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S.E.C. Registration Number

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

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(Company's Full Name)

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

E X C H A N G E T O W E R , 5 T H A V E . C O R N E R

2 8 T H S T . B O N I F A C I O G L O B A L C I T Y ,

T A G U I G C I T Y , M E T R O M A N I L A

(Business Address: No. Street City / Town / Province)

MA. ANGELICA CABANIT

Contact Person

8250-8713

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

1 2 - 1

FORM TYPE

[Empty]

Month

[Empty]

Day

[Empty]

Year

Period Ended

MUTUAL FUND

Secondary License Type, If applicable

[Empty]

Dept. Requiring this Doc.

[Empty]

Amended Articles Number/Section

[Empty]

Total No. of Stockholders

[Empty]

Domestic

[Empty]

Foreign

To be accomplished by SEC Personnel concerned

[Empty]

File Number

\_\_\_\_\_

LCU

[Empty]

Document I.D

\_\_\_\_\_

Cashier

STAMPS

Remarks = pls. Use black inc for scanning purposes

**SECURITIES AND EXCHANGE COMMISSION**

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

**REGISTRATION STATEMENT UNDER THE SECURITIES REGULATION CODE**

1. SEC Identification Number: **A199816221**
2. **PHILEQUITY PSE INDEX FUND, INC.**  
Exact name of registrant as specified in its charter
3. **METRO MANILA, PHILIPPINES**  
Province, Country or other jurisdiction of incorporation or organization
4. **201-884-062-000**  
BIR Tax Identification Number
5. **OPEN-END MUTUAL FUND**  
General character of business of registrant
6. Industry Classification Code:   (SEC Use Only)
7. **15TH FLOOR PSE TOWER, 5TH AVENUE CORNER 28TH STREET BGC TAGUIG CITY, 1634; TELEPHONE NUMBER TELEPHONE NUMBER: (632) 8250-8700**  
Address, including postal code, telephone number, of registrant's principal offices
8. **NOT APPLICABLE**  
If registrant is not resident in the Philippines, or its principal business is outside the Philippines, state name and address including postal code, telephone number and FAX number, including area code, and email address of resident agent in the Philippines
9. Fiscal Year Ending Date (Month and Day): **DECEMBER 31**

**Computation of Registration Fee**

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of Registration fee
Amended Registration Statement				₱10,000.00
Add: Legal Research Fee				₱100.00
Total Registration Fees				₱10,100.00

# **DRAFT PROSPECTUS**

**OF**

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

**AN OPEN-END INVESTMENT COMPANY**

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

### **PHILEQUITY MANAGEMENT, INC.**

#### **Principal Distributor**

15<sup>th</sup> Floor, PSE Tower, 5<sup>th</sup> Avenue corner 28<sup>th</sup> Street,  
Bonifacio Global City, Taguig City 1634  
Tel. No. (632) 8250-8700

**BDO Securities Corporation**

**COL Financial Group, Inc.**

**First Metro Securities Brokerage Corporation**

**Investa Financial Inc.**

**Novel Securities, Inc.**

**Rampver Financials, Inc.**

**Unicapital Securities Inc.**

**Wealth Securities, Inc.**

This Prospectus is dated July 31, 2025

**THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.**

**SUMMARY OF FEES, COMMISSIONS, AND OTHER CHARGES TO BE DEDUCTED FROM THE FUND**

<b>FUND</b>	
<b>Management Fee</b>	0.50% per annum of the average NAV of the Fund
<b>Distribution Fee</b>	0.50% per annum of the average NAV of the Fund
<b>Transfer Agent Onboarding Fee</b>	Fixed fee of P30,000.00
<b>Transfer Agent Retainer</b>	Fixed monthly fee of P30,000.00 (excluding transaction charges)
<b>Custodian Fee</b>	0.015% per annum based on the Market Value of the Fund, payable quarterly upon billing
<b>External Audit Fee</b>	150,000 exclusive of 10% out-of-pocket expenses and 12% value-added taxes
<b>Directors Fee</b>	10,000.00 per diem per meeting
<b>Index Licensing Fee</b>	Up to 3 basis points per annum of the Fund's NAV

<b>INVESTOR</b>	
<b>Sales Load Fee</b>	Maximum of five percent (5%) of the subscription amount.
<b>Early Redemption Fee</b>	Maximum of two percent (2%) of the amount redeemed if less than 90 days
	0% if more than 90 days

**PHILEQUITY PSE INDEX FUND, INC.**

15th Floor PSE Tower, 5th Avenue corner 28th Street, BGC, Taguig City 1634  
Telephone Number: (632) 8250-8700

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

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

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

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

The total proceeds expected to be raised by the Fund is Five Billion One Hundred Fifty Three Million and Five Hundred Thousand Pesos (5,153,500,000) at the Net Asset Value per share of ₱5.1535 as of September 30, 2024. The net proceeds from the sale of securities will be used in investing primarily in companies listed with the Philippine Stock Exchange.

As of September 30, 2024, the Fund has 786,558,155 outstanding shares, valued at ₱4,053,527,451.79. The remaining unissued shares will be sold at the prevailing NAVPs upon subscription.

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

Each holder of Shares will be entitled to such dividends as may be declared by the Company’s Board of Directors (the “Board”). See “Dividend Policy” on page 11 and “Distribution of Dividends” on page 27 of this Prospectus for a more detailed discussion.

The information contained in this Prospectus relating to the Company and its operations has been supplied by the Company and its Fund Manager, unless otherwise stated herein. To the best of its knowledge and belief, the Company, which has taken all reasonable care to ensure that such is the case, confirms that the information contained in this Prospectus relating to the Company and its operations are correct, and that there is no material misstatement or omission of fact which would make any statement in this Prospectus misleading in any material respect. The Company hereby accepts full and sole responsibility for the accuracy of the information contained in this Prospectus as of the date hereof but shall not, under any circumstances, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company since such date.

At present, there is no formal or organized secondary market for the purchase and sale of shares similar to the Offer Shares in the Philippines. The sale of the Offer Shares will not be underwritten. The Offer Shares will be primarily sold through the Fund’s investment manager, Philequity Management, Inc. (PEMI). PEMI, as distributor and investment manager of the Fund, shall be paid a management fee equivalent to fifty basis points (0.50%) and distribution fee equivalent to fifty basis points (0.50%) per annum of the average net asset value of the fund computed on a daily basis.

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

As the Fund will be investing primarily in PSE-listed companies, various factors, such as market conditions, general political and economic situations, and the performance of, and development of, the PSE listed companies may affect the

prices of the stocks wherein the Fund is invested. Further, other risks such as market, credit, liquidity and operational risk should also be taken into consideration. Consequently, there may be instances when the redemption prices of redeemed shares may be less than the prices at which the shares were originally purchased.

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

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

No dealer, selling agent or any other person has been authorized to give information or make any representation not contained in this Prospectus. This Prospectus does not constitute an offer of any securities other than those to which it relates, or an offer to sell or a solicitation of an offer to buy any securities other than those to which it relates in any jurisdiction or to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The delivery of this Prospectus at any time does not imply that the information herein contained is correct as of any time subsequent to this date.

The information contained in this Prospectus has been supplied by Philequity PSE Index Fund, Inc., unless otherwise stated. Philequity PSE Index Fund, Inc. and its Fund Manager accepts full responsibility for the accuracy of the information given herein and confirms that there are no omissions of fact which would make any statement in this Prospectus misleading. Philequity Management, Inc., the investment manager of Philequity PSE Index Fund, Inc., has exerted reasonable efforts to verify the information herein.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE, AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OF COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.

PHILEQUITY PSE INDEX FUND, INC.

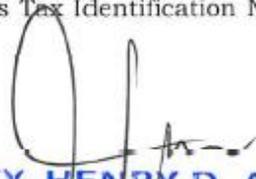
By:

  
IGNACIO B. GIMENEZ  
Chairman and President

DEC 15 2023

SUBSCRIBED AND SWORN TO BEFORE ME this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ at  
CITY OF MANILA, affiant exhibited to me his Tax Identification Number 228-111-486-000.

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

  
ATTY. HENRY D. ADASA  
NOTARY PUBLIC CITY OF MANILA  
APPOINTMENT 09/12/31/2023 MANILA  
IBF NO. 181139 / 01/03/2023  
PTR NO. 0861145 / 01/03/2023  
ROLL NO. 29679, TIN NO. 172-528-620  
MCLE COMP. NO. VII-8808155 VALID UNTIL APRIL 14, 2025  
15  
STA. CRUZ, MANILA

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## **PRINCIPAL PARTIES TO THE OFFER**

### **REGISTRANT**

#### **Philequity PSE Index Fund, Inc.**

15th Floor PSE Tower 5th Avenue corner 28th Street,  
BGC, Taguig City 1634  
Telephone No.: (632) 8250-8700  
Website: [www.philequity.net](http://www.philequity.net)

### **INVESTMENT MANAGER, ADVISOR AND PRINCIPAL DISTRIBUTOR**

#### **Philequity Management, Inc.**

15th Floor PSE Tower 5th Avenue corner 28th Street,  
BGC, Taguig City 1634  
Telephone No.: (632) 8250-8700  
Website: [www.philequity.net](http://www.philequity.net)

### **CUSTODIAN**

#### **BPI Asset Management and Trust Corporation**

7th Floor, BPI Buendia Center,  
Sen. Gil J. Puyat Ave, Makati, 1209  
Telephone No.: 8580-2682

### **TRANSFER AGENT**

#### **Philequity Management, Inc.**

15th Floor PSE Tower 5th Avenue corner 28th Street,  
BGC, Taguig City 1634  
Telephone No.: +632 8250-8700  
Website: [www.philequity.net](http://www.philequity.net)

### **LEGAL COUNSEL**

#### **Valerio & Associates Law Office**

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

### **EXTERNAL AUDITOR**

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

6760 Ayala Avenue Makati City  
Telephone No.: 8891-0307  
Website: [www.sgv.ph](http://www.sgv.ph)

## PROSPECTUS SUMMARY

*The following summary is qualified in its entirety by the detailed information appearing elsewhere in this Prospectus.*

### **Issuer**

Philequity PSE Index Fund, Inc. formerly (formerly "Vantage PSE Index Fund, Inc.") with office address at 15th Floor PSE Tower, 5th Avenue corner 28th Street, BGC, Taguig City 1634. The Fund's telephone number is (+632 8250-8700).

The general character of the business of the Fund is an Open-End Mutual Fund established under the Investment Company Act, R.A. 2629. The Fund is a passively managed index fund that offers and issues both units of participation and mutual fund shares. A separate prospectus for units is available on the company's website [www.philequity.net](http://www.philequity.net).

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

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

### **Offering Price**

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

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

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

### **Proceeds from the Offering**

The total proceeds expected to be raised by the Fund is Five Billion One Hundred Fifty Three Million and Five Hundred Thousand Pesos (5,153,500,000) at the Net Asset Value per share of ₱5.1535 as of September 30, 2024. The net proceeds from the sale of securities will be used in investing primarily in companies listed with the Philippine Stock Exchange. All proceeds, including the original subscription payments at the time of incorporation constituting the paid in capital of the investment company shall be held by the settlement bank, specifically Eastwest Bank (EWB). On the other hand, the custodian for the securities shall be the BPI Asset Management and Trust Corporation. For a more detailed discussion, please refer to the section entitled "Use of Proceeds."

### **Sales Load**

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

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

12:00 noon

### **Minimum Investment**

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

### **Redemption Price**

The redemption price of the securities surrendered within the daily cut-off time shall be the next computed NAV per share after the request for redemption is received. Securities surrendered after the daily cut-off time shall be deemed to have been received on the following banking day.

### **Redemption Fee and Charges**

A redemption fee of a maximum of two percent (2.0%) of the redemption proceeds will be deducted there from if redeemed within the first ninety (90) days of investment. No redemption fee shall be deducted if redeemed beyond ninety (90) days from the time of investment. Redemptions for deposit to bank accounts are subject to check clearing, redemptions made through RTGS / PDDTS are subject to bank charges and any stale checks (for check pick-up) will be subject to a penalty of Php 25.00.

### **Management and Distribution Fee and Expenses**

A management fee equivalent to fifty basis points (0.50%) and distribution fee equivalent to fifty basis points (0.50%) per annum of the average net asset value of the Fund's assets computed on a daily basis shall be payable by the Fund to its investment manager, Philequity Management, Inc. Certain operating expenses of the Fund are deemed covered by the management fee and shall be for the account of Philequity Management, Inc.

**Investment Policies and Objective**

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

**Risk Factors**

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

**Dividend Policy**

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

**SUMMARY OF FINANCIAL INFORMATION**

The selected financial information set forth in the following table has been derived from the Company's audited Financial Statements for the year ending December 31, 2024, and Unaudited Interim Financial Statements for the period ending March 31, 2025. This consolidated financial data should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included elsewhere in this Prospectus.

The Company's audited financial statements for the said period were prepared by the Company's management and audited by SyCip Gorres Velayo & Co. in accordance with Philippine Financial Reporting Standards (PFRS). The summary of financial information set out below does not purport to project the results of operations or financial condition of the Company for any future period or date. The complete audited financial statements of the Company are attached to this Prospectus.

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

**STATEMENTS OF FINANCIAL POSITION**

	<b>(Unaudited)</b>	Audited
	<b>March 31, 2025</b>	December 31, 2024
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	71,944,122	32,003,827
Financial assets at fair value through profit and loss	3,328,927,347	3,474,768,942
Loans and receivables	19,395,859	4,865,704
Other assets	-	-
<b>Total Current Assets</b>	<b>3,420,267,328</b>	<b>3,511,638,473</b>
<b>Total Assets</b>	<b>3,420,267,328</b>	<b>3,511,638,473</b>
<b>LIABILITY AND EQUITY</b>		
<b>Current Liabilities</b>		
Accrued expenses and other liabilities	8,620,675	6,458,751
<b>Equity</b>		
Capital stock	765,470,360	756,516,359
Additional paid-in capital	3,054,250,490	3,029,034,504
Retained earnings	(408,074,197)	(280,371,141)
<b>Total Equity</b>	<b>3,411,646,653</b>	<b>3,505,179,722</b>
<b>Total Liabilities and Equity</b>	<b>3,420,267,328</b>	<b>3,511,638,473</b>

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

**STATEMENTS OF COMPREHENSIVE INCOME**

	<b>For the Periods Ended</b>		<b>For the Quarters Ended</b>	
	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>March 31, 2025</b>	March 31, 2024	<b>March 31, 2025</b>	March 31, 2024
<b>INVESTMENT INCOME (LOSS)</b>				
Net gain (loss) on financial assets at fair value through profit or loss	<b>(162,540,941)</b>	260,393,907	<b>(162,540,941)</b>	260,393,907
Dividends	<b>41,475,368</b>	38,302,034	<b>41,475,368</b>	38,302,034
Interest	<b>222,612</b>	357,512	<b>222,612</b>	357,512
	<b>(120,842,961)</b>	299,053,453	<b>(120,842,961)</b>	299,053,453
<b>EXPENSES</b>				
Management fee	<b>9,507,849</b>	11,116,213	<b>9,507,849</b>	11,116,213
Taxes and licenses	<b>1,318,704</b>	504,882	<b>1,318,704</b>	504,882
Commission	<b>694,950</b>	139,148	<b>694,950</b>	139,148
Transaction costs	<b>146,056</b>	25,047	<b>146,056</b>	25,047
Professional fee	<b>26,630</b>	26,926	<b>26,630</b>	26,926
Others	<b>90,752</b>	105,235	<b>90,752</b>	105,235
	<b>11,784,941</b>	11,917,451	<b>11,784,941</b>	11,917,451
<b>INVESTMENT INCOME (LOSS) BEFORE INCOME TAX</b>	<b>(132,627,902)</b>	287,136,002	<b>(132,627,902)</b>	287,136,002
<b>PROVISION FOR INCOME TAX</b>				
Current – RCIT	-	-	-	-
Final	<b>44,374</b>	71,502	<b>44,374</b>	71,502
	<b>44,374</b>	71,502	<b>44,374</b>	71,502
<b>INVESTMENT INCOME (LOSS) AFTER INCOME TAX</b>	<b>(132,672,276)</b>	287,064,500	<b>(132,672,276)</b>	287,064,500

## GLOSSARY

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

<b>BSP</b>	Bangko Sentral ng Pilipinas
<b>Custodian</b>	BPI Asset Management and Trust Corporation
<b>Investment Manager</b>	Philequity Management, Inc.
<b>Investor</b>	Any individual, association or corporation who desires to invest in the shares of the Fund
<b>NAV</b>	Net Asset Value
<b>NIRC or R.A. 8424, As Amended</b>	National Internal Revenue Code of 1997, as amended
<b>PDDTS</b>	Philippine Domestic Dollar Transfer System
<b>Pesos or ₱</b>	Philippine Peso, lawful currency of the Philippines
<b>Principal Distributor</b>	Philequity Management, Inc.
<b>PSE or the "Exchange"</b>	Philippine Stock Exchange, Inc.
<b>PSEi</b>	Philippine Stock Exchange Index is a fixed basket of thirty (30) common stocks of listed companies, carefully selected to represent the general movement of the stock market.
<b>PPSE</b>	Philequity PSE Index Fund, Inc.
<b>R.A. 2629</b>	Republic Act No. 2629 or the Investment Company Act
<b>RTGS</b>	Real Time Gross Settlement
<b>SEC or the "Commission"</b>	Securities and Exchange Commission
<b>Shareholder or Stockholder</b>	Any natural or juridical person who has subscribed to the shares of the Fund.
<b>The "Fund" or the "Company"</b>	Philequity PSE Index Fund, Inc.
<b>Transfer Agent</b>	Philequity Management, Inc.

## RISK FACTORS

*Before investing in the Fund, an Investor should ensure that he fully understands the nature and terms of the investment, the relevant risk factors, as well as the nature and extent of his risk of loss. He should also carefully evaluate whether a mutual fund investment is appropriate for him in light of his experience, objectives, financial resources and other relevant circumstances, and whether he has the willingness and ability to accept the risks inherent in this kind of investment vehicle.*

*Prior to making an investment decision, the prospective investors should carefully consider the risks described below in addition to the other information set forth in this Prospectus. However, this section does not purport to disclose all risks and other significant aspects of investing in the Offered Securities. The investment considerations and risks enumerated hereunder are considered to be each of equal importance.*

*Investors deal in a range of investments, each of which may carry a different level of risk. The occurrence of any of the events discussed below and any additional risks and uncertainties not presently known to the Company or that are currently considered immaterial could have a material adverse effect on the Company's business, results of operations, financial condition and prospects and may cause the market price of the securities offered to fall significantly and investors may lose all or part of their investment.*

## RISK OF INVESTING

### General Risk Warning

The price of securities can and does fluctuate, and the price of an individual security may experience upward or downward movements, and may even lose all of their value. There is an inherent risk that losses may be incurred rather than profits made as a result of buying and selling securities. Past performance is not a guide to future performance. There is an extra

risk of losses when securities are bought from smaller companies. There may be a significant difference between the buying price and the selling price of these securities. An investor deals in a range of investments each of which may carry a different level of risk.

### **Prudence Required**

This risk disclosure does not purport to disclose all of the risks and other significant aspects of investing in these securities. An Investor should undertake his or her own research and study on the trading of securities before commencing any trading activity. He or she may request information on the securities and issuer thereof from the Commission which are available to the public.

### **Professional Advice**

An Investor should seek professional advice if he is uncertain of, or has not understood any aspect of the securities to be invested in or the nature of the risks involved in the trading of the securities, especially those high risk securities.

The Fund intends to invest in an equity-based portfolio designed to match the Philippine Stock Exchange Index ("PSEi" or "Index").

### **Risk Factors**

As with any investment, a fund's past performance is no guarantee of its future success. Over the long-term, however, the success or failure to profit in the Fund will depend on the following: (i) the Fund's fees and expenses; and (ii) the Fund Manager's ability to manage risks and volatility.

Various risk factors can affect the market value of the assets of the Fund and can cause fluctuations of the Fund's net asset value. The Fund, however, adopts steps to minimize, if not eliminate, the effect of these risks. The major risks facing the Fund are as follows:

- a. **Market Risk** is the risk that the value of an Investor's mutual fund investment will be adversely affected by the fluctuations in the price level or volatility of one or more of the underlying instruments of the mutual fund. This consists of two main components:
  - i. **Systematic Risk** – is the variability in price caused by factors that affect all securities across all markets (e.g. significant economic or political events). This may be seen in connection with the below-discussed Country Risks. To lessen the impact of systematic risk, the Fund from time to time will increase its allocation to cash or equivalents during extreme market volatility. The increase allocation to cash should mitigate somewhat the volatility of the securities in the portfolio and lower the systematic risk to the Fund.
  - ii. **Unsystematic Risk** – is the variability in price caused by factors which are specific to the particular issuer of equities or debt securities. Through proper portfolio diversification, this risk can be minimized as losses on one particular security may be offset by gains in another.
- b. **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. Investments in bonds carry the risk that the issuer of the bonds might not be able to meet its interest and principal payments. The value of the bonds will therefore be adversely affected and may result in a write-off. To mitigate this risk, each Issuer/Borrower/Counterparty passes through a stringent assessment to determine the quality of the issue meets the standards of the Fund. This assessment is conducted periodically to ensure the credit standing is maintained.

#### ***Maximum exposure to credit risk***

The Fund's maximum exposure to credit risk is limited to the carrying value of its financial assets as of reporting date. The Fund does not hold any collateral or other credit enhancements that will mitigate credit risk exposure.

#### ***Credit quality per class of financial assets***

The Fund rates its financial assets based on internal credit rating system. The Fund only invests in high grade financial assets. High grade cash and cash equivalents are short-term placements and working cash fund placed, invested, or deposited in local banks belonging to the top twenty banks in terms of resources and profitability. High grade accounts are accounts considered to be of high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits.

- c. **Liquidity Risk** or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell

financial assets quickly at their fair values, or a counterparty failing on repayment of a contractual obligation, or inability to generate cash inflows as anticipated.

The Fund is exposed to daily redemptions of redeemable participating units. The Fund is exposed to the risk of being unable to meet its payment obligations to redeeming unitholders. It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

- d. **Operational Risk** (also called ‘Operations Risk’) is the risk to earnings or capital arising from problems with service or product delivery. This risk is a function of internal controls, information systems, employee integrity and operating processes. Different institutions have different definitions of operations risk. Some institutions focus only on procedural risks, while others categorize all risks other than credit, market and liquidity under operations risk.

Operations risks refer to possible breakdowns in internal controls and corporate governance, error and fraud, technology failure, business disruptions and unpredictable external events. These circumstances can be very costly for a company. Thus, companies must proactively manage operations risk in order to minimize losses, remain competitive and protect unitholder value.

To mitigate the risk, the Fund manager implements a sound system of internal control which includes but is not limited to segregation of functions among the different personnel, tight security administration and back-up plan, daily reconciliation of nostro accounts, confirmation or call back procedure, and monitoring of exceptions and errors. Personnel are also updated with current regulations affecting the Fund.

- e. **Country Risk**

The success of the Fund’s investments may be influenced by the general political situation in, and the state of the economy of the Philippines.

The general political and economic situations of the country also influence the net asset value of the Fund. As an illustration, when the country's general political and economic situations are perceived to be in turmoil, investors view this situation as the time to pull out their placements and either move these funds to better quality, safer, lower risk investments such as the US dollar or at least place these funds with bigger financial institutions/banks, until such situations normalize. As a consequence, these instances can result to the redemption prices of redeemed units being less than the prices at which the units were originally purchased. Investors who redeem their units may not be able to recover the full cost of their investment.

To somewhat lessen the impact of risk originating from economic and political factors in the Philippines, the Fund will continuously monitor and assess various economic indicators as well as political factors of the country to gauge if certain risks exist that might have a significant effect on the net asset value of the Fund. Economic factors include the GDP, growth in remittances from overseas workers, business process outsourcing revenues, inflation rate, lending and borrowing rates, and the country’s debt-to-GDP. Political factors the Fund might monitor are political decisions made by the administration, status of reforms being administered by the government and foreign investors’ perception of doing business in the Philippines.

- f. **Regulatory Risk**

The Fund’s investment and operations are subject to government regulation, which are subject to change from time to time. Regulations such as taxation and accounting rules may have a significant impact in the performance of the Fund which may either be positive or negative for the investors of the Fund. To address this risk, the Fund will keep itself abreast with all regulatory changes that may have an impact on the Fund’s operation and assets and seek to communicate and dialogue with agencies concerned. In addition, the Fund will be an active member of the Philippine Investment Fund Association (PIFA), through which it may recommend changes in regulatory policies that affect the mutual fund industry.

- g. **Non – Guarantee**

Investments made in Mutual Funds are not guaranteed by the Philippine Depository Insurance Corporation (PDIC). Therefore investors of the Fund are subject to higher risk of losing their capital without any form of guarantee. Moreover, like any similar risk type of investment, past performance of the Fund is not an indicator of the future performance of the Fund. In order to lessen the risk of loss of capital for the investors of the Fund, certain risk-mitigating measures like diversification, investing only in high-quality and highly liquid securities, will be strictly observed by the Fund.

**h. Fund Manager Risk**

In general, the performance of a mutual fund is dependent on the expertise and experience of the Fund Manager. Although a fund's performance is affected by, but not limited to economic, market, political and regulatory factors, decisions made by the Fund Manager has a direct impact on the performance of the Fund. In order to mitigate this risk, the Fund Manager will adhere to a thorough investment process, considering macroeconomic as well as company-specific factors before making an investment decision.

**i. Large Transaction Risk**

If an investor in a Fund makes a substantial subscription/redemption in the Fund, the Fund's cash flow may be adversely affected. For a significant subscription amount, the Fund may be forced to buy securities at unfavorable prices to maintain its intended portfolio positions and weightings. For a significant redemption amount, the Fund may be forced to sell securities at unfavorable prices or even cut losses to ensure there is a sufficient fund to pay the redemption proceeds.

**Risk Monitoring and Management Procedure**

The Fund Manager through its Compliance Officer continuously monitors and identify areas that may pose risks to the Fund that could impact its operations, assets, and investment portfolios. A proactive approach to risk identification ensures that emerging threats are addressed before they escalate.

The Fund also has an Audit Committee to monitor risks, the members of which are required to have accounting and finance backgrounds. The Fund Manager, through its Audit Committee quantifies its market risk exposures through various models and metrics.

Said Committee, among others, shall also ensure compliance with the risk management policies of the Fund. It shall provide oversight over the Fund's activities in managing credit, market, liquidity, operational, legal, and other risks. On an annual basis, the Committee shall review its business continuity plan and implement any changes that are necessary to ensure risks are identified, mitigated and/or eliminated.

Exceptions and revisions to the Risk Management Framework will also be subject to Board approval. The framework also includes the requirements of the SEC with regards to breach of investment restrictions, and respective curing periods.

**FUND FEATURES**

**THE FUND**

Philequity PSE Index Fund, Inc. (formerly "Vantage PSE Index Fund, Inc.") was incorporated on 22 February 1999. The general character of the business of the Fund is an Open-End Mutual Fund established under the Investment Company Act, R.A. 2629. The investment objective of Philequity PSE Index Fund, Inc. is to generate income and achieve long-term capital appreciation by matching the performance of the Philippine Stock Exchange Index ("PSEi"), through investment in the proportionate amount of Index stocks such that the performance of the Fund matches the PSEi. The Fund issues mutual fund shares for sale to the public. Said mutual fund shares are sold through its Principal Distributor, Philequity Management, Inc. ("PEMI") in accordance with the Management and Distribution Agreement. The Fund is ready to redeem or buy back the shares of any investor at the applicable NAV per share.

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

The Fund shall maintain a portfolio of equity securities consisting solely of stocks of companies comprising the Index stocks. The investment objectives, policies and initial investment plans are discussed in detail under the topics Investment Objective and Investment Policies and Investment Restrictions.

The Fund appointed PEMI as its investment manager and principal distributor. A detailed description of the duties of PEMI as investment manager and distributor, the investment procedure and the plan of distribution are discussed under the topic Parties Involved in the Fund and in the Management and Distribution Agreement.

The Fund's securities and investments will be held by BPI Asset Management and Trust Corporation, the Fund's Custodian.

## **INVESTMENT OBJECTIVE AND POLICIES**

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

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

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

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

## **INVESTMENT RESTRICTIONS**

Unless otherwise prescribed by the Commission, the investments and operation of the Fund shall be subject to the following limitations and restrictions:

1. The maximum investment of the Fund in any single enterprise or issuer shall not exceed an amount equivalent to fifteen percent (15%) of its net assets, nor shall the total investment of the fund exceed ten percent (10%) of the outstanding securities of the investee company.
2. The Fund shall not invest, in aggregate, more than twenty percent (20%) of its net assets in transferrable securities, money market instruments, deposits and OTC financial derivatives issued by any single business group, provided the investments in OTC financial derivatives with non-investment grade or unrated counterparty shall not exceed five percent (5%) of the net asset of the Fund. In investing in financial derivative instruments for the Fund, PEMI shall subject itself to the limitations provided in Section 6.8.h of the Implementing Rules and Regulations of the Investment Company Act, Section 2 of SEC Memorandum Circular No. 15 s.2020 and any other rules as prescribed by the Commission.
3. Deposits of the Fund shall not exceed twenty percent (20%) of its net assets in a single bank/non-bank with quasi bank license excluding monies for liquidation of a revoked Investment Company.
4. Investments in:
  - a. Deposits placed with unrated or non-investment grade deposit-taking institution;
  - b. Debt securities or money market instruments not dealt in on organized market or issued by an unrated or non-investment grade issuing body;
  - c. Unlisted shares; and
  - d. Over-the-counter financial derivatives with non-investment grade or unrated counterparty

must not, in aggregate, exceed fifteen (15%) of the net assets of the investment company provided the investments enumerated herein shall not exceed five percent (5%) of the net assets of the investment company.

5. Investment 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 a maximum of thirty five percent (35%) of the net assets of the Fund;
6. In investing in financial derivative instruments, the Fund Manager shall employ a risk-management process which captures the risks associated with the use of financial derivatives and satisfies all the following requirements on an ongoing basis:

- a. The total exposure to financial derivatives or embedded financial derivatives, including counterparty transactions, shall not exceed twenty percent (20%) of the net assets of the investment company;
  - b. The investment company must, at all times, be capable of meeting all its payment and delivery obligations incurred by transactions involving financial derivative instruments;
  - c. The Fund Manager shall not act as a counterparty to an OTC derivative invested into by the Investment Company.
7. The Fund shall be prohibited from investing in the securities it is issuing.
  8. The Fund shall not purchase from or sell to any of its officers or directors or the officers or directors of its investment advisor/s, manager or distributor/s or firm/s of which any of them are members, any securities other than the capital stock or registered units of the Fund.
  9. Unless the Commission shall provide otherwise, Fund shall not engage in short selling;
  10. Unless the Commission shall provide otherwise, the Investment Company shall not invest in any of the following:
    - a. margin purchase of securities (investment in partly paid shares are excluded);
    - b. commodity futures contracts;
    - c. precious metals; and
    - d. unlimited liability investments.
  11. For liquidity purposes, unless otherwise prescribed by the Commission, at least ten percent (10%) of the assets of the Fund shall be invested in liquid/semi-liquid assets.

Such liquid/semi-liquid assets shall refer to, but not limited to the following:

- a. Treasury notes or bills, Certificates of Indebtedness issued by the Bangko Sentral ng Pilipinas which are short term, and other government securities or bonds and such other evidence of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines;
- b. Tradable Long-Term Negotiable Certificate of Time Deposits (LTNCTD)
- c. Government debt securities where the issuer or the guarantor is a foreign government, sovereign or central bank with an international long-term issuer rating of investment grade;
- d. Savings or time deposits with government-owned banks or commercial banks, provided that in no case shall any such savings or time deposit accounts be accepted or allowed under a “bearer”, “numbered” account or other similar arrangement.
- e. Money market instruments issued by Philippine regulated qualified buyers or those issued by an investment grade issuing body;
- f. Other collective schemes wholly invested in liquid/semi-liquid assets.

The Fund has submitted a notarized liquidity contingency plan to implement a decreased investment of less than ten percent (10%) of its assets in liquid/semi-liquid assets.

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

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

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

## **TERMS AND PRICING OF SECURITIES**

### **1. Eligible Investors**

The shares of the Fund may be purchased and held by any person of legal age or duly organized and existing corporations, partnerships or corporate entities regardless of nationality. The Articles of Incorporation of the Fund provides, however, that no transfer of shares of stock of the Fund which reduce the stock ownership or equity interest of Filipino citizens to less than the percentage required by applicable laws or regulations shall be caused or allowed to be recorded in the corporate books of the Fund. The Investor shall declare and warrant that there are no legal restrictions prohibiting the purchase of the shares applied for and that the Investor is otherwise eligible throughout the duration of the period that the Investor remains a shareholder of the Fund.

### **2. Offering Price**

The price at which the securities are to be sold is at the Net Asset Value ("NAV") per share on the day of the purchase. A sales load fee may also be charged on the day of the purchase.

The daily cut-off time for the reckoning of the date of submission of the subscription application shall be 12:00 noon. If the application is received on or before the said cut-off time, the shares shall be valued based on the NAV per share for the same banking day. For applications received after the cut-off time, it shall be deemed to have been received the next banking day, and the NAV per share for the next banking day will be used as basis for payments. In both instances, a sales load fee may be charged based on the total price of the application.

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

### **3. Sales Load**

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

### **4. Minimum Investment**

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

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

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

### **6. Subscription and Redemption Procedure**

#### **A. Subscription**

##### **1. Opening an Account**

A prospective investor must submit one (1) valid government-issued ID and duly accomplished PEMI account opening documents. Upon submission, the Certified Solicitor and MF Distributor shall conduct a Client Suitability Assessment to measure the prospective investor's investment goals and risk tolerance. Once accomplished, the investor must make the appropriate payment to the Fund via the designated bills payment facility, subject to the cut-off time of 12:00 nn. The booking of such payments shall follow a

trade date plus one (T+1) or trade date plus two (T+2) basis, depending on the processing time of the servicing financial institution.

For direct investors, payment made through the above-mentioned bills payment facility shall constitute conclusive evidence of the investor's intention to subscribe to the Fund. Such payment shall be deemed valid and binding, even in the absence of additional supporting documentation, such as an investment application form or subscription form, as the required transaction details—including the date, amount, client account number, and investor's name—are captured through the bills payment facility. Access to this facility is secured by authentication credentials, including a password known only to the account holder, thereby further confirming the legitimacy and ownership of the transaction in lieu of a signed document.

For investors subscribing through Distributors, a Transaction Order Form (TOR) shall be submitted by the Distributor. Once accepted by the Investment Manager, the TOR shall constitute a binding agreement for the purchase of the Fund shares in accordance with the terms set forth in this Prospectus and the Account Opening Form. Upon booking of the transaction, the investor shall be issued a Confirmation Notice of subscription and an Acknowledgement Receipt.

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

Applications for the number of shares and the applicable NAV are subject to acceptance and approval by the Principal Distributor. Upon acceptance, the payment shall be booked using the NAVs on that day, and the investor shall receive a Confirmation Notice.

The Principal Distributor reserves the right to reject and scale-down any subscription payment for any reason. The Principal Distributor shall inform the Investor of such reduction or rejection within seven (7) days after submission of the TOR or the payment date, as applicable.

## **3. Payment Terms**

Subscriptions shall be paid in full through the designated bills payment facility. Installment payments are prohibited. Any applicable bank charges shall be borne solely by the investor.

## **4. Refunds**

Refunds of payments for any rejected or scaled-down applications shall be made without interest by the Principal Distributor not later than seven (7) days after submission. The respective Investor shall receive a check, crossed "Payee's Account Only," or fund transfer to the investor's account.

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

Stock certificates are issued to investors in scripless format. In the interest of economy and convenience, certificates for shares purchased will only be issued if so requested in writing by the shareholders. Shares are recorded on a stock register by the Corporation's duly appointed Transfer Agent and shareholders who do not elect to receive stock certificates have the same rights of ownership as if certificates had been issued to them.

Upon the request of the Investor, stock certificates representing ownership of the shares of the Fund and Custodian Receipts shall be issued by the Transfer Agent and Custodian Bank, respectively, and shall be made available to the Investor as soon as practicable at the office(s) of the Transfer Agent and Custodian Bank. Any certificate that remains unclaimed for a period of thirty (30) days shall be mailed to the address specified in the Investment Application Form at the risk of the Investor.

The cost of issuance of the stock certificates shall be borne by the shareholder.

## **6. Periodic Fund Statement**

The Investor shall receive a monthly Fund Statement indicating the status of the investment in the Fund through email.

## B. Redemption

### 1. NAV Per Share Computation

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

### 2. Manner and Method of Redemption

Upon the presentation to the Principal Distributor of the securities for redemption, the holder of the shares of the Fund is entitled to receive by way of redemption approximately his proportionate share of the Fund's current net assets or the cash equivalent thereof, i.e. the net current asset value per share, subject to existing laws and the By-Laws of the Fund. Any request for redemption should always be accompanied by duly endorsed stock certificates and custodian receipt/s, if they have been issued. The redemption proceeds shall be paid within seven (7) banking days from receipt of the duly accomplished redemption application. Upon booking of the transaction, the investor shall be issued a Confirmation Notice of redemption.

### 3. Redemption Price

The redemption price of the securities surrendered within the daily cut-off time shall be the next computed NAV per share after the request for redemption is received. Securities surrendered after the daily cut-off time shall be deemed to have been received on the next banking day. The daily cut-off time shall be 12:00 o'clock noon.

### 4. Minimum Holding Period and Redemption Charges

The following fees shall be deducted from the redemption proceeds depending on the retention period of the investor:

RETENTION PERIOD	REDEMPTION FEE
90 days	A redemption fee of a maximum of two percent (2.0%) of the redemption proceeds will be deducted there from if redeemed within the first ninety (90) days of investment.
More than 90 days	Nil

Redemptions for deposit to bank accounts are subject to check clearing, redemptions made through RTGS (Php100 – Php500 depending on the bank) / PDDTS (5USD – 20USD depending on the bank) are subject to bank charges and any stale checks (for check pick-up) will be subject to a penalty of Php 25.00.

### 5. Special Considerations

The Commission *motu proprio* or, upon the request of a Fund Manager, may suspend the redemption of securities of Investment Company if:

- The exchange, where eighty percent (80%) of the securities in the Investment Company's portfolio, is suspended;
- Eighty percent (80%) of the securities in the Investment Company's portfolio, could not be traded or liquidated; or
- Whenever necessary or appropriate in the public interest or for the protection of investors.

If the request for suspension of redemption of shares or units is made by PEMI, for any of the grounds mentioned above, the approval of the IOE must be secured.

The Commission shall provide the period of suspension of redemption which shall not be more than twenty-one (21) business days, unless an extension is approved by the Commission En Banc. PEMI must report to the Commission when dealing of the Fund is resumed.

#### **6. Applicable Taxes**

Gains realized by the investor upon redemption of its shares of stock in a mutual fund company registered under Republic Act No. 2629 or the Investment Company Act are excluded from the computation of a taxpayer's gross income and are thus exempt from taxation in accordance with Section 32(B)(7)(h) of the Tax Code.

### **COMPUTATION OF NET ASSET VALUE**

To comply with Section 17 of MC No. 33, Series of 2020, the net asset value shall be calculated by adding:

- The aggregate market value of the portfolio securities and other assets;
- The cash on hand;
- Any dividends on stock trading ex-dividend; and
- Any accrued interest on portfolio securities,

And subtracting:

- Taxes and other charges against the fund not previously deducted;
- Liabilities
- Accrued expenses and fees; and
- Cash held for distribution to investors of the fund on a prior date.

In compliance with SEC Memorandum Circular No. 21, series of 2019, the Fund's Audit Committee was appointed to act as the Fund's Independent Oversight Entity and Independent Net Asset Value Calculator. The Audit Committee shall cross-check the Net Asset Value every dealing day.

### **BENEFITS TO THE INVESTOR**

#### **1. Professional Management and Supervision**

Investing in the Fund affords numerous small investors services which would normally be accessible only to institutional investors and individuals with substantial resources. The Investor is given an opportunity to become part of a professionally managed portfolio of securities. The Investment Manager takes on the task of analyzing the various securities and issues available in the market, and determining the daily market capitalization of each Index stock and the proportion it bears to the aggregate market capitalization of the PSEi. Accordingly, the Investment Manager, who has the expertise, the time and the facilities to undertake such activities, can buy and sell the proportionate number of stocks in order to maintain a portfolio that parallels the composition of the PSEi.

#### **2. Diversification**

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

#### **3. Liquidity**

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

## **USE OF PROCEEDS**

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

All cash proceeds, including the original subscription payments at the time of incorporation constituting the paid in capital of the investment company shall be held by the designated custodian bank, which is the settlement account for trades and transfers of securities.

The Fund shall be guided by the investment policies and restrictions on its investments under the topics Investment Objective and Investment Policies and Investment Restrictions.

The Fund has entered into a Management and Distribution Agreement with PEMI. As Fund Manager, PEMI may, without need of prior approval of or prior notification to the Fund, purchase and sell securities or make other investments for the account of the Fund within the limits of the Fund's investment objectives, policies or guidelines and subject to the provisions of R.A. 2629. The complete scope of services of PEMI as Fund Manager and Distributor can be see under the section titled "Management and Distribution Agreement".

The Company shall not engage in lending operations and shall not make loans to other interested persons such as the members of the Board of Directors, officers of the Company and any affiliates or affiliated corporations to the Fund.

No material amount of other funds shall be necessary to accomplish the specified purpose for which the offering is made.

The fund likewise has no intention to use any material amount of the proceeds for the acquisition of assets or to finance the acquisition of other businesses.

Any amount of the proceeds shall not be used as well to reimburse any officer, director, employee or shareholder of the Fund for any services rendered, assets previously transferred, and money loaned or advance or otherwise.

## **DETERMINATION OF OFFERING PRICE**

The price at which the securities are to be sold is at the Net Asset Value per share ("NAVPS") on the day of the purchase. A sales load fee may also be charged on the day of the purchase which shall be determined by each distributor provided that the sales load does not go beyond the maximum sales load fee. The daily cut-off time for the reckoning of the date of submission of the subscription application shall be 12:00 noon. If the application is received on or before the said cut-off time, the shares shall be valued based on the NAVPS for the same banking day. For applications received after the cut-off time, it shall be deemed to have been received the next banking day, and the NAVPS for the next banking day will be used as basis for payments. In both instances, a sales load fee may be charged based on the total price of the application.

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

The NAVPU shall be posted daily in a conspicuous place at the principal office of the Fund, as well as in all its branches and designated redemption centers AND/OR published in at least two (2) newspapers of general circulation in the Philippines on a daily basis and/or be uploaded in its website, through digital portals such as its website or social media accounts.

## **SELLING SECURITY HOLDERS**

There are no securities to be registered which will be offered for the account of security holders.

## **PLAN OF DISTRIBUTION**

The sale of the Offer Shares will not be underwritten. There are no shares designated to be sold to specified persons and none of the shares are to be allocated to an Exchange and/or to its members. No securities are to be offered pursuant to a

dividend or interest reinvestment plan the terms of which provide for the purchase of some securities on the market. Nor are there any securities being registered or to be offered other than for cash.

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

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

PEMI shall be paid a management fee equivalent to fifty basis points (0.50%) and distribution fee equivalent to fifty basis points (0.50%) per annum of the average net asset value of the Fund's assets computed on a daily basis as its management and distribution fee. A sales load not exceeding five percent (5%) may also be charged.

There is no arrangement whereby PEMI has the right to designate or nominate a member or members of the Board of Directors of the Fund. Thus, there is no director so designated or nominated pursuant to an agreement between the Fund and PEMI.

The Fund's shares will be made available through Philequity's web portal. As of 31 July 2025, the portal is still under development and not available to customers. The Fund's shares shall also be made available through its sub-distributors namely BDO Securities Corporation, COL Financial Group, Inc., First Metro Securities Brokerage Corporation, Investa Financial Inc., Novel Securities, Inc., Rampver Financials, Inc., Unicapital Securities Inc., Wealth Securities, Inc. PEMI may also enter into sub-distribution agreements with trained and qualified bank employees to market and sell the shares of the Fund subject to the requirement that the bank and/or employees shall be required to secure the necessary licenses from the SEC to distribute mutual fund shares to the public. For their services, a distribution fee shall be paid to the sub-distributor based on the outstanding daily balance of the Fund's shares distributed and shall be deducted from the distribution fee.

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

The Fund has an authorized capital stock to One Billion Pesos ₱1,000,000,000 composed of One Billion (1,000,000,000) common shares with par value of One Peso (P1.00) per share. The SEC has permitted the Fund to have a paid-in capital lower than Five Million Pesos (P5,000,000.00) as the Fund is one of a group of investment companies in existence under management by one investment company manager, Philequity Management, Inc. The Fund registered its entire authorized capital stock with the Securities and Exchange Commission under SEC Form 12-1 Registration Statement under the Securities Regulation Code.

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

### **Category of the Fund**

The Fund is a growth-oriented mutual fund that tracks the performance of the Philippine Stock Exchange Index (PSEi). More details on the Category of the Fund can be found on page 19 under Investment Objective and Policies

### **Profile of Prospective Investors**

The Fund aims to reach prospective investors who have a long-term horizon and achieve long-term capital appreciation through investing in equities by matching the performance of the Philippine Stock Exchange Index ("PSEi"). These prospective investors should consider the risks involved before investing in the Fund. A complete list of risk factors can be found on Page 16.

### **Procedure for Handling Customer Complaints**

In case of complaints, investors may contact:

Philequity Management Inc,  
15<sup>th</sup> Floor PSE Tower, 5th Avenue corner 28th Street, BGC, Taguig City 1634

E-mail: ask@philequity.net  
Website: www.philequity.net  
Telephone No.: +63 2 8250-8700

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

Complaints are logged for monitoring purposes. Philequity Management Inc. endeavors to resolve your complaint at the soonest possible time. A company representative will reply to your complaint sent through e-mail within 24 hours upon receipt. The Investment Manager shall strive to resolve complaints or issues within thirty (30) days from acknowledgement.

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

Alternatively, you may contact the Securities and Exchange Commission thru [cgfd\\_ld@sec.gov.ph](mailto:cgfd_ld@sec.gov.ph). Philequity Management Inc. is regulated by the Securities and Exchange Commission (SEC).

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

As principal distributor of the Fund, PEMI shall among others, prepare and monitor the sales and redemptions of the Fund and provide a monthly report on fund distribution to the Commission. PEMI shall maintain accurate and appropriate records pertaining to fund distribution which may be subject to inspection or audit by the Fund at any time. The Fund has also authorized PEMI to set up a marketing network and accredit sub-dealers or agents who are directly liable to PEMI. Detailed plans of distribution can be found on page 41 under Management and Distribution Agreement.

#### **Policies on the Conflict of Interest, Management and Procedures in Monitoring and Resolving Conflicts of Interest**

The Directors and Officers of the Fund shall always act in the best interest of the Fund, in a manner characterized by transparency, accountability and fairness. Fair business transactions should occur with the Funds' counterparties such as the Fund Manager, Distributor, Transfer Agent, and Custodian. Directors and officers shall ensure that personal interest is not in conflict with the interest of the Fund, and they shall not use their position to profit, gain or take advantage of any situation that may compromise impartiality. If an actual or potential conflict of interest arises on the part of a director or officer, he or she should fully and immediately disclose it and should not participate in the decision-making process. A director or officer who has a continuing material conflict of interest should seriously consider resigning from his or her position. PEMI and the Fund shall refer to its existing Manual on Code of Ethics regarding any conflicts of interest.

#### **Delegation of Fund Management or Custody of Assets**

Fund Management services has been appointed to PEMI. Please see the Management Agreement in Exhibit 6A. Custody of Assets has been appointed to BPI Asset Management and Trust Corporation. Please see the Custody Agreement in Exhibit 6D. The delegation of fund management or custody of assets shall be subject to compliance with the requirements of the ICA-IRR as amended.

#### **Rights of a Shareholder in case of Dissolution**

The Funds' custodians safe keeps the securities and in case of company dissolution and upon liquidation of the assets, the Fund shall payout the applicable redemption price to its Shareholders under a distribution process to be determined by the Board of Directors of the Fund. The Fund shall submit a Redemption Plan to the Commission prior to its dissolution.

#### **Liabilities of the investment company and the fund manager to the shareholders/unit holders**

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

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

The Fund registered its entire authorized capital stock with the Securities and Exchange Commission under SEC Form 12-1 Registration Statement under the Securities Regulation Code.

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

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

**1. Right of Redemption**

Upon the presentation to PEMI or any of the Fund's duly authorized representatives of the Custodian Receipt(s) and the stock certificate(s) for redemption, the holder of a share of stock is entitled to receive by way of redemption approximately his proportionate share of the Fund's current net assets in cash, i.e. the net current asset value per share, subject to existing laws and the By-Laws of the Fund.

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

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

**3. Distribution of Dividends**

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

**4. Restriction on Transfers**

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

Nothing in this Prospectus shall be construed as a guaranty of return or income; nor does it entitle the investor/s to a fixed rate of return on the money invested by him/her in the fund. PEMI shall not be liable for any loss or depreciation in the value of the fund or in the value of investor's shareholdings unless attributed to PEMI's act of fraud, willful default, gross negligence, or evident bad faith. It is understood that mutual funds are not bank deposit products, not guaranteed by PEMI, not covered by the Philippine Deposit Insurance Corporation, and that losses, if any, are for the sole account of the investor/s.

## **INTERESTS OF NAMED EXPERTS AND INDEPENDENT COUNSEL**

There are no experts or independent counsels hired on a contingent basis and who received a direct or indirect interest in the Fund.

## **INFORMATION WITH RESPECT TO THE REGISTRANT**

### **DESCRIPTION OF BUSINESS**

#### ***The Fund***

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

₱1,000,000,000. The Fund aims to provide small investors with the opportunity of accessing the stock market by investing in shares of stock that comprise the PSEi in such proportion that the performance of the Fund matches that of the PSEi. Inasmuch as the PSEi is subject to upturns and downturns, the Fund's focus is to capitalize on both short-term and long-term capital appreciation. There are no sales or revenues and net income contributed by foreign sales.

The Fund has entered into a Management and Distribution Agreement with Philequity Management, Inc. authorizing PEMI to purchase and sell securities for the account of the Fund. The Fund does not have employees of its own since the management and administration functions are already being handled by PEMI. The Fund will not incur any income but instead PEMI will charge a management fee equivalent to fifty basis points (0.50%) and distribution fee equivalent to fifty basis points (0.50%) per annum of the average NAV for performing its functions.

The custodians safe keeps the securities of the Fund and in case of company bankruptcy and upon liquidation of the assets, the Fund shall payout the applicable redemption price to its unitholders under a distribution process to be determined by the Board of Directors of the Fund. The Fund shall submit a redemption plan to the Commission prior to its dissolution.

The Fund has been conducting the same business since its inception. The Fund has no intention, nor has it undergone any merger, consolidation, any material reclassification or purchase or sale of significant amount of asset not in the ordinary course of the business. The Fund has never filed for bankruptcy, receivership nor has it undergone similar proceedings

### ***Competition***

Mutual funds mainly compete on fund returns, if a fund produces superior returns against its competitors, then the fund will likely have an increase in new subscriptions. However, higher fee structures may act as a deterrent to investing in a fund. The Fund is categorized as a stock fund and is in direct competition with twenty three (23) other equity mutual funds in the industry. Specifically, the Fund competes against other index tracking funds. Data sourced from the Philippine Investment Fund Association (PIFA) shows five (7) other index tracker mutual funds\*. In terms of net asset value, Philequity ranks third amongst its peers. While the aforementioned funds have vast resources and extensive networks through global and regional branches, the Fund believes it has its own competitive advantages. Philequity has maintained its reputation as a leader in relative performance amongst its peers. Fees like sales load, management and exit fees are also factors that affect the decision-making process of potential investors. To date, the Fund charges the lowest fees and shortest holding periods.

\* PIFA Statistical Report, December 31, 2024

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

The Fund does not foresee to have any transactions with and dependence on related parties.

### ***Dependence on a Single or a Few Customers***

The Fund does not have dependence on a single or few customers.

### ***Need for any Government Approval of Principal Products or Services***

Apart from the application to issue units of participation, there are no other applications in progress that require government approval

### ***Patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements held***

The Fund does not hold any patents, trademarks, copyrights, licenses, franchises, concessions or royalty agreements. So the Fund's operation will not be affected by the foregoing.

### ***Compliance with the Investment Company Act***

The Fund is primarily governed by the Securities and Exchange Commission (SEC). Specifically, the Fund shall comply with the implementing rules and regulations of R.A. 2629 or the Investment Company Act and any other amendments thereunto. Any material changes to the Investment Company Act in terms of government regulations shall adversely affect the Fund and its operations.

### ***Other Laws and Government Policies Applicable to the company and Procedures to Ensure Compliance with Relevant Laws and Regulation***

The Compliance Officer is tasked to ensure compliance with relevant laws and regulations. The Compliance Officer shall have the following functions:

- a. To have a system designed to achieve compliance with the SRC, ICA and their IRR, SEC Memorandum Circulars, Corporate Governance Rules, and such other applicable laws, such as, but not limited to, the Anti-Money Laundering Act, Data Privacy Act.
- b. Comply with the orders or resolutions of the Commission, or any of its department.
- c. Oversee the compliance with the requirements of the Commission relative to the closure of the business of an Investment Company and Fund Manager.
- d. Ensure that all CISols are registered and notify the Commission of any resignation; and
- e. Exercise due diligence in the conduct of his/her compliance function.

The Compliance Officer shall take adequate steps to ensure that the Fund is compliant with new laws and regulations that are enacted or issued and shall formulate new control procedures in response to any regulatory amendments. The Compliance Officer is expected to keep management, the Board of Directors and Officers abreast with relevant laws and regulations at all times.

### ***Annual Shareholders' Meeting***

The annual shareholders' meeting of the Fund shall be held at the Fund's principal office every last Friday of September of each year, or such date and time as may be fixed by the Board of Directors.

### ***Effect of existing governmental regulations***

Government regulations have both positive and negative effects on the interest of mutual fund investors.

Examples of positive effects are the Passive Income and Financial Intermediary Taxation Act (PIFITA) bill and Capital Markets Efficiency Promotion Act (CMEPA) law. Under CMEPA law, the removal of DST has made mutual funds more attractive, helping to bring in more investors by lowering investment cost. The PIFITA bill meanwhile, has potential negative impact on investor returns, primarily due to increased taxation on reinvested gains, dividends, and fund income. Although the reforms are intended to boost tax revenues, they may also reduce interest in mutual funds, prompt a shift toward alternative investments, and hinder efforts to promote financial inclusion.

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

### **PROPERTIES**

Operations will be conducted within the premises of the fund manager. All facilities are either owned or provided by the fund manager. The Fund has neither properties under its fixed assets accounts nor hires employees for its operation.

### **LEGAL PROCEEDINGS**

The Fund is not involved in any litigation or disputes. As of date, the Fund does not foresee any legal dispute to be instituted either by any government agency or entity or by third persons.

The Fund is not involved in, nor is any of its properties subject to, any material legal proceedings that could potentially affect their operations and financial capabilities.

## MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDERS' MATTER

### *Market Information*

There is no established public trading facility or market for the shares of stock of the Fund. The Fund's shares shall be sold through its appointed Principal Distributor.

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

	1 <sup>st</sup> Qtr	2 <sup>nd</sup> Qtr	3 <sup>rd</sup> Qtr	4 <sup>th</sup> Qtr
2021	4.3480	4.6551	4.6949	4.8182
2022	4.9219	4.2101	3.9239	4.4956
2023	4.5043	4.5039	4.4090	4.5107
2024	4.8559	4.5371	5.1535	4.6339
2025	4.4569	4.6482	-	-

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

Year	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	High	Low	High	Low	High	Low	High	Low
2021	4.9002	4.3107	4.7059	4.1702	4.7429	4.2334	5.0318	4.6681
2022	5.0668	4.6367	4.8942	4.1495	4.691	3.9239	4.6439	3.9519
2023	4.8520	4.3900	4.6452	4.4537	4.6461	4.2197	4.5587	4.1650
2024	4.8967	4.5425	4.9107	4.3614	5.2871	4.4991	5.3520	4.5401
2025	4.7011	4.1751	4.7557	4.2061	-	-	-	-

### *Holdings*

As of July 31, 2025, the Fund has 22,156 Common shareholders.

On 23<sup>rd</sup> of July 2015, SEC en banc approved the confidential treatment of the Top 20 shareholders of the Fund, including the 5% and 10% beneficial owners.

### *Dividends*

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

### *Recent Sales of Unregistered Securities*

There has been no recent sale of unregistered securities.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

*The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the financial statements of the Company and notes thereto included elsewhere in this Prospectus. The Company cautions prospective investors that its business and financial performance are subject to substantive risks and uncertainties.*

## Plan of Operation

The Fund was incorporated to carry out the general business of an open-end mutual fund.

The principal sources of income shall be the returns on its investments as stated in the Investment Objective and Policies as well as, proceeds from the sale of its shares to the public.

The Fund will not undertake any product research and/or development during its operations. It does not foresee any purchase or sale of plant and equipment as well as any significant changes in the number of employees in the next twelve (12) months.

## Management's Discussion and Analysis

### A. Financial Condition and Liquidity

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

Financial Position	Unaudited	Audited	Increase/ Decrease	Percentage
	March 31, 2025	December 31, 2024		
Total Assets	<b>3,420,267,328</b>	3,511,638,473	(91,371,145)	-2.60%
Total Liabilities	<b>8,620,675</b>	6,458,751	2,161,924	33.47%
Total Equity	<b>3,411,646,653</b>	3,505,179,722	(93,533,069)	-2.67%

A total asset decreased by -2.60% is attributable to effect or decreased of market prices of equity securities.

Increase of 33.47% in total liabilities is mainly due to increase in accrued expenses, documentary stamp tax payable and withholding tax payable.

### B. NAV Per Share

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

	March 31, 2025	December 31, 2024
NAV attributable to holders of redeemable shares (a)	3,411,646,653	3,505,179,722
Number of shares outstanding (b)	765,470,360	756,516,359
<b>NAV per share (a/b)</b>	<b>4.4569</b>	<b>4.6333</b>

### C. Operating Revenues and Expenses

Income Statement	For the Period Ended		Increase/ Decrease	Percentage
	March 31, 2025	March 31, 2024		
Investment Income (Loss)	<b>(120,842,961)</b>	<b>299,053,453</b>	(419,896,413)	-140.41%
Expenses	<b>11,784,941</b>	<b>11,917,451</b>	(132,509)	-1.11%
Net Income (Loss)	<b>(132,627,902)</b>	<b>287,136,002</b>	(419,763,904)	-146.19%

**Investment Income** – For the period ended March 31, 2025, the Fund incurred total investment income of ₱120,842,961 from income of ₱299,053,453 of same period last year. Decrease in total investment income is attributable to negative effects or decrease in market prices of equity securities.

**Operating Expense** – Comparing this year and last year's operating expenses, there was a decrease of 1.11% brought by decrease in transaction costs and commission stock transaction tax due to higher equity trades and documentary stamp tax paid for new subscription this period.

**Net Income** – Due to the positive performance of market prices of equity securities in March 31, 2025 versus March 31, 2024, the net income decreases by ₱132,627,902 as compared last year.

#### D. Earnings per Share

The following table reflects the net earnings per share data:

	<b>March 31, 2025</b>	March 31, 2024
Net investment income / (loss) (A)	<b>(132,672,424)</b>	287,864,500
Weighted average number of outstanding shares of stock (B)	<b>764,480,621</b>	824,657,308
Earnings (loss) per share (A/B)	<b>-0.1735</b>	0.3481

#### E. Key Ratios

The Fund sets certain performance measures to gauge its operating performance periodically to assess its overall state of corporate health. Listed below are the major performance measures, which the Fund has identified as reliable performance indicators:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>
Current Ratio	39675.17%	54370.24%
Acid Test Ratio	39675.17%	54137.94%
Solvency Ratio	-1538.49%	2099.62%
Debt-to-Equity Ratio	0.25%	0.18%
Asset-to-Equity Ratio	100.25%	100.18%
Interest Rate Coverage Ratio	NA	NA
Return on Assets	-3.58%	3.71%
Return on Equity	-3.59%	3.72%
Net Profit Margin	99.97%	137.08%

#### F. Top Five Key Performance Indicators

The Fund uses the following five key performance indicators to assess its performance relative to its competitors:

##### 1. Performance vis-à-vis the Benchmark

The Fund will use the PSEi as its benchmark in order to compare the Fund's performance.

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

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>Return (%)</b>
PSEi	6,180.72	6,528.79	-5.33%
PPSE	4.4569	4.6339	-3.82%

##### 2. Assets under Management

One of the ways to measure the Fund's performance is the increase of its Assets under Management. The increase of the Fund's assets is a result of investor confidence in the Fund's performance.

Below is the Fund's growth since December 31, 2023.

<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>Growth (%)</b>
3,411,624,847	3,505,621,156	-2.68%

### 3. Market Share in the Industry

This indicator is related to another indicator, Assets under Management whereby the performance of the Fund will have a direct impact on the Assets under Management of the Fund and thus either increase or decrease its market share.

Though the Fund's Assets under Management have substantially grown, its market share has remained marginally unchanged against its competitors.

	March 31, 2025		March 31, 2025	
	Net Assets (P'm)	%	Net Assets (P'm)	%
First Metro Save and Learn Phil. Index Fund, Inc.	89.08	0%	86.81	0%
PAMI Equity Index Fund, Inc.	993.05	5%	1057.91	5%
Philequity PSE Index Fund, Inc.	3328.93	17%	3505.18	16%
Philippine Stock Index Fund Corp.	5899.41	30%	6558.62	31%
Sun Life Prosperity Phil. Stock Index Fund, Inc.	8485.68	43%	9111.75	43%
COL Equity Index Unitized Mutual Fund, Inc.	234.11	1%	228.43	1%
Philippine Stock Index Fund Corp. (units)	688.52	3%	697.51	3%
<b>Total</b>	<b>19,718.76</b>	<b>100%</b>	<b>21,246.21</b>	<b>100%</b>

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

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

As of March 31, 2025, below are the performances of the various equity funds.

<b>Fund Name</b>	<b>Return (%)</b>
First Metro Save and Learn Phil. Index Fund, Inc.	-4.67%
PAMI Equity Index Fund, Inc.	-4.19%
Philequity PSE Index Fund, Inc.	-3.81%
Philippine Stock Index Fund Corp.	-3.83%
Sun Life Prosperity Phil. Stock Index Fund, Inc.	-4.52%
COL Equity Index Unitized Mutual Fund, Inc.	-3.79%

### 5. NAV Growth vis-à-vis Industry Growth

The Fund's performance is measured by the movements in its NAV. The Fund aims to measure its NAV movement over a series of time periods to assess its performance against the industry which in this case is the stock funds.

<b>Fund Name</b>	<b>March 31, 2025</b>	<b>March 31, 2024</b>
First Metro Save and Learn Phil. Index Fund, Inc.	0.6611	0.7417
PAMI Equity Index Fund, Inc.	41.8862	45.918
Philequity PSE Index Fund, Inc.	4.4569	4.8559
Philippine Stock Index Fund Corp.	740.56	806.58
Sun Life Prosperity Phil. Stock Index Fund, Inc.	0.8328	0.9159
COL Equity Index Unitized Mutual Fund, Inc.	1.0409	1.1342

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

### Income Statement Items – March 31, 2025 versus March 31, 2024

- 162.42% decrease net trading and investment securities gains (losses) is due to decrease in market value of equity investment from negative market performance during the period;
- 8.29% increase in dividends is mainly attributable to increase in dividend declaration during the period;
- -37.73% decrease in interest income is due to decrease in short-term investment activities during the period;
- 161.19% increase in taxes and licenses is due to higher documentary stamp tax from decreased volume of shares subscription;
- 399.43% increase in commission expense is due to the increased volume of buying and selling transactions of equity securities during the period;
- 483.13% increase in transaction costs is due to higher frequency of buying and selling of equity securities;
- 1.10% decrease in professional fees is due to decrease in audit fees during the period; and
- 13.76% decrease in other expense is due to decrease in office expenses during the period.

### Balance sheet items – March 31, 2025 versus December 31, 2024

- 124.80% net increase in cash and cash equivalents is mainly due to increase equity dividends received during the year;
- 4.20% slight decrease in financial assets at fair value through profit or loss is due to slight decrease of equity investments during the period;
- 657.60% increase in loans and receivables is primarily attributable to increase in dividend receivable from last year that are still outstanding;
- 298.62% increase in other assets are due to prepayments from last year; and
- 33.47% increase in accrued liabilities and expenses are from redemptions and payable to brokers that are yet to be settled.

## B. Liquidity and other concerns

The Fund does not expect any liquidity or cash flow problems given the Fund's Investment Restrictions outlined in this Registration Statement. As a defensive strategy the Fund may, at its discretion elect to invest up to 100% of the Fund's assets in cash and/or other liquid assets, subject to any existing liquidity requirements as may be required by law.

In addition, the Fund does not have any off-balance sheet obligations, arrangements or transactions with other individuals or institutions.

## *Information on Independent Accountant and Other Related Matters*

### A. External Audit Fees and Services

#### 1. Audit and Audit Related Fees

The total audit fee is ₱119,700, ₱106,360 and ₱106,360 for 2024, 2023 and 2022. These fees pertain to the audit of the financial statements of the Fund in relation to statutory and regulatory filings.

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

#### 2. Tax Fees

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

### 3. All Other Fees

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

### 4. Audit Policies

The Audit Committee approves any engagements for the services of the external auditor. The final draft of the Audited Financial Statement is presented to the Audit Committee, before the Board's final approval and confirmation.

## B. Changes in and disagreements with Accountants on Accounting and Financial Disclosure

There are no changes in and disagreements with SGV & Co. on accounting and financial disclosures.

## MANAGEMENT AND CERTAIN SECURITY HOLDERS

### DIRECTORS AND EXECUTIVE OFFICERS

As of the date of filing of this Registration Statement, the names, citizenship and ages of all incumbent Directors and Executive Officers of the Company, are as follows:

Name	Citizenship	Age	Position	Term
Ignacio B. Gimenez	Filipino	79	Chairman & President	2006-Present
Leo M. Garcia	Filipino	89	Treasurer	2024-Present
			Director	2000-Present
Gregorio U. Kilayko	Filipino	69	Director	2013-Present
Felipe U. Yap	Filipino	87	Director	2013-Present
Dobbin A. Tan	Filipino	60	Independent	2021-Present
Daniel A. Ongchoco	Filipino	56	Independent	2019-Present
Kevin A. Sy	Filipino	39	Assistant Treasurer	2015-Present
Ma. Angelica Cabanit	Filipino	55	Compliance Officer	2010-Present
Jonathan P. Ong	Filipino	57	Corporate Secretary	2020-Present

Hereunder is a discussion on the business experiences of the incumbent members of the Board of Directors and Executive Officers:

#### Ignacio B. Gimenez

Mr. Gimenez is the Chairman and President of the following mutual funds: Philequity Fund, Inc., Philequity Dollar Income Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity PSE Index Fund, Inc. (2006 to present), Philequity Dividend Yield Fund (2012 to present), Philequity MSCI Philippines Index Fund, Inc. (2017 to present) and Philequity Alpha One Fund, Inc. (2019 to Present). Concurrently, he is also a Director of Vantage Equities Inc., and Vantage Financial Corporation. At the same time, he also holds positions as Vice President and Trustee of Philippine Investment Funds Association (PIFA) and as Corporate Secretary of I.B. Gimenez Securities, Inc. He holds a graduate degree in Business Administration from the Asian Institute of Management (1970) and a college degree from the University of the Philippines (1967).

#### Leo M. Garcia

Mr. Garcia is a Director and the Treasurer of the following mutual funds: Philequity PSE Index Fund, Inc. (Director: 2014 to present, Treasurer: Sept 2024 to present), and Philequity Dividend Yield Fund, Inc (Director: 2013 to present, Treasurer: Sept 2024 to present), Philequity MSCI Philippines Index Fund, Inc. (Director: 2018 to Present, Treasurer: Sept 2024 to present) and Philequity Alpha One Fund, Inc. (Director: 2019 to Present, Treasurer: Sept 2024 to present). Mr. Garcia was formerly the President of LM Garcia Securities Corporation (1980 to 1997). Mr. Garcia holds a Bachelor of Science in Business Administration degree from the University of the Philippines (1958).

#### Gregorio U. Kilayko

Mr. Kilayko is a Director of Philequity PSE Index Fund, Inc. (2013 to Present), Philequity MSCI Philippines Index Fund, Inc. and Philequity Alpha One Fund, Inc. (2021 to Present).. He also an Independent Director of the following corporation: SM Prime Holdings (2008 to present), Belle Corporation (2003 to present). He holds a Bachelor of Science Degree in

Industrial Management Engineering from De La Salle University (1978) and a Management of Business Administration from the Wharton School University of Pennsylvania (1981)

**Daniel A. Ongchoco**

Mr. Ongchoco is the Independent Director of the following mutual funds: Philequity Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity Dollar Income Fund, Inc., Philequity Index Fund, Inc. and Philequity Dividend Yield Fund, Inc. (2021 to Present). He is currently the Chairman and CEO of Synermaxx Corporation (2006-present) and King Boone Enterprise Unlimited, Inc. (2002-present). He also serves as President of Gardner College (1995-present) and GNO Tech Resources, Inc. (2001-present), and Executive Chairman of Gates Professional Schools (2011-present) and Global Quality Education Providers, Inc. (2005-present). He is also the Vice President of Alco Business Corporation (1994-present), and sits as an Independent Director of Philippine Nutri-Foods Corporation (2009-present) and Health & Development Solutions, Inc. (formerly NCP Publishing Corporation) (2009-present). Previously, he was a Director in Alorica Philippines (2002-2007), Indio Communications Design, Inc. (2003-2012), and iBazaar, Inc. (2011-2020). Mr. Ongchoco holds a double degree in Economics (summa cum laude) and Management of Financial Institutions (also summa cum laude) from De La Salle University Manila.

**Dobbin A. Tan**

Mr. Tan is an Independent Director of the following mutual funds: Philequity Peso Bond Fund, Inc., Philequity Dollar Income Fund, Inc. and Philequity Dividend Yield Fund, Inc, Philequity PSE Index Fund, Inc Philequity MSCI Philippines Index Fund, Inc. (2018 to Present), and Philequity Alpha One Fund, Inc (2019 to Present). Concurrently, he is the CEO of New Sunlife Ventures, Inc. He holds a Masters of Business Administration at University of Chicago, Booth School of Business (2013).

**Felipe U. Yap**

Mr. Yap is the Director of the following funds: Philequity PSE Index Fund, Inc., Philequity Fund, Inc., Philequity Peso Bond Fund, Inc. and Philequity Dollar Income Fund, Inc (2000 to present). Since 1988 until the present year, he is the Chairman of the Board and Chief Executive Officer of Lepanto Consolidated Mining Company, Lepanto Investment & Development Corporation, Diamant Manufacturing and Trading Corporation (formerly DiamantBoart Philippines, Inc.), Diamond Drilling Corporation of the Philippines, Far Southeast Gold Resources, Inc., Manila Mining Corporation and Shipside, Inc. He is the Chairman of the Board of First-Lepanto Taisho Insurance Corporation (1989- present), Lepanto Ceramics, Inc. (1990-present), Kalayaan Copper-Gold Resources, Inc. (2007-present), Prime Orion Philippines, Inc. (2000-present), Yapster e-Conglomerate (2000-present), and Zeus Holdings, Inc. (2001-present). He is also Vice Chairman of Ayala Land Logistics Holdings Corporation (2016- present). He is the President of BA-Lepanto Condominium Corporation (1988-present) and Director of the following Philippine Corporation namely: Cyber Bay Corporation (2000-present), Manila Peninsula Hotel, Inc. (1994-present), FLT Prime Insurance Corporation (2016-present) and Philippine Associated Smelting and Refining Corporation (2000-present). He also holds membership in the following organizations: Management Association of the Philippines, The Conference Board, and Makati Business Club. He holds a degree in B.S. Philosophy from the University of San Carlos, Cebu City.

**Kevin Neil A. Sy**

Mr. Sy is the Assistant Treasurer of the following funds: Philequity Fund, Inc., Philequity PSE Index Fund, Inc., Philequity Dividend Yield Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity Dollar Income Fund, Inc. (2015 to Present), Philequity MSCI Philippines Index Fund, Inc. (2017 to Present), and Philequity Alpha One Fund, Inc. (2019 to Present). Concurrently, he is also a Director of Vantage Equities Inc., and Vantage Financial Corporation. Lastly, He is also the President of Wealth Securities Inc. Mr. Sy holds a Bachelor of Science in Corporate Finance and Accounting from Bentley College (2007).

**Ma. Angelica D. Cabanit**

Ms. Cabanit is the Compliance Officer of Vantage Equities, Inc., Vantage Financial Corporation, Philequity Management and the following funds: Philequity Fund, Inc., Philequity PSE Index Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity Dollar Income Fund, Inc. (2010 to Present), Philequity Dividend Yield Fund, Inc. (2013 to Present), Philequity MSCI Philippines Index Fund, Inc. (2017 to Present), and Philequity Alpha One Fund, Inc. (2019 to Present). Ms. Cabanit is a graduate of Bachelor of Science in Commerce major in Accounting from St. Scholastica's College (1989).

**Atty. Jonathan P. Ong**

Atty. Ong is the Corporate Secretary of Vantage Equities, Inc., Vantage Financial Corporation, Philequity Management and the following funds: Philequity Fund, Inc., Philequity PSE Index Fund, Inc., Philequity Dividend Yield Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity Dollar Income Fund, Inc., Philequity MSCI Philippines Index Fund, Inc. and Philequity Alpha One Fund, Inc. (2020 to Present). He obtained his Bachelor of Science (Economics) degree from the U.P. School of Economics on April 2, 1989 and his Bachelor of Laws degree from the U.P. College of Law on April 24, 1993.

He took the bar examinations in September 1993 and was admitted to the Philippine Bar on March 15, 1994. He joined the law firm of Atty. Mario E. Ongkiko sometime in 1994. In June 1996 he became in-house counsel of the erstwhile International Exchange Bank until August 31, 2006. He then joined Maybank Philippines (MPI) in November 2006 as the Head of its Legal Department, and was appointed as its Corporate Secretary in May 2007, positions which he held until July 19, 2019. He is also the Corporate Secretary of the affiliates of MPI in the Philippines – Philmay Property, Inc. and Philmay Holdings, Inc. He is currently special counsel to the DisiniButed and Disini law offices, which he advises on matters involving banking and litigation, and a senior associate at the Valerio Law Offices.

## **INCORPORATORS**

The following are the incorporators of the fund:

1. Ma. Gracia M. Pulido – Tan
2. Hosanna T. Ayson
3. Caesar J. Poblador
4. Ma. Louisa M. Gonzales
5. Ma. Clarissa P. Oben

## **SIGNIFICANT EMPLOYEES**

The Fund has no significant employees, or persons other than the above-named directors and officers who are expected to make a significant contribution to the business of the Fund.

## **FAMILY RELATIONSHIPS**

There are no family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers or persons nominated or chosen by the Registrant to become directors or executive officers.

## **INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS**

To the best of the Company's knowledge, there are no material pending legal proceeding to which the Fund, its Fund Manager, Directors, Executive Officer, Control Person or any of its subsidiaries or affiliates is a party in or in which any of its properties are the subject of the legal proceeding, except for:

Atty. Jonathan P. Ong (Corporate Secretary)

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 SeetJoon, 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.

As of September 13, 2022, PPI had already filed its comment to the BIR's appeal. As of August 14, 2024, the BIR filed its reply to PPI's comment. The case is still pending in the Supreme Court.

## COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

The directors have not received any form of compensation from inception up to present other than a per diem meetings attended and annual directors' bonuses. There is no employment contract between with any of the current executive officers. In addition, there are no compensatory plans or arrangements that resulted in or will result from the resignation, retirement or termination of such executive director or from a change-in-control in the Company and any material terms of any other arrangements, to which any director was compensated, or is to be compensated, directly or indirectly, for any service provided as a director, except as provided below:

Directors receive a per diem of P10,000 for each meeting. Below is a table of per diem received for the past three years

	Year	Annual Compensation
<b>All Directors as a group</b>	2024	519,722
	2023	500,739
	2022	-

The Fund does not employ any officers.

*\*For the year 2025, the Fund forecasts a total per Diem of Php 40,000.00 for each director.*

### ***Employment Contracts and Termination of Employment and Change-In-Control Arrangements***

The Fund has hired PEMI as its investment manager and principal distributor. The Fund does not employ any personnel. There have not been any changes in control agreements since its inception.

## SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

### ***Security Ownership of Certain Record and Beneficial Owner***

On 23<sup>rd</sup> of July 2015, SEC en banc approved the confidential treatment of the Top 20 shareholders of the Fund, including the 5% and 10% beneficial owners.

### ***Security Ownership of Management***

As of September 30, 2023, the following is a tabular presentation of the shares recorded under the name of the directors and executive officers of the Company:

Title of class	Name of beneficial Owner	Amount and nature of beneficial ownership		Citizenship	Percent
Common	Ignacio B. Gimenez	1	Direct	Filipino	0.00%
Common	Gregorio U. Kilayko	1	Direct	Filipino	0.00%
Common	Felipe U. Yap	1	Direct	Filipino	0.00%
Common	Leo M. Garcia	1	Direct	Filipino	0.00%
Common	Dobbin A. Tan	1	Direct	Filipino	0.00%
Common	Daniel A. Ongchoco	1	Direct	Filipino	0.00%

### ***Voting Trust Holders***

On 23<sup>rd</sup> of July 2015, SEC en banc approved the confidential treatment of the Top 20 shareholders of the Fund, including the 5% and 10% beneficial owners.

### ***Changes in Control***

There are no arrangements which may result in the change in control of the Company.

### **CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS**

The Fund has an existing Agreement with PEMI, the Fund manager. Pursuant to the terms of the Management and Distribution Agreement, the Fund shall pay an annual management fee of a maximum of 1.00% of the average NAV of the Fund's assets. Also, the Fund shall remit to PEMI sales commission of a maximum of 3.5% of the gross investment based on tiered-front end sales schedule.

Related party transactions and balances with PEMI for the period ended December 31, 2024:

	<b>Management Fee</b>	<b>Sales Commission</b>	<b>Due to PEMI</b>
2024	43,790,294	26,178	2,049,063

To the best of the company's knowledge, there are no other related parties that fall outside the definition of "related parties" under SFAS/IAS No 24.

Apart from the MDA, certain Directors may have positions as Directors or Officers in companies which the Investment Company may be dealing with. Directors are required to disclose to the Investment Company and its Fund Manager his/her appointment and roles in said company. Dealings with related parties shall be done on an arm's length basis and in accordance with the best execution requirements set in the established internal guidelines.

### **PARTIES INVOLVED IN THE FUND**

#### **INVESTMENT MANAGER AND PRINCIPAL DISTRIBUTOR**

Philequity Management, Inc. (PEMI) is the investment manager, advisor and principal distributor of the Fund. It is duly licensed with the SEC as an Investment Company Adviser with Certificate of Registration No. 01-2004-00156 issued on 30 March 2004 and License Number ICA-00007. PEMI has a solid track record in fund management, being the investment manager and principal distributor of Philequity Fund, Inc., Philequity Dividend Yield Fund, Inc., Philequity Dollar Income Fund, Inc., Philequity Peso Bond Fund, Inc., and Philequity Strategic Growth Fund, Inc.

The guidelines for management of the resources and operations of the Fund are set in the Management and Distribution Agreement between the parties.

#### **PEMI Board of Directors and Officers**

The following are the PEMI Board of Directors and Officers:

##### **Roberto Z. Lorayes**

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

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

Mr. Bunyi is currently the President of PEMI. Concurrently, He is also the President and CEO of Vantage Equities, Inc. and Vice Chairman and CEO of Vantage Financial Corporation (formerly e-Business Services, Inc.) (All since 2006).

Previously, he was formerly SVP and Treasurer of International Exchange Bank (1995-2006). He holds a degree in Management Engineering from the Ateneo de Manila University (1985).

#### **Joseph L. Ong**

Mr. Ong is both the Treasurer and a Director of Vantage Equities, Inc., Vantage Financial Corporation and Philequity Management. Mr. Ong is also the President of Chemcenter Corporation. Previously, he was connected with Exxon Chemicals serving various functions in sales, marketing, audit, and logistics operation both here and abroad. He was also a former director of Petroenergy Resources Corporation from 2007 to 2009. Mr. Ong holds a degree in Chemical Engineering, magna cum laude, from De La Salle University.

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

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

#### **Bert C. Hontiveros**

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

#### **Antonio C. Moncupa, Jr.**

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

#### **Willy N. Ocier**

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

#### **Valentino C. Sy**

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

#### **Wilson L. Sy**

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

#### **Atty. Jonathan P. Ong**

Atty. Ong is the Corporate Secretary of Vantage Equities, Inc., Vantage Financial Corporation, Philequity Management and the following funds: Philequity Fund, Inc., Philequity PSE Index Fund, Inc., Philequity Dividend Yield Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity Dollar Income Fund, Inc., Philequity MSCI Philippines Index Fund, Inc. and Philequity Alpha One Fund, Inc. (2020 to Present). He obtained his Bachelor of Science (Economics) degree from the U.P.

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

## **CUSTODIAN**

BPI Asset Management and Trust Corporation is the Fund's Custodian Bank. It shall be responsible for holding all proceeds from the sale of securities, including the original subscription or payments at the time of incorporation; safekeeping the assets of the Fund; ensuring that the Fund's assets and properties are properly earmarked, and segregated physically and/or on its records; ensure that the assets and properties of the Fund are registered in the name of or for the account of the Fund; and files reports, periodic or otherwise, that relate to its operation as custodian.

## **TRANSFER AGENT**

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

## **LEGAL COUNSEL**

Valerio & Associates Law Office serves as legal counsel of the Fund.

## **EXTERNAL AUDITOR**

The external auditors of the Company is the accounting firm of SyCip, Gorres, Velayo & Company ("SGV & Co.").

## **MATERIAL CONTRACTS AND AGREEMENTS**

Following is a summary of the material terms of the principal agreements related to the business of the Fund and should not be considered to be a full statement of the terms and provisions of such agreements. Accordingly, the following summary is qualified by reference to each agreement and is subject to the full text of each agreement.

## **MANAGEMENT AND DISTRIBUTION AGREEMENT**

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

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

1. Manage the resources and operations of the Fund
2. Invest and re-invest the assets of the Fund
3. Prepare and submit such information and data relating to economic conditions, industries, business, corporation or securities as may be required by the Fund's Board of Directors;
4. Coordinate all activities and extend all necessary assistance to the custodian, auditors and legal counsel of the Fund;
5. Prepare and submit reports, circulars, notices and other information required by the Fund;
6. Provide representation with government offices, instrumentalities and agencies;
7. Provide accounting, bookkeeping, clerical and other administrative services;
8. Provide office space and other administrative facilities;

9. Transact with stockbrokers for the account of the Fund;
10. Distribute and sell shares of the capital stock of the Fund on a best efforts basis at a public offering price equal to the sum of (i) the net asset value per share in effect at the time of the sale of each share; and (ii) the sales load fee payable to the investment manager/principal distributor; and

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

The securities, certificates and other evidences of title to assets within the investment portfolio of the Fund shall be under the custody of the designated Custodian. PEMI may, either directly or through the Custodian, take charge of the collection of interest, dividends or other payments on all securities owned by the Fund, and shall exercise any and all rights of the Fund pertaining to such securities.

PEMI is entitled to a management fee equivalent to fifty basis points (0.50%) and distribution fee equivalent to fifty basis points (0.50%) per annum of the average net asset value of the Fund's assets computed on a daily basis. In addition, the Fund shall pay PEMI the sales load charge, if any for every sale of the Fund's shares.

The initial term of the Agreement is five (5) years. After which the agreement shall continue in effect from year to year, provided that such continuation shall be specifically approved by the Board of Directors of the Fund or by a vote of the majority of the outstanding shareholder of the Fund. The Agreement may be terminated at any time by the Board of Directors of the Fund, by vote of two thirds (2/3) of the outstanding capital stock of the Fund or upon written notice of not less than sixty (60) days.

## **CUSTODIAN AGREEMENT**

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

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

BPI Asset Management and Trust Corporation shall receive, safe keep, record, and account for the cash proceeds of the sale of the units of stock of the fund.

## **STOCK TRANSFER AND DIVIDEND PAYING AGENCY AGREEMENT**

Under this Agreement, Philequity Management, Inc. was engaged by the Fund to act as the stock transfer and dividend paying agent of the Fund.

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

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

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

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

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

## CORPORATE GOVERNANCE

To fully comply with the adopted leading practices on good corporate governance, the Fund has prepared and approved its Manual on Corporate Governance. The Fund's Corporate Governance Committee shall oversee the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity and business strategy, as well as its business and regulatory environments. The Corporate Governance Committee shall also oversee the periodic performance evaluation of the Board and its committees as well as executive management and conduct an annual self-evaluation of its performance. Also, the Fund's Board shall be assisted in its duties and compliance with relevant rules and regulations by a Compliance Officer.

Furthermore, to ensure that directors are kept updated of the developments in the business and regulatory environments, all directors shall, at least once a year, attend relevant annual continuing training program.

The Company's Manual on Corporate Governance provides for, among others, the following:

1. An evaluation system to measure or determine the level of compliance of the Board of Directors and top-level management.
2. Measures being undertaken by the company to fully comply with the adopted leading practices on good corporate governance.
3. Disclosure procedures of any deviation from the company's Manual of Corporate Governance including a disclosure of the name and position of the person/s involved, and the sanction/s imposed on said individual.
4. Plans to improve corporate governance of the company.

## EXPENSES CHARGEABLE TO THE FUND AND THE INVESTMENT MANAGER

CHARGEABLE TO THE FUND	
1	Compensation of the officers and directors of the Fund;
2	Audit and legal fees;
3	Brokerage charges and other customary fees and charges in connection with the acquisition, appraisal and disposition of the Fund's assets;
4	Fees of the custodian bank and customary fees and charges in connection with the acquisition, appraisal and disposition of the Fund's assets. (0.015% per annum based on the Market Value of the Fund, payable quarterly upon billing)
5	Fees of the Investment Manager as compensation for the services and facilities of investment manager.
6	Cost of printing and mailing reports, notices, proxy forms, and other communication to stockholders of the Fund, except those borne by the custodian bank;
7	Fees of transfer agents for the securities of the Fund and other transfer fees to the extent not absorbed by buyers of the Fund's securities; (Fixed monthly fee of P30,000.00; excluding transaction charges)
8	Costs of the registration of the Fund and its securities with the SEC; and

9	Taxes, including income taxes, license fees, documentary stamp taxes, to the extent not absorbed by buyers of the Fund's securities, including cost of bonding the Fund's personnel and officers as may be required by law or by rules and regulations of the SEC.
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<b>CHARGEABLE TO THE INVESTMENT MANAGER</b>	
1	Salaries, bonuses, allowances and other compensation of the personnel hired by PEMI to perform the services in Section 1(a) of the Management and Distribution Agreement, including other costs incurred by PEMI's salesmen, personnel and officers, in connection with the selling of the Fund's shares as may be required by applicable Philippine law or by rules and regulations of the SEC;
2	Expenses of providing the office space and other administrative facilities referred to in Section 1(b) of the Management and Distribution Agreement, including office rentals, cost of office equipment and supplies, cost of utilities, such as telephone, light and water facilities;
3	All other operating expenses of the Fund, subject to the exceptions specified above under the topic Expenses Chargeable to the Fund.
4	Costs of registration of units with the SEC.
5	Registration Fee, Taxes, Trustees and Transfer Agents Fees, Cost of Printing and Engraving, Legal, Accounting and Engineering Fees and any Listing Fees.

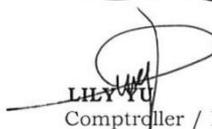
No Premium shall be paid by the registrant or any selling security holder on any policy to insure or indemnify any director or officer against any liability they may incur in the registration, offering, or sale of these securities.

**SIGNATURES**

Pursuant to the requirements of the Securities Regulation Code, this Registration Statement is signed on behalf of the registrant by the undersigned; thereunto duly authorized, in the City of CITY OF MANILA on DEC 15 2023.

By:   
**IGNACIO B. GIMENEZ**  
 Chairman and President <sup>1</sup>

  
**VIOLETA O. LUYM**  
 Treasurer <sup>2</sup>

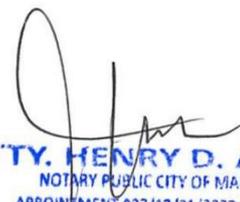
  
**LILY T. YU**  
 Comptroller / Principal Accounting Officer

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

SUBSCRIBED AND SWORN to before me this DEC 15 2023 day of CITY OF MANILA, affiants exhibits to me Tax Identification Number (TIN), as follows:

Name	TIN
Ignacio B. Gimenez	228-111-486-000
Violeta O. Luym	109-731-437-000
Lily T. Yu	211-047-056-000
Atty. Jonathan P. Ong	162-906-632-000

Doc. No. 70;  
 Page No. 15;  
 Book No. XIV  
 Series of 2023

  
**ATTY. HENRY D. ADASA**  
 NOTARY PUBLIC CITY OF MANILA  
 APPOINTMENT 097/12/31/2023 MANILA  
 IBP NO. 181139 / 01/03/2023  
 PTR NO. 0861145 / 01/03/2023  
 ROLL NO. 29679, TIN NO. 172-528-620  
 MCLE COMP. NO. VII-0000155 VALID UNTIL APRIL 14, 2025  
 (LS) STA. CRUZ, MANILA

<sup>1</sup> Equivalent to Principal Executive Officer and Principal Operating Officer  
<sup>2</sup> Equivalent to Principal Financial Officer

## LIST OF EXHIBITS

Exhibit 1	Publication of Notice re: Filing
Exhibit 2A	Articles of Incorporation
Exhibit 2B	By-laws
Exhibit 3	Subscription Form
Exhibit 4	Redemption Form
Exhibit 5	Certification by the President and Chairman of the Board describing the involvement, if any, by management or members of the Board of Directors in companies which the investment company will be dealing with
Exhibit 6A	Fund Management Agreement
Exhibit 6B	Marketing and Distribution Agreement
Exhibit 6C	Stock Transfer and Dividend Paying Agency Agreement
Exhibit 6D	Custodian Agreement
Exhibit 7A	Notarized Curriculum Vitae of Officers and Directors of the Fund
Exhibit 7B	Notarized Curriculum Vitae of Officers and Directors of the Investment Manager
Exhibit 8	Authorization to Commission to access registrant's bank accounts
Exhibit 9	Copy of Board Resolution approving the securities offering and authorizing the filing of the Registration Statement
Exhibit 10	Duly notarized Board Resolution manually signed by a majority of the Board of Directors of the Investment Company and Fund Manager approving the disclosures contained in the Registration Statement and assuming responsibility for the information contained therein
Exhibit 11	Advisory Agreement