, INC.,

Valid files

- EAFS008342256RPTTY122020.pdf
- EAFS008342256AFSTY122020.pdf
- EAFS008342256ITRTY122020.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-3Q43PXYW0NVYZVWVZQ1WMPMV409E77AH8J**

Submission Date/Time: **Apr 30, 2021 08:29 PM**

Company TIN: **008-342-256**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

=====
DISCLAIMER
=====

This email and its attachments may be confidential and are intended solely for the use of the individual or entity to whom it is addressed.

If you are not the intended recipient of this email and its attachments, you must take no action based upon them, nor must you disseminate, distribute or copy this e-mail. Please contact the sender immediately if you believe you have received this email in error.

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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 4:24 PM

Greetings!

SEC Registration No: CS201214318

Company Name: Philequity Dividend Yield 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]

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of **Philequity Dividend Yield 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


Edgardo P. Jr. (Apr 8, 2021 10:02 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. 198
Page No. 41
Book No. 2021
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, D-2, UNIT 355

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Philequity Dividend Yield 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 the each 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 Company 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.

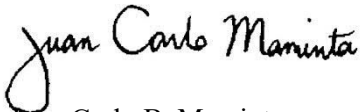
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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 Dividend Yield 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

SEC Accreditation No. 115260 (Group A)

valid to cover audit of 2020 – 2024

financial statement of SEC covered institutions

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

April 8, 2021



PHILEQUITY DIVIDEND YIELD FUND, INC.**(An Open-End Mutual Fund Company)****STATEMENTS OF FINANCIAL POSITION**

	December 31 2020	2019
ASSETS		
Cash and cash equivalents (Note 6)	₱167,426,042	₱143,502,232
Financial assets at fair value through profit or loss (Note 7)	2,080,994,002	2,354,041,534
Loans and receivables (Note 8)	1,334,886	3,121,819
	₱2,249,754,930	₱2,500,665,585
LIABILITIES AND EQUITY		
Liabilities		
Accrued expenses and other liabilities (Note 9 and Note 15)	₱9,422,414	₱8,114,788
Equity (Note 11)		
Capital stock	1,917,687,599	1,936,870,186
Additional paid-in capital	484,662,767	497,004,797
Retained earnings (Deficit)	(162,017,850)	58,675,814
	2,240,332,516	2,492,550,797
	₱2,249,754,930	₱2,500,665,585
Net Asset Value per Share (Note 11)	₱1.1682	₱1.2869

See accompanying Notes to Financial Statements.

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

	Years Ended December 31		
	2020	2019	2018
INVESTMENT INCOME (LOSS)			
Trading and investment securities gains			
(losses) - net (Note 7)	(P223,161,256)	P85,620,493	(P292,222,978)
Dividend income (Note 7)	35,994,443	42,396,728	35,514,716
Interest income (Note 6)	2,113,796	8,443,799	3,491,974
	(185,053,017)	136,461,020	(253,216,288)
OPERATING EXPENSES			
Management fee (Note 15)	34,810,364	45,414,999	44,934,756
Taxes and licenses	3,207,333	8,836,553	9,620,630
Commission	2,301,002	4,823,314	4,051,284
Transaction costs (Note 7)	87,692	177,698	108,015
Professional fees	241,537	460,350	452,046
Others	364,422	242,313	351,068
	41,012,350	59,955,227	59,517,799
INCOME (LOSS) BEFORE INCOME TAX	(226,065,367)	76,505,793	(312,734,087)
PROVISION FOR FINAL TAX (Note 12)	422,759	1,688,724	698,395
TOTAL COMPREHENSIVE INCOME (LOSS)	(P226,488,126)	P74,817,069	(P313,432,482)
EARNINGS (LOSS) PER SHARE (Note 13)	(P0.1178)	P0.0369	(P0.1533)

* There are no other comprehensive income items for the period.

See accompanying Notes to Financial Statements.



PHILEQUITY DIVIDEND YIELD FUND, INC.

(An Open-End Mutual Fund Company)

STATEMENTS OF CHANGES IN EQUITY

	Number of Shares Outstanding (Note 11)	Capital Stock (Note 11)	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Equity
Balance at January 1, 2020	1,936,870,186	₱1,936,870,186	₱497,004,797	₱58,675,814	₱2,492,550,797
Shares issued during the year	42,330,093	42,330,093	1,661,578	—	43,991,671
Shares redeemed during the year	(61,512,680)	(61,512,680)	(14,003,608)	5,794,462	(69,721,826)
Total comprehensive income	—	—	—	(226,488,126)	(226,488,126)
Balance at December 31, 2020	1,917,687,599	₱1,917,687,599	₱484,662,767	(₱162,017,850)	₱2,240,332,516
Balance at January 1, 2019	1,985,061,762	₱1,985,061,762	₱499,495,696	₱4,733,845	₱2,489,291,303
Shares issued during the year	342,208,857	342,208,857	103,984,716	—	446,193,573
Shares redeemed during the year	(390,400,433)	(390,400,433)	(106,475,615)	(20,875,100)	(517,751,148)
Total comprehensive income	—	—	—	74,817,069	74,817,069
Balance at December 31, 2019	1,936,870,186	₱1,936,870,186	₱497,004,797	₱58,675,814	₱2,492,550,797
Balance at January 1, 2018	2,106,952,463	₱2,106,952,463	₱526,782,743	₱325,020,154	₱2,958,755,360
Shares issued during the year	67,879,680	67,879,680	20,448,660	—	88,328,340
Shares redeemed during the year	(189,770,381)	(189,770,381)	(47,735,707)	(6,853,827)	(244,359,915)
Total comprehensive loss	—	—	—	(313,432,482)	(313,432,482)
Balance at December 31, 2018	1,985,061,762	₱1,985,061,762	₱499,495,696	₱4,733,845	₱2,489,291,303

See accompanying Notes to Financial Statements.



PHILEQUITY DIVIDEND YIELD FUND, INC.
(An Open-End Mutual Fund Company)

STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	(P226,065,367)	P76,505,793	(P312,734,087)
Adjustment for:			
Net unrealized loss (gain) on changes in fair value of financial assets at fair value through profit or loss (Note 7)	102,936,889	(57,549,816)	408,267,522
Operating income before working capital changes	(123,128,478)	18,955,977	95,533,435
Decrease (increase) in:			
Financial assets at fair value through profit or loss	170,110,643	(110,003,676)	194,249,869
Loans and receivables	1,786,933	(1,508,812)	4,719,716
Other expenses	—	—	10,500
Decrease in accrued expenses and other liabilities	1,307,626	(1,564,775)	(13,108,450)
Net cash generated from (used in) operations	50,076,724	(94,121,286)	281,405,070
Income taxes paid	(422,759)	(1,688,724)	(698,395)
Net cash provided by (used in) operating activities	49,653,965	(95,810,010)	280,706,675
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of capital stock	43,991,671	446,193,573	88,328,340
Payments of redemption of capital stock	(69,721,826)	(517,751,148)	(244,359,915)
Net cash used in financing activities	(25,730,155)	(71,557,575)	(156,031,575)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	23,923,810	(167,367,585)	124,675,100
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	143,502,232	310,869,817	186,194,717
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	P167,426,042	P143,502,232	P310,869,817
OPERATIONAL CASH FLOWS FROM INTEREST AND DIVIDENDS			
Interest received	P2,148,996	P9,061,211	P2,846,946
Dividend received	35,604,855	42,411,825	36,226,544

See accompanying Notes to Financial Statements.



PHILEQUITY DIVIDEND YIELD FUND, INC.

(An Open-End Mutual Fund Company)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Philequity Dividend Yield Fund, Inc. (the Fund) was incorporated in the Philippines and was registered with the Securities and Exchange Commission (SEC) on August 2, 2012 under the Philippine Investment Company Act (ICA) (Republic Act 2629), as an open-end investment company. The Fund is engaged in selling its capital to the public and investing the proceeds in diversified portfolio of equity 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 08, 2021.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL) which are measured at fair value. The financial statements are presented in Philippine peso, which is the Fund's functional currency, and 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 recovery (asset) or settlement (liability) within 12 months from the 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).

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 pronouncements starting January 1, 2020. The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Fund.

- 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. These amendments may impact future periods should the Group enter into any business combinations.



- 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.

The Fund adopted the amendments beginning January 1, 2020 and have assessed that this had no impact on the financial statement of the Fund.

Summary of Significant Accounting Policies

Cash and Cash Equivalents

This includes cash in banks and cash equivalents. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from date of acquisition and that 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 re-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 date.

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 the 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 ‘stress case’ scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

As of December 31, 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) - net' in the statement of income. Dividend income earned on these investments is reported in the statement of income under 'Dividend income' when the right of payment has been established.

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 the 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 'Loans 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 (policy applicable beginning January 1, 2018)

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.



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.

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.



In addition to the instrument having all the above features, the Fund must have no other financial instrument or contract that has:

- 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 puttable instrument holders.

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, 2019, and 2018 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.

Dividend income

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



Interest income

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

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

Expense Recognition

Expenses are recognized when 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 1.50% of the average NAV of the Fund.

Taxes and licenses

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

Commissions

Commissions are recognized upon execution of trade.

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

The weighted average number of common shares used in the calculation of earnings (loss) 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 equity 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 management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures, as well as the 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.

Judgment

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.

Estimate

As of December 31, 2020 and 2019, there were no significant estimates or assumptions that may incur a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Financial Risk Management Objectives and Policies

The Fund's principal financial instruments comprise 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 equity securities of listed Philippine companies while taking into consideration the liquidity and safety of its investments to protect the interest of its investors.

The Fund also has various other financial assets and liabilities such as loans and receivables and accrued expenses and other liabilities, which arise directly from its operations.

Governance Framework

The Fund has established a risk management function under the Treasury department with clear terms of reference and with the responsibility for developing policies to address market, credit, liquidity and operational risk. 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 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 must not invest, in aggregate, more than 20.00% of its net assets in transferrable securities, money market securities, deposits and financial derivatives issued by a single entity or issuer. Deposits shall not exceed 20.00% of its net assets in a single bank/non-bank with quasi bank license.
- The investments of the Fund in deposits, debt securities or money market placements, over-the-counter financial derivatives placed in non-investment grade or unrated deposit taking institution, including unlisted shares issued by a related party, shall not exceed 5.00% of its net assets and shall not exceed 10.00% in aggregate amount.
- Investments in foreign government debt securities or money markets where the issuer or the guarantor is a government, sovereign or central bank with an international long-term issuer rating of investment grade may be increased to 35.00% of the NAV, but only 5.00% is allowed for non-investment grade.
- The Fund manager is required to use a risk-management process that captures the risk associated with in the financial derivative instruments:
 - Total exposure shall not exceed 10.00% of the net assets or 5.00% if the derivatives are not investment grade, unless used for efficient portfolio management which the aggregate shall not be more than 20.00%;
 - 5.00% of the NAV shall be invested to liquid assets to meet all payment and delivery obligations;
 - The Fund Manager shall not act as a counterparty to an OTC derivative investment into by the Investment Company.
- Investment in its own securities are prohibited.
- 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 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 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 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 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 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 there from, and which have been preapproved by the BOD.

- The Fund shall not invest in the securities of other investment companies.
- 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 this 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 cash and cash equivalents are short-term placements and working cash fund placed, invested, or deposited in local banks belonging to the top twenty banks in terms of resources and profitability. High grade accounts are accounts considered to be of high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits.

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

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

Liquidity risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of a contractual obligation; or inability to generate cash inflows as anticipated.



The Fund is exposed to daily cash redemptions of redeemable participating shares. The Fund is exposed to the risk of being unable to meet its payment obligations to redeeming shareholders.

It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

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 Fund may implement a decreased investment of less than 10.00% but not less than 5.00% in liquid/semi-liquid assets, provided that it shall submit a liquidity contingency plan to the SEC.

As of December 31, 2020 and 2019, the Fund's investments in liquid/semi-liquid assets in relation to total net assets are 7.47% and 5.76%, respectively. The Fund has filed a liquidity contingency plan to the SEC detailing its plan to meet the Fund's potential obligations and possible impact in the market.

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 - quoted equity securities	92.89%	94.44%
Cash and cash equivalents	7.47%	5.76%
Total investments	100.36%	100.20%

The table below analyzes financial assets and liabilities and redeemable shares of the Fund into their relevant maturity groups based on remaining contractual undiscounted cash flows:

	2020						
	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*	₱167,426,042	₱-	₱-	₱-	₱-	₱-	₱167,426,042
Financial assets at FVTPL							
Quoted equity securities	2,080,994,002	-	-	-	-	-	2,080,994,002
Loans and receivables:							
Due from broker	-	330,437	-	-	-	-	330,437
Dividends receivable	-	1,004,449	-	-	-	-	1,004,449
	2,248,420,044	1,334,886	-	-	-	-	2,249,754,930
Financial Liabilities							
Accrued expenses and other liabilities**	-	8,517,639	-	-	-	-	8,517,639
Redeemable shares	2,240,332,516	-	-	-	-	-	2,240,332,516
Net Asset (Liability)	₱8,087,528	(₱7,182,753)	₱-	₱-	₱-	₱-	₱904,775

*Includes accrued interest receivable, and future interest

**Excludes statutory obligations



	2019						Total
	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	
Financial Assets							
Cash and cash equivalents*	₱5,502,232	₱138,052,792	₱–	₱–	₱–	₱–	₱143,555,024
Financial assets at FVTPL							
Quoted equity securities	2,354,041,534	–	–	–	–	–	2,354,041,534
Loans and receivables:							
Due from broker	–	2,141,321	–	–	–	–	2,141,321
Dividends receivable	–	945,298	–	–	–	–	945,298
	2,359,543,766	141,139,411	–	–	–	–	2,500,683,177
Financial Liabilities							
Accrued expenses and other liabilities**	–	7,109,441	–	–	–	–	7,109,441
Redeemable shares	2,492,550,797	–	–	–	–	–	2,492,550,797
Net Asset (Liability)	(₱133,007,031)	₱134,029,970	₱–	₱–	₱–	₱–	₱1,022,939

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, financial assets at FVTPL and loans and receivables as liquidity risk management tools. These financial instruments may be liquidated or sold by the Fund anytime the need for immediate funding arises.

As of December 31, 2020 and 2019, all financial assets and liabilities are due to be realized and settled within one year from reporting date.

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 shares of stock. Through proper portfolio diversification, this risk can be minimized as losses on one particular stock may be offset by gains in another.

The effectiveness of the diversification of the portfolio may be evaluated by comparing the volatility of the portfolio versus the volatility of the PSEi, the benchmark portfolio for the Fund.

The table below shows the comparison of the volatility of the investment portfolio as of December 31, 2020 and 2019 measured by the Fund's annualized daily standard deviation and volatility of the PSEi.

Volatility of investment portfolio	2020	2019
The Fund	21.83%	15.92%
PSEi	22.87%	14.86%

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

As of December 31, 2020 and 2019, the Fund does not have foreign currency denominated financial instruments.

b. Equity price risk

The Fund's price risk exposure at year-end relates to financial assets whose values will fluctuate as a result of changes in market prices, principally of quoted equity securities held for trading.

Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market. The Fund's market risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plan and limits on investments.

The table below demonstrates how the change in the investment portfolio affects income before income tax with a reasonably possible change in the PSEi for the years ended December 31, 2020 and 2019 with all other variables held constant.

	Percentage change in the PSE index	
2020	+13.256%	-13.256%
Effect on income before income tax	₱260,054,551	(₱260,054,551)
	Percentage change in the PSE index	
2019	+14.269%	-14.269%
Effect on income before income tax	₱333,497,956	(₱333,497,956)

There is no other impact on the Fund's equity account other than those already affecting the profit or loss in the statements of comprehensive income

Concentration of equity price risk

The following table analyzes concentration of price risk in the Fund's equity portfolio classified as financial assets at FVTPL by industrial distribution:

	2020	2019
Holding firms	₱704,769,687	₱724,117,218
Property	486,325,540	583,682,201
Banks	324,356,395	525,389,742
Telecommunications	167,573,600	148,181,744
Food, beverage and tobacco	158,553,613	151,533,320
Electricity, energy, power & water	100,168,610	105,049,268
Transportation services	97,210,750	74,137,303
Mining	27,042,400	13,247,060
Retail	10,942,900	24,199,438
Construction, infrastructure and allied services	2,838,660	3,665,200
Casinos and gaming	1,101,090	839,040
SME	110,757	—
	₱2,080,994,002	₱2,354,041,534

The Fund focuses on industries and enterprises with strong growth potentials and or profitable historical financial performance. There may be concentration on certain industries at various points in time, depending on the overall condition of the financial and capital markets.



The effectiveness of the diversification of the portfolio may be evaluated by comparing the volatility of the portfolio versus the volatility of the PSEi, the benchmark portfolio for the Fund.

5. Fair Value of Financial Instruments

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

Cash and cash equivalents and loans and receivables

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

Financial assets at FVTPL

Fair values are generally based on quoted market prices. For the Fund's equity investments, fair values are determined based on published closing prices at the Philippine Stock Exchange (PSE).

Accrued expenses and other liabilities

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

The following table sets forth the carrying values and fair values of financial assets and liabilities 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
Assets measured at fair value:					
Financial assets at FVTPL	₱2,080,994,002	₱2,080,994,002	₱—	₱—	₱2,080,994,002
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
Assets measured at fair value:					
Financial assets at FVTPL	₱2,354,041,534	₱2,354,041,534	₱—	₱—	₱2,354,041,534

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
Cash in banks	₱167,426,042	₱5,502,232
Short-term placements	—	138,000,000
	₱167,426,042	₱143,502,232



Cash in banks earns annual interest at the prevailing bank deposit rates. Short-term placements are made for varying periods of up to three 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 0.25% to 2.70% in 2020, 1.00% to 6.75% in 2019 and 0.63% to 6.75% in 2018. Interest income earned on cash and cash equivalents amounted to ₱2.11 million, ₱8.44 million and ₱3.49 million in 2020, 2019 and 2018, respectively.

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

7. Financial Assets at Fair Value through Profit or Loss

Financial assets at FVTPL consist of held-for-trading investments in shares of stocks listed in the PSE.

Rollforward of financial assets at FVTPL follow:

	2020	2019
Balance at beginning of year	₱2,354,041,534	₱2,186,488,042
Acquisitions	402,222,591	923,667,064
Disposals	(572,333,234)	(813,663,388)
Changes in fair values	(102,936,889)	57,549,816
Balance at end of year	₱2,080,994,002	₱2,354,041,534

Trading and investment securities gains (losses) - net consist of:

	2020	2019	2018
Net realized gain(loss) on sale	(₱120,224,367)	₱28,070,677	₱116,044,544
Changes in fair values	(102,936,889)	57,549,816	(408,267,522)
	(₱223,161,256)	₱85,620,493	(₱292,222,978)

Transaction costs incurred on investment in equities transactions include Securities Clearing Corporation of the Philippines fee (SCCP) amounting to ₱0.09 million in 2020, ₱0.18 million in 2019 and ₱0.11 million in 2018.

Dividend income from financial assets at FVTPL follow:

	2020	2019	2018
Cash dividends	₱35,904,230	₱42,396,728	₱35,514,716
Property dividend	90,213	—	—
	₱35,994,443	₱42,396,728	₱35,514,716

Dividends receivable amounted to ₱1.00 million and ₱0.95 million as of December 30, 2020 and 2019, respectively (see Note 8).



8. Loans and Receivables

This account consists of:

	2020	2019
Due from broker	₱330,437	₱2,141,321
Dividends receivable (Note 7)	1,004,449	945,298
Accrued interest receivable (Note 6)	–	35,200
	₱1,334,886	₱3,121,819

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

9. Accrued Expenses and Other Liabilities

This account consists of:

	2020	2019
Financial liabilities:		
Due to broker	₱–	₱3,241,525
Due to PEMI (Note 15)	2,820,539	3,139,683
Accounts payable	5,321,023	499,163
Accrued expenses	375,451	228,610
Due to banks	626	460
	8,517,639	7,109,441
Nonfinancial liabilities:		
Withholding tax payable	872,603	990,029
Documentary stamp tax payable	32,172	15,318
	904,775	1,005,347
	₱9,422,414	₱8,114,788

Due to broker pertains to payables related to buy transactions which are usually settled within three (3) business days.

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.



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			2019		
	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	₱167,426,042	₱—	₱167,426,042	₱5,502,232	₱—	₱5,502,232
Short-term placements	—	—	—	138,000,000	—	138,000,000
Financial assets at FVTPL:						
Quoted equity securities	2,080,994,002	—	2,080,994,002	2,354,041,534	—	2,354,041,534
Receivables:						
Due from broker	330,437	—	330,437	2,141,321	—	2,141,321
Dividends receivable	1,004,449	—	1,004,449	945,298	—	945,298
Accrued interest receivable	—	—	—	35,200	—	35,200
Total Financial Assets	₱2,249,754,930	₱—	₱2,249,754,930	₱2,500,665,585	₱—	₱2,500,665,585
Financial Liabilities						
Due to broker	₱—	₱—	₱—	₱3,241,525	₱—	₱3,241,525
Due to PEMI	2,820,539	—	2,820,539	3,139,683	—	3,139,683
Accounts payable	5,321,023	—	5,321,023	499,163	—	499,163
Accrued expenses	376,077	—	376,077	229,070	—	229,070
	8,517,639	—	8,517,639	7,109,441	—	7,109,441
<i>(forward)</i>						
Nonfinancial Liabilities						
Withholding tax payable	872,603	—	872,603	990,029	—	990,029
Documentary stamp tax payable	32,172	—	32,172	15,318	—	15,318
	904,775	—	904,775	1,005,347	—	1,005,347
Total Liabilities	₱9,422,414	₱—	₱9,422,414	₱8,114,788	₱—	₱8,114,788

11. Equity

Capital Stock

The Fund's capital stock consists of:

	2020		2019	
	Shares	Amount	Shares	Amount
Common - ₱1.00 par value				
Authorized	10,000,000,000	₱10,000,000,000	10,000,000,000	₱10,000,000,000
Issued	1,917,687,599	1,917,687,599	1,936,870,186	1,936,870,186

The summarized information on the Fund's registration of securities under the Securities Regulation Code follows:

<i>Date of SEC Approval</i>	<i>Authorized Shares</i>
February 7, 2014	500,000,000
October 17, 2014	1,000,000,000
December 19, 2014	8,500,000,000

As of December 31, 2020 and 2019, the total number of shareholders of the Fund is 3,984 and 3,784 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
NAV attributable to holders of redeemable shares (a)	₱2,240,332,516	₱2,492,550,797
Number of shares outstanding (b)	1,917,687,599	1,936,870,186
NAV per share (a/b)	₱1.1682	₱1.2869

Capital Management

The Fund's investment objective is to seek long-term capital appreciation and to generate regular income through investment primarily in companies listed on the PSE that pay out dividends, 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) Equity 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.

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 the 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 are no retained surplus profits in excess of 100.00% of paid-in capital stock.

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

12. Income Taxes

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

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 may be 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 No. 25-2020 implementing Section 4(bbbb) of Republic Act No. 11494, otherwise known as "Bayanihan to Recover as One Act", which states that the NOLCO incurred for the taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

For the years ended December 31, 2020, 2019 and 2018, the Fund was not subjected to RCIT or MCIT since the Fund's sole source of income is interest income from short-term placements which are subjected to final tax.

The Fund did not recognize deferred tax assets on the carry forward benefit of NOLCO amounting to ₱136.47 million and ₱53.29 million as of December 31, 2020 and 2019, respectively. The Fund believes that it will not be able to utilize its NOLCO before its expiration.

As of December 31, 2020, the Fund has available NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income from the next three (3) consecutive taxable years immediately following the year of such loss. Details as follows:

Year Incurred	Amount	Expired	Balance	Expiry Year
2017	₱69,549,075	₱69,549,075	₱–	2020
2018	53,117,360	–	53,117,360	2021
2019	54,956,942	–	54,956,942	2022
	₱177,623,377	₱69,549,075	₱108,074,302	



As of December 31, 2020, the Fund has incurred NOLCO in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to Bayanihan 2, as follows:

Year Incurred	Amount	Expired	Balance	Expiry Year
2020	₱38,330,987	₱—	₱38,269,304	2025

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	(₱67,819,810)	₱22,951,738	(₱93,820,226)
Tax effects of:			
Non-taxable income/Non-deductible loss	66,948,377	(25,686,148)	87,666,893
Changes in unrecognized deferred tax assets	11,499,026	16,487,083	15,935,208
Tax-exempt income	(10,798,333)	(12,719,018)	(10,654,415)
Non-deductible expenses	804,678	1,499,485	1,920,132
Tax-paid income	(211,379)	(844,416)	(349,197)
Effective income tax	422,759	₱1,688,724	₱698,395

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

13. 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 (loss) and share data used in the earnings (loss) per share computations.

	2020	2019	2018
Net income (loss)	(₱226,488,126)	₱74,817,069	(₱313,432,482)
Divided by weighted average number of common shares	1,921,865,534	2,025,160,575	2,044,182,420
	(₱0.1178)	₱0.0369	(₱0.1533)

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



14. Operating Segment

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

	2020	2019	2018
Equity securities	(259,065,486)	₱128,017,221	(₱256,708,262)
Cash and cash equivalents	167,841,025	8,443,799	3,491,974
	₱ 91,224,461	₱136,461,020	(₱253,216,288)

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 is 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 (loss) in 2020, 2019 and 2018.

15. 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 the related parties. Other related parties include PEMI and other funds being managed by PEMI.

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

- a. The Fund shall pay an annual management fee of a maximum of 1.50% 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 in 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 follow:

2020			
	Amount/Volume	Outstanding Balance	Terms and conditions
PEMI			
Management fee for remittance (Note 9)	₱34,810,364	₱3,256,275	Due the following month, non-interest bearing and unsecured
Sales commission for remittance (Note 9)	5,311	409	Due the following month, non-interest bearing and unsecured
2019			
	Amount/Volume	Outstanding Balance	Terms and conditions
PEMI			
Management fee for remittance (Note 9)	₱45,414,999	₱3,138,723	Due the following month, non-interest bearing and unsecured
Sales commission for remittance (Note 9)	125,618	960	Due the following month, non-interest bearing and unsecured
2018			
	Amount/Volume	Outstanding Balance	Terms and conditions
PEMI			
Management fee for remittance (Note 9)	₱44,934,756	₱3,136,344	Due the following month, non-interest bearing and unsecured
Sales commission for remittance (Note 9)	99,843	2,272	Due the following month, non-interest bearing and unsecured

Due to PEMI is included under 'Accrued expenses and other liabilities' in the statements of financial position (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.

The table below shows the details of the number of shares held by the directors of the Fund as of December 31, 2020, 2019 and 2018:

	2020	2019	2018
Balance at January 1	64,983,446	64,983,446	69,947,016
Redemptions	—	—	(4,963,570)
Balance at December 31	64,983,446	64,983,446	64,983,446



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 of the Fund, 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

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (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.
- Minimum corporate income tax (MCIT) rate reduced from 2.00% to 1.00% of gross income effective July 1, 2020 to June 30, 2023.
- Effective January 1, 2021, income tax rate for nonresident foreign corporation is reduced from 30.00% to 25.00%.

The CREATE Act does not have an impact on the Fund since it has nil RCIT and MCIT for the year ended December 31, 2020



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

Supplementary Information Required Under RR 15-2010

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

Value Added Tax (VAT)

The Fund is a non-VAT registered company engaged in the business of buying and selling of shares of stock listed and traded through local stock exchange, and paid the amount of ₱2.68 million 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 ₱841.85 million.

Taxes and Licenses

In 2020, the Fund reported and/or paid the following taxes and licenses:

Stock transfer tax	₱2,682,263
Documentary stamp tax	423,301
Municipal permits	93,694
SEC registration and license fee	7,575
Annual registration	500
	<u>₱3,207,333</u>

Withholding Taxes

As of December 31, 2020, total remittances and balance of expanded withholding taxes amounted to ₱3,241,231 and ₱872,603 respectively.

Tax Assessments and Cases

In 2020 the Fund has no deficiency tax assessment, 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).

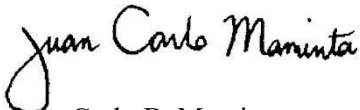


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and Board of Directors
Philequity Dividend Yield 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 Dividend Yield 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 the Financial Statements and Supplementary Schedules are the responsibility of the Fund's management. These schedules are presented for purposes 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 state, in all material respects, the financial 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

SEC Accreditation No. 115260 (Group A)

valid to cover audit of 2020 – 2024

financial statement 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 DIVIDEND YIELD FUND, INC.
INDEX TO THE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2020

Schedules Required under Securities Regulation Code Rule 68

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Part 2		
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D	Intangible Assets - Other Assets (<i>Part II 6D, Annex 68-E, D</i>)	6
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F	Indebtedness to Related Parties (included in the consolidated statement of financial position) (<i>Part II 6D, Annex 68-E, F</i>)	8
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H	Capital Stock (<i>Part II 6D, Annex 68-E, H</i>)	10

SCHEDULE I
PHILEQUITY DIVIDEND YIELD FUND, INC.
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2020

Unappropriated retained earnings, beginning		(P691,049,709)
Less: Reduction in retained earnings due to redemption of capital stock		(5,794,462)
Less: Net loss during the period closed to retained earnings	(P226,488,126)	
Fair value adjustment (mark-to-market gain)	102,936,889	
Net loss actually incurred during the year		(123,551,237)
Total deficit, end		(P820,395,408)

**No retained earnings available for dividend declaration*

PHILEQUITY DIVIDEND YIELD 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	Amount shown on the balance sheet	Valued based on market quotation at balance sheet date	Income received and accrued
Ayala Corporation	191,370	158,262,990	158,262,990	1,308,814
AC Energy Philippines, Inc	1,200,000	10,800,000	10,800,000	48,000
Aboitiz Equity Ventures, Inc.	529,220	25,005,645	25,005,645	811,616
Alliance Global Group, Inc.	1,658,200	17,576,920	17,576,920	82,910
Ayala Land, Inc.	3,721,730	152,218,757	152,218,757	1,313,449
Aboitiz Power Corp.	785,270	20,848,919	20,848,919	974,645
Altus Property Ventures, Inc.	8,932	110,757	110,757	90,213
AREIT, Inc.	1,220,000	35,807,000	35,807,000	1,134,600
BDO Unibank, Inc.	1,101,456	117,635,500	117,635,500	1,420,135
Bloomerry Resorts Corporation	55,000	446,050	446,050	–
Bank of the Philippine Islands	1,302,740	105,977,899	105,977,899	2,472,489
Cebu Air, Inc.	72,930	3,682,965	3,682,965	–
DMCI Holdings, Inc.	1,161,900	6,576,354	6,576,354	557,712
D&L Industries, Inc.	900,000	6,930,000	6,930,000	–
EEI Corporation	374,000	2,838,660	2,838,660	–
Emperador, Inc.	–	–	–	16,819
East West Banking Corporation	58,600	632,880	632,880	–
First Gen Corporation	192,600	5,421,690	5,421,690	435,780
Filinvest Land, Inc.	12,965,750	14,521,640	14,521,640	840,181
Globe Telecom, Inc.	17,616	35,760,480	35,760,480	2,644,768
GT Capital Holdings, Inc.	43,105	25,216,425	25,216,425	258,630
International Container Terminal Services, Inc.	757,310	93,527,785	93,527,785	1,771,148

Jollibee Foods Corp.	70,165	13,696,208	13,696,208	94,649
JG Summit Holdings, Inc.	1,372,338	98,259,400	98,259,400	477,960
LT Group, Inc.	555,500	7,277,050	7,277,050	449,955
Metropolitan Bank & Trust Company	1,284,762	63,017,576	63,017,576	1,851,922
Megaworld Corporation	4,726,600	19,284,528	19,284,528	176,663
Manila Electric Company	116,642	34,059,464	34,059,464	1,864,311
Metro Pacific Investments Corporation	11,051,450	47,300,206	47,300,206	1,139,227
Manila Water Company, Inc.	1,648,300	26,339,834	26,339,834	—
Nickel Asia Corporation	4,829,000	27,042,400	27,042,400	180,700
Petron Corporation	420,700	1,678,593	1,678,593	42,070
Puregold Price Club, Inc.	118,400	4,854,400	4,854,400	—
Premium Leisure Corp.	1,472,000	655,040	655,040	73,953
Robinson Land Corp.	30	636	636	589,365
Robinsons Retail Holdings, Inc.	17,450	1,134,250	1,134,250	—
Security Bank Corporation	276,810	37,092,540	37,092,540	630,150
Semimara Mining and Power Corp	—	—	—	415,600
Pilipinas Shell Petroleum Corporation	49,400	1,020,110	1,020,110	—
SM Investment Corp.	275,513	289,013,137	289,013,137	1,142,455
San Miguel Corp	236,390	30,281,559	30,281,559	331,629
SM Prime Holdings, Inc.	6,014,480	231,557,480	231,557,480	920,778
SSI Group, Inc.	3,325,000	4,954,250	4,954,250	—
PLDT Inc.	98,368	131,813,120	131,813,120	6,700,281
Universal Robina Corporation	904,442	137,927,405	137,927,405	2,683,991
Vista Land & Lifescapes, Inc.	7,037,500	32,935,500	32,935,500	46,875
Total	74,218,969	2,080,994,002	2,080,994,002	₱35,994,443

PHILEQUITY DIVIDEND YIELD 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 (i)	Balance at beginning of period	Additions	Amounts Collected (ii)	Amounts Written-off (iii)	Current	Not Current	Balance at end of period
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None to Report

-
- (i) Show separately accounts receivables and notes receivable. In case of notes receivable, indicate pertinent information such as the due date, interest rate, terms of repayment and collateral, if any.
- (ii) If collection was other than cash, explain.
- (iii) Give reasons for write off.

PHILEQUITY DIVIDEND YIELD 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 collection was other than in cash, explain.
(ii) Give reasons for write-off.

PHILEQUITY DIVIDEND YIELD FUND, INC.
Schedule D - Intangible Assets - Other Assets
December 31, 2020

Description ⁽ⁱ⁾	Beginning Balance	Additions at Cost ⁽ⁱⁱ⁾	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions) ⁽ⁱⁱⁱ⁾	Ending Balance
-----------------------------------	------------------------------	--	---	--------------------------------------	--	-----------------------

None to report

⁽ⁱ⁾ The information required shall be grouped into (a) intangibles shown under the caption intangible assets and (b) deferrals shown under the caption Other Assets in the related balance sheet. Show by major classifications.

⁽ⁱⁱ⁾ For each change representing other than an acquisition, clearly state the nature of the change and the other accounts affected. Describe cost of additions representing other than cash expenditures.

⁽ⁱⁱⁱ⁾ If provision for amortization of intangible assets is credited in the books directly to the intangible asset account, the amounts shall be stated with explanations, including the accounts charged. Clearly state the nature of deductions if these represent anything other than regular amortization.

PHILEQUITY DIVIDEND YIELD FUND, INC.
Schedule E - 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 DIVIDEND YIELD FUND, INC.
Schedule F - 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 DIVIDEND YIELD FUND, INC.
Schedule G - 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 DIVIDEND YIELD FUND, INC.
Schedule H - Capital Stock
December 31, 2020

(Absolute numbers of shares)

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⁾	Directors, officers and employees	Others ⁽ⁱⁱⁱ⁾
Common	10,000,000,000	1,917,687,599	None to Report	123,345,231 shares	64,983,446	There were 42,330,093 subscriptions and 61,512,680 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.

SCHEDULE II

PHILEQUITY DIVIDEND YIELD FUND, INC.
FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2020

		December 31, 2020	December 31, 2019
Current Ratio	Current Asset/Current Liabilities	23876.63%	30816.15%
Acid Test Ratio	(Cash Eq + Marketable Securities + Receivables)/ Current Liabilities	23876.63%	30816.15%
Solvency Ratio	Net Income/Total Liabilities	-2403.72%	921.98%
Debt-to-Equity Ratio	Total Liabilities/Total Equity	0.42%	0.33%
Asset-to-Equity Ratio	Total Assets/Total Equity	100.42%	100.33%
Interest Rate Coverage Ratio	EBIT/Interest Expense	N/A	N/A
Return on Assets	Net Income/Average Total Asset	-9.54%	2.99%
Return on Equity	Net Income/Average Total Equity	-9.57%	3.00%
Net Profit Margin	Gross Profit/Net Income	-81.71%	-182.39%

SCHEDULE III
PHILEQUITY DIVIDEND YIELD FUND, INC.
OTHER RATIOS REQUIRED FOR MUTUAL FUNDS
DECEMBER 31, 2020

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

		As of December 31, 2020	As of December 31, 2019
	<i>Investment in equity securities:</i>		
AC	AC - Ayala Corporation	7.06%	5.37%
ACEN	ACEN- AC Energy Corporation	0.48%	0.11%
AEV	AEV - Aboitiz Equity Ventures, Inc.	1.12%	1.29%
AGI	AGI - ALLIANCE GLOBAL INC	0.78%	1.06%
ALI	ALI - Ayala Land, Inc.	6.79%	9.37%
AP	AP - Aboitiz Power Corp.	0.93%	1.03%
APVI	Altus Property Ventures, Inc.	0.00%	0.00%
AREIT	AREIT, Inc.	1.60%	0.00%
BDO	BDO - BDO Unibank, Inc.	5.25%	8.79%
BLOOM	BLOOM - Bloomberry Resorts Corporation	0.02%	0.00%
BPI	BPI - Bank of the Phil. Island	4.73%	5.32%
CEB	CEB - Cebu Air, Inc.	0.16%	0.26%
DMC	DMC - DMCI Holdings, Inc.	0.29%	0.03%
DNL	DNL - D & L Industries Inc	0.31%	0.00%
EDC	EDC - PNOC Energy Dev. Corp.	0.00%	0.00%
EEI	EEI - Engineering Equipment Inc	0.13%	0.15%
EW	EW - East West Banking Corporation	0.03%	0.00%
FGEN	FGEN - First Gen Corporation	0.24%	1.42%
FLI	FLI - Filinvest Land, Inc.	0.65%	0.78%
GLO	GLO - Globe Telecom, Inc.	1.60%	2.83%
GTCAP	GTCAP - GT Capital Holdings, Inc.	1.13%	1.49%
ICT	ICT - Intl. Cont. Terminal Serv. Inc.	4.17%	2.69%
JFC	JFC - Jollibee Foods Corp.	0.61%	1.18%
JGS	JGS - JG Summit Holdings, Inc.	4.39%	4.12%
LTG	LTG - LT Group, Inc.	0.32%	0.28%
MAC	MAC - MacroAsia Corporation	0.00%	0.03%
MBT	MBT - Metro Bank & Trust Co.	2.81%	5.34%
MEG	MEG - Megaworld Prop. & Holdings, Inc.	0.86%	1.81%
MER	MER - MERALCO-A	1.52%	1.53%
MPI	MPI - Metro Pacific Investments Corporation	2.11%	1.27%
MWC	MWC - Manila Water Company, Inc.	1.18%	0.00%
NIKL	NIKL - NICKEL ASIA CORP.	1.21%	0.00%
PCOR	PCOR - Petron Corp	0.07%	0.07%
PGOLD	PGOLD - Puregold Price Club Inc	0.22%	0.60%
PIP	PIP - Pepsi-Cola Products Philippines, Inc.	0.00%	0.00%
PLC	PLC - Premiun Leisure Corp	0.03%	0.03%

PNB	PNB - Philippine National Bank	0.00%	0.00%
RLC	RLC - Robinson Land Corp.	0.00%	0.57%
RRHI	RRHI - Robinsons Retail Holdings Inc	0.05%	0.00%
SCC	SCC - Semirara Mining Corp.	0.00%	0.29%
SECB	SECB - Security Bank Inc	1.66%	1.62%
SHLPH	SHLPH - Pilipinas Shell Petroleum Corporation	0.05%	0.07%
SM	SM - SM Investment Corp.	12.90%	12.49%
SMC	SMC - San Miguel Corporation	1.35%	1.65%
SMPH	SMPH - SM Prime Holdings, Inc.	10.34%	10.57%
SSI	SSI -SSI Group, Inc.	0.22%	0.37%
TEL	TEL - Phil Long Distance Tel Co	5.88%	3.11%
URC	URC - Universal Robina	6.16%	4.82%
VLL	VLL - Vista Land & Lifescapes, Inc.	1.47%	0.31%

(i) **TOTAL INVESTMENT OF THE FUND TO THE OUTSTANDING SHARES OF AN
INVESTEE COMPANY**

		As of December 31, 2020	As of December 31, 2019
AC	AC - Ayala Corporation	0.03%	0.03%
ACEN	ACEN- AC Energy Corporation	0.01%	0.02%
AEV	AEV - Aboitiz Equity Ventures, Inc.	0.01%	0.01%
AGI	AGI - ALLIANCE GLOBAL INC	0.02%	0.02%
ALI	ALI - Ayala Land, Inc.	0.03%	0.03%
AP	AP - Aboitiz Power Corp.	0.01%	0.01%
APVI	Altus Property Ventures, Inc.	0.01%	0.00%
AREIT	AREIT, Inc.	0.12%	0.00%
BDO	BDO - BDO Unibank, Inc.	0.03%	0.03%
BLOOM	BLOOM - Bloomer Resorts	0.00%	0.00%
BPI	BPI - Bank of the Phil. Island	0.03%	0.03%
CEB	CEB - Cebu Air, Inc.	0.01%	0.01%
DMC	DMC - DMCI Holdings, Inc.	0.01%	0.00%
DNL	DNL - D & L Industries Inc	0.01%	0.00%
EEI	EEI - Engineering Equipment Inc	0.04%	0.04%
EW	EW - East West Banking Corporation	0.00%	0.00%
FGEN	FGEN - First Gen Corporation	0.01%	0.04%
FLI	FLI - Filinvest Land, Inc.	0.05%	0.05%
GLO	GLO - Globe Telecom, Inc.	0.01%	0.03%
GTCAP	GTCAP - GT Capital Holdings, Inc.	0.02%	0.02%
ICT	ICT - Intl. Cont. Terminal Serv. Inc.	0.04%	0.03%
JFC	JFC - Jollibee Foods Corp.	0.01%	0.01%
JGS	JGS - JG Summit Holdings, Inc.	0.02%	0.02%
LTG	LTG - LT Group, Inc.	0.01%	0.01%
MAC	MAC - MacroAsia Corporation	0.00%	0.00%
MBT	MBT - Metro Bank & Trust Co.	0.03%	0.04%
MEG	MEG - Megaworld Prop. & Holdings, Inc.	0.01%	0.03%
MER	MER - MERALCO-A	0.01%	0.01%
MPI	MPI - Metro Pacific Investments Corporation	0.04%	0.03%
MWC	MWC - Manila Water Company, Inc.	0.08%	0.00%
NIKL	NIKL - Nickel Asia Corporation	0.04%	0.01%
PCOR	PCOR - Petron Corp	0.00%	0.00%
PGOLD	PGOLD - Puregold Price Club Inc	0.00%	0.01%
PIP	PIP - Pepsi-Cola Products Philippines, Inc.	0.00%	0.03%
PLC	PLC - Premiun Leisure Corp	0.00%	0.00%
PNB	PNB - Philippine National Bank	0.00%	0.00%
RLC	RLC - Robinson Land Corp.	0.00%	0.01%
RRHI	RRHI - Robinsons Retail Holdings Inc	0.00%	0.00%
SCC	SCC - Semirara Mining Corp.	0.00%	0.01%
SECB	SECB - Security Bank Inc	0.04%	0.03%
SHLPH	SHLPH - Pilipinas Shell Petroleum	0.00%	0.00%

	Corporation		
SM	SM - SM Investment Corp.	0.02%	0.02%
SMC	SMC - San Miguel Corporation	0.01%	0.01%
SMPH	SMPH - SM Prime Holdings, Inc.	0.02%	0.02%
SSI	SSI -SSI Group, Inc.	0.10%	0.10%
TEL	TEL - Phil Long Distance Tel Co	0.05%	0.04%
URC	URC - Universal Robina	0.04%	0.04%
VLL	VLL - Vista Land & Lifescapes, Inc.	0.06%	0.01%
		As of December 31, 2020	As of December 31, 2019
Total Investment in Liquid or Semi-Liquid Assets to Total Assets		99.94%	99.88%
Total Operating Expenses to Total Net Worth		1.97%	2.22%
Total Assets to Total Borrowings		23876.63%	30816.15%

Philequity Management, Inc.

ANNEX D

PEMI Funds <philequityfunds@philequity.net>

CGFD_Philequity Dividend Yield Inc_SEC Form 17Q_20August2021

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

Fri, Aug 20, 2021 at 4:43 PM

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

C	S	2	0	1	2	1	4	3	1	8
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Company Name

P	H	I	L	E	Q	U	I	T	Y		D	I	V	I	D	E	N	D		Y	I	E	L	D		F	U	N	D
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		C	o	m	p	a	n	y)																				

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

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Form Type

1	7	-	Q
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Department requiring the report

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Secondary License Type, If Applicable

N	A		
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COMPANY INFORMATION

Company's Email Address

philequityfunds@philequity.net

Company's Telephone Number/s

8250-8700

Mobile Number

0917-590-7176

No. of Stockholders

3,938

Annual Meeting
Month/Day

09/01

Fiscal Year
Month/Day

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

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 **CS2012-14318**
3. BIR Tax Identification No. **008-342-256**
4. Exact name of registrant as specified in its charter.
PHILEQUITY DIVIDEND YIELD 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 June 30, 2021
Common Stock, P1.00 par value	1,902,815,942

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 there under 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 [**X**] No []
 - b) Has been subject to such filing requirements for the past 90 days.
Yes [**X**] No []

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

The below table sets forth the comparative performance indicators of the Fund:

	Formula	June 30,2021	December 31, 2020
Current Ratio	Current Asset/Current Liabilities	18764.00%	23876.63%
Acid Test Ratio	(Cash Eq + Marketable Securities + Receivables)/ Current Liabilities	18764.00%	23876.63%
Solvency Ratio	Net Income/Total Liabilities	-328.96%	-2403.72%
Debt-to-Equity Ratio	Total Liabilities/Total Equity	0.54%	0.42%
Asset-to-Equity Ratio	Total Assets/Total Equity	100.54%	100.42%
Interest Rate Coverage Ratio	EBIT/Interest Expense	N/A	N/A
Return on Assets	Net Income/Average Total Asset	-0.43%	-2.38%
Return on Equity	Net Income/Average Total Equity	-1.74%	-9.57%
Net Profit Margin	Gross Profit/Net Income	-33.05%	-81.71%

Financial Highlights

	Unaudited June 30, 2021	Audited December 31, 2020	Increase/ (Decrease)	Percentage
Total Assets	2,197,069,993	2,249,754,930	(52,684,937)	-2.34%
Total Liabilities	11,708,961	9,422,414	2,286,548	24.27%
Total Equity	2,185,361,031	2,240,332,516	54,971,485	2.45%

Operating Revenues and Expenses

	For the Period Ended		Increase/ (Decrease)	Percentage
	June 30, 2021	June 30, 2020		
Investment Income (Loss)	(12,730,133)	(464,044,937)	451,314,804	-97.26%
Expenses	25,807,991	22,273,844	3,534,147	15.87%
Comprehensive Income	(38,538,123)	(486,318,780)	447,780,657	-92.08%

Investment income (loss) - For the period ended June 30, 2021, the Fund incurred a total investment loss of 12.73M from PHP 464.04M loss of same period last year. Decrease in investment loss is attributable mainly to improvement of the market price of the equity securities.

Operating expense – Comparing this year and last year’s operating expenses, there was increase of 15.87% brought by higher stock transfer tax related to the disposal of equity securities.

Comprehensive income (loss) – Because of the decrease in investment loss, the Fund ended the quarter with a loss of PHP 38.54M as of June 30, 2021 compared to a loss of of PHP486.32M of same period of last year.

Cash Flow

Cash and cash equivalents increased by PHP 186.85M as of the period June 30, 2021. Additional information may be obtained from the statements of cash flows 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

91.12% decrease in net loss on financial assets through FVPL

Brought by increase in market value of equity securities

92.85% decrease in interest income

Significantly due to lesser investment activity and decrease in interest rate in money market

31.51% increase in dividend income

Due to increase in number of invested shares in companies that declared dividends

119.59% increase in transaction cost

Mainly from increase in buying activities

36.03% increase in taxes and licenses

Largely attributable to increase in stock transfer tax on sale of equity securities

58.01% decrease in other expenses

Mainly due to increase in legal fees

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

11.60% increase in cash and cash equivalents

Mainly due to increase in short term investments outstanding as of reporting period

3.53% decrease in financial assets at FVPL

Slight decrease is attributed to market revaluation of equity securities

3324.24% increase in receivable

Significantly due to increase in receivable from broker

24.27% increase in liabilities

Due to increase in payable to broker settled the following month

Changes in Net Assets

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

Total Amount from Sales and Redemption of Shares	
Total amount received for the quarter	17,129,928
Total amount of redemptions for the quarter	33,545,923
Shares Issued and Outstanding	
Beginning Balance - December 31, 2020	1,917,687,599
Shares sold during the quarter	15,269,604
Shares redeemed during the quarter	30,141,261
Ending Balance - June 30, 2021	1,902,815,942

Business Analysis

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%. Stock funds brought in P1.8 billion in net subscription, P1.1 billion or 60% of which were subscriptions to index funds. The Philequity Dividend Yield Fund continued to see net redemptions, P11 million for this quarter. The fund however increased its net assets by 6% to P2.2 billion quarter-on-quarter as the Philippine Stock Exchange Index soared 7% for the same period. The PSEi rose on the back of lower COVID19 positive cases, LGUs gaining momentum in mass inoculations, and prospects of vaccines arriving in the millions in the coming months. The fund however remains cautious as there is growing concern of the highly transmissible Delta variant which is currently wreaking havoc globally and forcing some countries such as Indonesia and Australia to reinforce lockdown measures. While the country has so far not detected the variant in our shores, strong border control, swift contact tracing and strict quarantine measures should be enforced to maintain the PSEi's ascent. The fund expects continued volatility moving forward as any news related to COVID19 can have a significant impact on market movement. The fund will continue to closely monitor the government's response to the pandemic and how it will affect corporate earnings, GDP and inflation.

Top Five (5) Indicators

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

- (1) **Philippine Composite Index (Phisix)** - Phisix is the benchmark used to track the local stock market on an aggregate basis. On average, equity funds including PDYF, move in tandem with the Phisix.
- (2) **Gross National Product (GNP) and Gross Domestic Product (GDP)** - The GNP and GDP growth usually mirrors the economic cycle. A positive outlook on the economy is bullish for stocks and PDYF. A negative forecast on the other hand, is bearish for stocks and PDYF.
- (3) **Interest Rates** - A low interest rate environment, which is indicative of liquidity in the market, is healthy for stocks. A high interest rate level results in the reverse.
- (4) **Price to Earnings Ratio (P/E Ratio) of the Market** - The P/E Ratio and other valuation ratios are used to determine if companies are undervalued or not with respect to their earning power. A low P/E Ratio in a stock is usually a signal that the stock is worth buying for PDYF. Similarly, a low market P/E Ratio is a signal that it is worth increasing PDYF's equity allocation vis a vis its cash holdings.
- (5) **Foreign Buying and Selling Activity** - Foreign trading activity is tracked daily by the Philippine Stock Exchange. Consistent net buying by foreign players is positive for the broader market and for PDYF.

Indicator	June 30, 2021		June 30, 2020	
PHISIX	End of June	6,901.91	End of June	6,207.72
GNP growth	For 2Q	6.60%	For 2Q	-17.60%
GDP growth	For 2Q	11.80%	For 2Q	-16.50%
P/E Ratio	End of June	23.98	End of June	20.33
Foreign Buying and Selling (Net flow in billion PHP)	For 2Q	Net foreign SELL 21.98B	For 1Q	Net foreign SELL 34.32B

PART II – OTHER INFORMATION

**PHILEQUITY DIVIDEND YIELD FUND, INC.
OTHER RATIOS REQUIRED FOR MUTUAL FUNDS**

Percentage of Investment in a single enterprise to Net Asset Value:		As June 30, 2021	As June 30, 2020
INVESTMENT IN SHARES:			
AC	Ayala Corp	5.358%	7.303%
ACEN	AC Energy Philippines, Inc.	0.144%	0.000%
AEV	Aboitiz Equity Ventures Inc	1.021%	1.184%
AGI	Alliance Global Group Inc	0.119%	0.567%
ALI	Ayala Land Inc	4.097%	6.630%
AP	Aboitiz Power Corp	0.655%	0.939%
APVI	Altus Property Ventures, Inc.	0.007%	0.019%
AREIT	AREIT, Inc.	3.344%	0.000%
BDO	BDO Unibank Inc	2.061%	5.579%
BLOOM	Bloomerry Resorts Corp	0.000%	0.000%
BPI	Bank of the Phil. Islands	1.699%	5.434%
CEB	Cebu Air, Inc.	0.020%	0.143%
DMC	DMCI Holdings Inc	0.259%	0.240%
DNL	D&L Industries, Inc.	0.449%	0.000%
EEI	Engineering Equip. Inc.	0.046%	0.094%
EW	East West Banking Corporation	0.028%	0.022%
FGEN	First Gen Corp	0.264%	0.006%
FLI	Fil-Invest Land, Inc	0.653%	0.646%
GLO	Globe Telecom Inc	4.809%	1.834%
GTCAP	GT Capital Holdings Inc	0.833%	0.985%
ICT	Intl Cont Terminal Serv Inc	5.605%	2.617%
JFC	Jollibee Foods Corp	0.686%	0.395%
JGS	JG Summit Holdings Inc	3.439%	4.144%
LTG	LT Group Inc	0.328%	0.223%
MAC	MacroAsia Corporation	0.000%	0.000%
MBT	Metro Bank & Trust Co	2.279%	2.391%
MEG	Megaworld Prop & Holdings Inc	0.699%	0.572%
MER	Manila Electric Co	10.050%	1.572%
MPI	Metro Pacific Investment Corp	1.453%	2.038%
MWC	Manila Water Co	2.512%	0.000%
NIKL	Nickel Asia Corporation	2.746%	0.048%
PCOR	Petron Corp	0.060%	0.065%
PGOLD	Puregold Price Club Inc	0.000%	0.233%
PIP	Pepsi-Cola Products Philippines, Inc.	0.000%	0.000%
PLC	Premiun Leisure Corp	0.029%	0.023%
PNB	Phil National Bank	0.000%	0.000%
RLC	Robinsons Land Corp	0.000%	1.077%
RRHI	Robinsons Retail Holdings Inc	0.043%	0.000%
SCC	Semirara Mining Corp	0.000%	0.212%
SECB	Security Bank Inc	0.810%	1.070%
SHLPH	Pilipinas Shell Petroleum Corporation	0.045%	0.045%
SM	SM Investments Corp	8.557%	12.694%
SMC	San Miguel Corporation	1.163%	1.189%
SMPH	SM Prime Holdings Inc	7.656%	7.948%
SSI	SSI Group, Inc	0.056%	0.189%
TEL	Phil Long Distance Tel Co	14.273%	5.587%
URC	Universal Robina Corp	0.253%	5.708%
VLL	Vista Land & Lifescapes, Inc.	1.224%	0.174%
CEBCP	Cebu Air, Inc.	2.037%	0.000%

Total Investment of the Fund to the Outstanding Shares of an Investee Company			
AC	Ayala Corp	0.023%	7.303%
ACEN	AC Energy Philippines, Inc.	0.002%	0.000%
AEV	Aboitiz Equity Ventures Inc	0.009%	1.184%
AGI	Alliance Global Group Inc	0.003%	0.567%
ALI	Ayala Land Inc	0.017%	6.630%
AP	Aboitiz Power Corp	0.008%	0.939%
APVI	Altus Property Ventures, Inc.	0.009%	0.019%
AREIT	AREIT, Inc.	0.196%	0.000%
BDO	BDO Unibank Inc	0.009%	5.579%
BLOOM	Bloomerry Resorts Corp	0.000%	0.000%
BPI	Bank of the Phil. Islands	0.009%	5.434%
CEB	Cebu Air, Inc.	0.001%	0.143%
DMC	DMCI Holdings Inc	0.007%	0.240%
DNL	D&L Industries, Inc.	0.017%	0.000%
EEI	Engineering Equip. Inc.	0.013%	0.094%
EW	East West Banking Corporation	0.003%	0.022%
FGEN	First Gen Corp	0.005%	0.006%
FLI	Fil-Invest Land, Inc	0.053%	0.646%
GLO	Globe Telecom Inc	0.043%	1.834%
GTCAP	GT Capital Holdings Inc	0.014%	0.985%
ICT	Intl Cont Terminal Serv Inc	0.037%	2.617%
JFC	Jollibee Foods Corp	0.006%	0.395%
JGS	JG Summit Holdings Inc	0.016%	4.144%
LTG	LT Group Inc	0.005%	0.223%
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MWC	Manila Water Co	0.145%	0.000%
NIKl	Nickel Asia Corporation	0.080%	0.048%
PCOR	Petron Corp	0.004%	0.065%
PGOLD	Puregold Price Club Inc	0.000%	0.233%
PIP	Pepsi-Cola Products Philippines, Inc.	0.000%	0.000%
PLC	Premiun Leisure Corp	0.005%	0.023%
PNB	Phil National Bank	0.000%	0.000%
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SMPH	SM Prime Holdings Inc	0.016%	7.948%
SSI	SSI Group, Inc	0.030%	0.189%
TEL	Phil Long Distance Tel Co	0.112%	5.587%
URC	Universal Robina Corp	0.002%	5.708%
VLL	Vista Land & Lifescapes, Inc.	0.055%	0.174%
CEBCP	Cebu Air, Inc.	0.255%	0.000%
Total Investment in Liquid or Semi-Liquid Assets to Total Assets		99.882%	98.217%
Percentage of Operating Expense to the Average daily Average Net Asset Value		1.209%	1.063%
Total Assets to Total Borrowings		18764.004%	15379.407%

As of June 30, 2021 and June 30, 2020, the Fund's average daily net asset value is 2,133,140,814.92 and 2,068,703,556.49, respectively.

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

	Number of Investors	Percentage of Investment	Number of Shares
Retail	2,136	46.06%	876,451,955
Institutional	1,802	53.94%	1,026,363,987

ITEM 3. Geographic Concentration of Investments

	Number of Investors	Percentage of Investment	Number of Shares
Philippines	3,932	98.83%	1,880,618,161
Europe	1	0.02%	433,576
Asia	3	1.11%	21,180,793
North America	2	0.03%	583,412

ITEM 4. Fund Performance

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

Returns	2020	2019	2018	2017	2016
PDYF	-9.22	2.62	-10.7	20.8	-0.85

ITEM 5. Level of FATCA Compliance

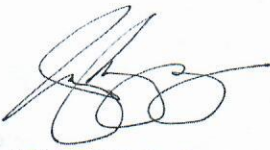
The fund has implemented standard procedures to be FATCA-compliant. Currently, the number of investors in the fund qualifying as a US person is below 1% of the total investors.


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 MANILA on AUG 20 2021.

PHILEQUITY DIVIDEND YIELD FUND, INC.

By:


IGNACIO B. GIMENEZ
Chairman & President¹


VIOLETA O. LUYM
Treasurer²

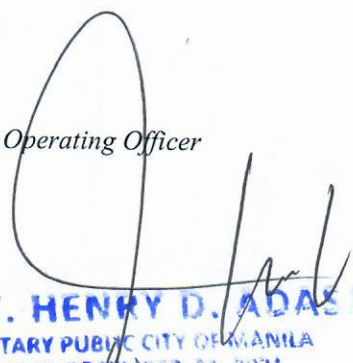

Angelica Cabanit (Aug 19, 2021 13:35 GMT+8)
MA. ANGELICA CABANIT
Compliance Officer


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

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SERIES OF 2021


ATTY. HENRY D. ADAS
NOTARY PUBLIC CITY OF MANILA
UNTIL DECEMBER 31, 2021
NOTARIAL COMMISSION CS7 MLA
IBP NO. 141293 - 01/04/2021, PASIG
PTR NO. 9826142 - 01/05/2021 MLA
ROLL NO. 29679, TIN: 172-528-620
(21) MCLE COMPL. NO. VII-0000165
URBAN DECA HOME MANILA, B-2, UNIT 324

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

	Interim (Unaudited)	Audited
	June 30, 2021	December 31, 2020
	in PHP	in PHP
ASSETS		
Cash and cash equivalents (Note 6)	186,847,525	167,426,042
Financial assets at fair value through profit and loss (Note 7)	2,007,629,743	2,080,994,002
Receivables (Note 8)	2,592,725	1,334,886
Prepaid Expenses	-	-
Total Assets	2,197,069,993	2,249,754,930
LIABILITIES AND EQUITY		
Liabilities		
Accrued expenses and other liabilities (Note 9)	11,708,961	9,422,414
Equity		
Subscribed share capital (Note 10)	1,902,815,942	1,917,687,599
Additional paid-in capital	479,140,111	484,662,767
Retained earnings (Deficit)	(196,595,022)	(162,017,850)
	2,185,361,031	2,240,332,516
Total Liabilities and Equity	2,197,069,993	2,249,754,930
Net Asset Value Per Share (Note 10)	1.1485	1.1682

See accompanying Notes of Financial Statements

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

	For the Period Ended (Unaudited)		For the Quarter (Unaudited)	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	in PHP	in PHP	in PHP	in PHP
INVESTMENT INCOME (LOSS)				
Net gain on financial assets at fair value through profit or loss (Note 7)	(43,373,937)	(488,693,892)	133,284,375	241,423,882
Dividends	30,541,945	23,224,278	5,768,599	7,445,298
Interest	101,859	1,424,677	43,537	804,280
	(12,730,133)	(464,044,937)	139,096,511	249,673,460
EXPENSES				
Management fee	18,068,413	17,377,930	8,938,411	8,015,089
Taxes and licenses	3,678,632	2,704,270	506,230	1,225,098
Commission Expense	3,271,629	1,489,885	816,687	750,506
Transaction cost	616,413	53,561	529,674	13,288
Others	152,532	363,263	59,101	116,309
	25,787,619	21,988,908	10,850,102	10,120,290
INVESTMENT INCOME BEFORE INCOME TAX	(38,517,752)	(486,033,845)	128,246,409	239,553,170
PROVISION FOR INCOME TAX				
Final	20,372	284,935	8,707	160,856
	20,372	284,935	8,707	160,856
TOTAL COMPREHENSIVE INCOME	(38,538,124)	(486,318,780)	128,237,702	239,392,314
Earnings Per Share (Note 11)	(0.0201)	(0.2532)	0.06707	0.1255

See accompanying Notes of Financial Statements

PHILEQUITY DIVIDEND YIELD FUND, INC.
(An Open-End Mutual Fund Company)
STATEMENTS OF CHANGES IN EQUITY

	For the Period Ended (Unaudited)			
	June 30, 2021		June 30, 2020	
	No. of Shares	Amount in PHP	No. of Shares	Amount in PHP
CAPITAL STOCK				
Common Stock - 1 par value				
Authorized	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000
Issued:				
Balance at beginning	1,917,687,599	1,917,687,599	1,936,870,186	1,936,870,186
Issuance	15,269,604	15,269,604	24,665,707	24,665,707
Redemption	(30,141,261)	(30,141,261)	(36,810,742)	(36,810,742)
Balance at end of period	1,902,815,942	1,902,815,942	1,924,725,151	1,924,725,151
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of the year		484,662,767		497,004,797
Issuance in excess of par value		1,860,324		533,870
Redemption		(7,382,979.64)		(8,615,344)
Balance at end of period		479,140,111		488,923,323
RETAINED EARNINGS				
Balance at beginning of year		(162,017,850)		58,675,813
Total comprehensive loss		(38,538,124)		(486,318,780)
Excess of the redemption cost over the original selling price		3,960,952		2,443,124
Balance at end of period		(196,595,022)		(425,199,844)
		2,185,361,031		1,988,448,630

See accompanying Notes of Financial Statements

PHILEQUITY DIVIDEND YIELD FUND, INC.
(An Open-End Mutual Fund Company)
STATEMENTS OF CASH FLOWS

	For the Period Ended (Unaudited)	
	June 30, 2021	June 30, 2020
	in PHP	in PHP
CASH FLOW FROM OPERATING ACTIVITIES		
Investment income/(loss) before income tax	(38,517,752)	(486,033,845)
Adjustments for:		
Net realized/unrealized gain on change in fair value of financial assets at fair value through profit or loss (FVPL)	43,373,937	488,693,892
Operating loss before working capital changes	4,856,185	2,660,047
Proceeds from sale of financial assets at FVPL		
Decrease (increase) in:		
Financial assets at fair value through profit and loss	29,990,321	235,360,139
Receivables	(1,257,839)	(32,569,730)
Prepaid expenses and other assets	-	-
Increase (decrease) in accrued expenses	2,286,547	4,899,123
Net cash provided by operations	35,875,214	210,349,579
Income tax paid	(20,372)	(284,935)
Net cash provided by (used in) operating activities	35,854,842	210,064,644
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition	-	-
Proceeds on sale	-	-
Net cash provided by (used in) investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from subscriptions of capital stock	17,129,928	25,199,577
Payments for redemptions of capital stock	(33,563,289)	(42,982,962)
Net cash provided by (used in) financing activities	(16,433,361)	(17,783,386)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,421,482	192,281,258
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	167,426,042	143,502,232
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (Note 6)	186,847,524	335,783,490
OPERATIONAL CASH FLOWS FROM INTEREST AND DIVIDENDS		
Interest received	101,859	1,456,727
Dividends received	30,806,522	20,857,532

See accompanying Notes of Financial Statements

PHILEQUITY DIVIDEND YIELD FUND, INC.

(An Open-End Mutual Fund Company)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Philequity Dividend Yield Fund, Inc. (the Fund) was incorporated in the Philippines and was registered with the Securities and Exchange Commission (SEC) on August 2, 2012 under the Philippine Investment Company Act (ICA) (Republic Act 2629), as an open-end investment company. The corporate life of the Fund is 50 years from the date of incorporation. The Fund is engaged in selling its capital to the public and investing the proceeds in diversified portfolio of equity 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 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 have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL) which are measured at fair value. The financial statements are presented in Philippine peso, which is the Fund's functional currency, and 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 recovery (asset) or settlement (liability) within 12 months from the reporting date (current) and beyond 12 months from the reporting date (noncurrent) is presented in Note 4. All of the Fund's assets and liabilities as of June 30, 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).

Changes in Accounting Policies and Disclosures

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

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*
- Amendments to PFRS 4, *Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts*
- Amendments to PAS 28, *Investments in Associates and Joint Ventures, Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)*
- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*
- PFRS 15, *Revenue from Contracts with Customers*
- PFRS 9, *Financial Instruments*
PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement* and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

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

(a) *Classification and Measurement*

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

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

The classification and measurement requirements of PFRS 9 did not have significant impact on the Fund's financial statements. Cash and cash equivalents and loans and receivables 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 AC starting January 1, 2018. Financial assets at FVPL as at January 1, 2018 are equity securities which are held for trading. Accordingly, these financial assets are continued to be carried at fair value through profit or loss.

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

(b) *Impairment*

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

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

Summary of Significant Accounting Policies

Cash and Cash Equivalents

This includes cash in banks and cash equivalents. Cash equivalents are short-term, highly liquid

investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from date of acquisition and that 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 re-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 date).

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 the 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.

On 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 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 FVTOCI at initial recognition. The Fund's financial assets at FVTPL include equity securities held for trading purposes and equity investments not designated as at FVTOCI.

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 securities gain - net' in the statement of income. Interest earned on these investments is reported in the statement of income under 'Interest income' while dividend income is reported in the statement of income under 'Dividend income' when the right of payment has been established.

Quoted market prices, when available, are used to determine the fair value of these financial instruments. If a financial asset at FVTPL has a bid and ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances shall be used to measure fair value. If quoted market prices are not available, their fair values are estimated based on market observable inputs. For all other financial instruments not listed in an active market, fair value is determined by using appropriate valuation techniques.

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 the 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' and 'Dividends 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, 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 the profit or loss in the statement of comprehensive income, respectively, while dividend income is recorded in 'Dividend income' in the 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 equity securities listed in the PSE 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 FVPL'.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for credit losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the 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', if any, 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', 'Dividends receivable' 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 EIR 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.

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.

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

Trading and investment securities gains (losses) - net

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

Dividend income

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

Interest income

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

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

Expense Recognition

Expenses are recognized when 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.

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 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 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 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 purchases of goods or service is recognized as part of the cost of goods/asset acquired or as part of the expense item, as applicable.

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.

In addition to the instrument having all the above features, the Fund must have no other financial instrument or contract that has:

- 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 puttable instrument holders.

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.

Earnings (Loss) Per Share

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

The weighted average number of common shares used in the calculation of earnings (loss) 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.

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, 2019

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
Under PFRS 9, a debt instrument can be measured at AC or at FVTOCI, provided that the contractual cash flows are SPPI 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.

- 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.

- 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 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 because dividends declared by the Fund do not give rise to tax obligations under the current tax laws.

- 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 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 (FRSC) 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 management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures, as well as the 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.

Judgment

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.

Estimates

a. Credit losses on financial assets

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

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

4. Financial Risk Management Objectives and Policies

The Fund's principal financial instruments comprise 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 equity securities of listed Philippine companies while taking into consideration the liquidity and safety of its investments to protect the interest of its investors. The Fund also has various other financial assets and liabilities such as loans and receivables and accrued expenses and other liabilities, which arise directly from its operations.

Governance Framework

The Fund has established a risk management function under the Treasury department with clear terms of reference and with the responsibility for developing policies to address market, credit, liquidity and

operational risk. 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 there from, 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 this 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 and external credit rating system. The credit quality of treasury exposures is generally monitored through the external ratings of eligible external credit assessment rating institutions.

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

High grade cash and cash equivalents are short-term placements and working cash fund placed, invested, or deposited in local banks belonging to the top twenty banks in terms of resources and profitability. High grade accounts are accounts considered to be of high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits.

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

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

Liquidity risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of a contractual obligation; or inability to generate cash inflows as anticipated.

The Fund is exposed to daily cash redemptions of redeemable participating shares. The Fund is exposed to the risk of being unable to meet its payment obligations to redeeming shareholders.

It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

To limit this risk, the Fund strictly complies with ICA Rule 35-1, As Amended (2013), which requires all Investment Companies/Mutual Funds to invest at least 5.00% of its net assets in liquid/semi-liquid assets. This Rule defines such assets as (a) Treasury notes or bills, certificates of indebtedness issued by the Bangko Sentral ng Pilipinas (BSP) which are short-term and other government securities; and (b) savings or time deposits with government or commercial banks in the name of the Fund.

The table below analyzes financial assets and liabilities and redeemable shares of the Fund into their relevant maturity groups based on remaining contractual undiscounted cash flows as of June 30, 2021 and December 31, 2020:

	30-Jun-21			December 31, 2020		
	Up to a Year	More than a Year*	Total	Up to a Year	More than a Year*	Total
Financial Assets:						
Cash and cash equivalents	186,847,525	-	186,847,525	167,426,042	-	167,426,042
Financial Assets at FVPL						
Quoted equity securities	-	2,007,629,743	2,007,629,743	-	2,080,994,002	2,080,994,002
Receivables						
Due from brokers	1,522,417	-	1,522,417	-	-	-
Dividend receivable	1,070,310	-	1,070,310	1,334,886	-	1,334,886
Accrued interest receivable	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-
Total receivables	2,592,727	-	2,592,727	1,334,886	-	1,334,886
	189,440,252	2,007,629,743	2,197,069,995	168,760,928	2,080,994,002	2,249,754,929
Other Financial Liabilities:						
Accrued expenses and other current liabilities	11,574,562	-	11,574,562	9,679,563	-	9,679,563

As of June 30, 2021 and December 31, 2020, 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, financial assets at FVTPL and loans and receivables 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 shares of stock. Through proper portfolio diversification, this risk can be minimized as losses on one particular stock may be offset by gains in another.

The effectiveness of the diversification of the portfolio may be evaluated by comparing the volatility of the portfolio versus the volatility of the PSEi, the benchmark portfolio for the Fund.

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

As of June 30, 2021 and December 31, 2020, the Fund does not have foreign currency denominated financial instruments.

b. Equity price risk

The Fund's price risk exposure at year-end relates to financial assets whose values will fluctuate as a result of changes in market prices, principally of quoted equity securities held for trading.

Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market. The Fund's market risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plan and limits on investments.

c. Interest rate risk

The Fund's exposure to market risk for changes in interest rates relates primarily to the Fund's 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.

d. Market/price risk

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

5. Fair Value of Financial Instruments

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced liquidation or sale. 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 loans and receivables

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

Financial assets at FVTPL

Fair values of listed equity securities are based on quoted prices

Accrued expenses and other liabilities

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

Fair value hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments measured at fair value:

Level 1: quoted (unadjusted) prices in active markets for identified assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table sets forth the carrying values and fair values of financial assets and liabilities recognized as of June 30, 2021 and December 31, 2020:

	June 30, 2021		December 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets:				
Financial Assets at FVPL				
Listed equity securities	2,007,629,743	2,007,629,743	2,080,994,002	2,080,994,002

6. Cash and Cash Equivalents

This account consists of:

	June 30, 2021	December 31, 2020
Cash in banks	186,847,525	167,426,042
Short-term placements	-	-
Total	186,847,525	167,426,042

Cash in banks earns annual interest at the prevailing bank deposit rates. Cash equivalents pertain to short-term placements made for varying periods of up to three months depending on the immediate cash requirements of the Fund, and earn interest at the prevailing short-term deposit rates.

7. Financial Assets at Fair Value through Profit or Loss

Financial assets at FVPL consist of investments in shares of stock listed in the Philippine Stock Exchange held for trading.

Net gain (loss) on financial assets at FVPL consists of:

	June 30, 2021	June 30, 2021
Net realized gain/loss on sale	(29,248,929)	(96,245,515)
Changes in fair values	(14,125,009)	(392,448,377)
Total	(43,373,937)	(488,693,892)

Transaction costs incurred on investment in equities transactions includes commission to broker, Value Added Tax (VAT) and Securities Clearing Corporation of the Philippines fee (SCCP).

8. Loans and Receivables

This account consists of:

	June 30, 2021	December 31, 2020
Due from brokers	1,522,417	-
Dividends receivable	1,070,310	1,334,886
Accrued interest receivable	-	-
Total	2,592,727	1,334,886

9. Accrued Expenses and Other Liabilities

	June 30, 2021	December 31, 2020
Due to related parties	6,214,394	2,821,166
Due to brokers	4,935,166	-
Other liabilities	308,349	6,225,798
Accrued expenses	251,052	375,450
Total	11,708,962	9,422,414

Due to related parties includes management fees payables to Philequity Management Inc. as the fund manager.

Due to brokers arising from the acquisition of investment securities. This is normally due for settlement within three (3) to five (5) days from the trade date

Other liabilities are mostly from documentary stamp, withholding taxes payable next month

10. Equity

Capital Stock

The Fund's capital stock consists of:

	June 30, 2021		June 30, 2020	
	No. of Shares	Amount in PHP	No. of Shares	Amount in PHP
CAPITAL STOCK				
Common Stock - 1 par value				
Authorized	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000
Issued:	1,902,815,942	1,902,815,942	1,924,725,151	1,924,725,151

The summarized information on the Fund's registration of securities under the Securities Regulation Code follows:

<i>Date of SEC Approval</i>	<i>Authorized Shares</i>
<i>February 7, 2014</i>	<i>500,000,000</i>
<i>October 17, 2014</i>	<i>1,000,000,000</i>
<i>December 19, 2014</i>	<i>8,500,000,000</i>

As of June 30, 2021 and December 31, 2020, the total number of shareholders of the Fund is 3,941 and 3,984 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. For the purpose of calculating the NAV per share attributable to holders of redeemable shares, the Fund's listed equity securities held for trading are valued on the basis of closing prices.

	June 30, 2021	December 31, 2020
NAV attributable to holders of redeemable shares (a)	2,185,361,031	2,240,332,516
Number of shares outstanding (b)	1,902,815,942	1,917,687,599
NAV per share (a/b)	1.1485	1.1682

Capital Management

The Fund's investment objective is to seek long-term capital appreciation and to generate regular income through investment primarily in companies listed on the PSE that pay out dividends, 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.

There are no changes made in the objectives and policies during the years ended June 30, 2021 and December 31, 2020.

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. As of June 30, 2021 and December 31, 2020 the Fund is in compliance with this requirement. There are no retained surplus profits in excess of 100.00% of paid-in capital stock.

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

11. 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 the related parties. Other related parties include PEMI and other funds being managed by PEMI.

The Fund has a Management and Distribution Agreement (the Agreement) with PEMI, the fund

manager. As the fund manager of the Fund, PEMI is entitled to the following:

- a. The Fund shall pay an annual management fee of a maximum of 1.50% 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 in 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 quarter ended June 30, 2021 and as of December 31, 2020 are as follow:

	Management Fee	Due to PEMI
June 30, 2021	18,068,413	6,212,084
December 31, 2020	34,810,364	2,820,539

11. Earnings (Loss) per Share

Earnings (loss) per share are calculated by dividing the net income (loss) for the quarter by the weighted average number of common shares outstanding during the quarter.

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

	For the Period Ended	
	June 30, 2021	June 30, 2020
Net investment income/(loss) (a)	(38,538,123)	(468,318,780)
Weighted average number of outstanding shares of stock (b)	1,920,109,109	1,920,735,965
Earning (loss) per share (a/b)	(0.0201)	(0.2532)