

A 1 9 9 8 1 6 2 2 1

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 .

[Empty grid]

[Empty grid]

(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

1 2 - 1

FORM TYPE

[Empty]

Month

[Empty]

Day

[Empty]

Year

Fiscal 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 ink 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** **4.201-884-062-000**  
Province, Country or other jurisdiction of  
incorporation or organization 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: (632) 8250-8701**  
Address, including postal code, telephone number, including area code, 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, 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
Units	100,000,000,000.00	1.00 per unit	100,000,000,000.00	₱10,000.00
Add: Legal Research Fee				₱100.00
Documentary Stamp				₱30.00
Total Registration Fees				₱10,130.00

# **DRAFT PROSPECTUS**

**OF**

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

**AN OPEN-END UNITIZED INVESTMENT COMPANY**

The fund offers units of participation. The Participation Units consists of One Hundred Billion (100,000,000,000) units to be initially offered at One Peso (PhP 1.00) per Unit. The units to be offered are not listed on 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

### **Sub-distributors**

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 November 30, 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>Brokerage Fee</b>	0.10% up to 0.25% of value traded
<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>SEC Regulatory Fee for the Maintenance and Issuance of Units</b>	0.01% p.a. of average NAV
<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 5% of the subscription amount
<b>Early Redemption Fee</b>	1% of the amount redeemed if less than 90 days
	0% if more than 90 days

**PHILEQUITY PSE INDEX FUND, INC.**

15<sup>th</sup> Floor, PSE Tower, 5<sup>th</sup> Avenue corner 28<sup>th</sup> Street, Bonifacio Global City, Taguig City  
Telephone Number: (632) 8250-8700

This Offering Prospectus relates to the offer and sale of One Hundred Billion 100,000,000,000 units of participation (the “Offer,” and such Units of Participation, the “Units”), with an initial net asset value per unit of ₱1.00 per Unit, of Philequity PSE Index Fund, Inc. (hereinafter, referred to as the “Fund” or the “Company”), a corporation organized under Philippine laws.

The units of participation shall primarily be offered by Philequity Management, Inc. (“PEMI”), the Fund’s principal distributor and investment advisor. PEMI is paid a one percent (1.0%) per annum of the average net asset value of the Fund as principal distributor and investment advisor. For more details on the Investment Company Adviser, please refer to the section entitled “Plan of Distribution”.

All of the offered units of the Company issued or to be issued pursuant to the Offer (collectively the “Units”) are unclassified and have, or upon issue will have, identical rights and privileges. The Units may be owned by any person or entity regardless of citizenship or nationality. Each Unitholder shall have no voting rights but shall be notified of any material change in the Registration Statement and the subscription agreement. Unitholders shall not be entitled to such dividends as may be declared by the Company’s Board of Directors (the “Board”).

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 and its Fund Manager 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 units. The sale of units will not be underwritten.

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

Due to the underlying investments of the Fund, various factors, such as market conditions and general economic situations may affect the value of the Fund. Consequently, there may be instances when the redemption proceeds of redeemed units may be of lesser value than when initially invested. A detailed discussion of risks can be found on the section entitled “Risk Factors”.

Application has been made to the Securities and Exchange Commission (SEC) to register the Offer Units under the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799).

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.

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:



ANTONIO R. SAMSON  
Chairman and President

DEC 22 2025

SUBSCRIBED AND SWORN TO BEFORE ME this \_\_\_\_\_ day of \_\_\_\_\_ 2017 at  
CITY OF MANILA, affiant exhibited to me his Tax Identification No. 105-379-031-000.

Doc. No. 22 ;  
Page No. 6 ;  
Book No. 44 ;  
Series of 2011 .



ATTY. MARIELLE YNELA L. LAGUERTA  
Notary Public for City of Manila - Until Dec. 31, 2025  
Notarial Commission No. 2024-179  
Tower 3, 3K, No. 181 No. Lopez St., Ermita, Manila  
I.B.P. NO. 488207- Dec. 27, 2024 for the year 2025  
PTR. NO. 2041441- Jan. 2, 2025 at Manila  
MCLE No. VIII-0010660- Valid until 4-14-2028  
ROLL NO. 88314

## TABLE OF CONTENTS

PRINCIPAL PARTIES TO THE OFFER .....	9
PROSPECTUS SUMMARY .....	10
SUMMARY OF FINANCIAL INFORMATION .....	11
GLOSSARY .....	14
RISK FACTORS .....	14
RISK OF INVESTING .....	15
FUND FEATURES .....	18
THE FUND .....	18
INVESTMENT OBJECTIVE AND POLICES .....	18
INVESTMENT RESTRICTIONS .....	19
TERMS AND PRICING OF SECURITIES .....	20
COMPUTATION OF NET ASSET VALUE .....	23
USE OF PROCEEDS .....	24
DETERMINATION OF OFFERING PRICE .....	24
SELLING SECURITY HOLDERS .....	24
PLAN OF DISTRIBUTION .....	25
DESCRIPTION OF UNITS TO BE REGISTERED .....	25
INTERESTS OF NAMED EXPERTS AND INDEPENDENT COUNSEL .....	27
INFORMATION WITH RESPECT TO THE REGISTRANT .....	27
DESCRIPTION OF BUSINESS .....	27
PROPERTIES .....	30
LIABILITIES OF THE INVESTMENT COMPANY AND THE FUND MANAGER TO THE SHAREHOLDERS .....	30
LEGAL PROCEEDINGS .....	30
MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED UNITHOLDERS' MATTER	31
MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION .....	31
MANAGEMENT AND CERTAIN SECURITY HOLDERS .....	37
DIRECTORS AND EXECUTIVE OFFICERS .....	37
INCORPORATORS .....	39
SIGNIFICANT EMPLOYEES .....	39
FAMILY RELATIONSHIPS .....	39
INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS .....	39
COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS .....	39
SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT .....	40
CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS .....	41
PARTIES INVOLVED IN THE FUND .....	42

INVESTMENT MANAGER AND PRINCIPAL DISTRIBUTOR .....	42
CUSTODIAN .....	43
TRANSFER AGENT .....	43
LEGAL COUNSEL.....	44
EXTERNAL AUDITOR.....	44
BROKERS/DEALERS.....	44
MATERIAL CONTRACTS AND AGREEMENTS.....	45
CUSTODIAN AGREEMENT.....	46
STOCK TRANSFER AND DIVIDEND PAYING AGENCY AGREEMENT.....	46
CORPORATE GOVERNANCE .....	47
EXPENSES CHARGEABLE TO THE FUND AND THE INVESTMENT MANAGER .....	47
CHARGEABLE TO THE FUND - UNITS.....	47
CHARGEABLE TO THE INVESTMENT MANAGER.....	47

## **PRINCIPAL PARTIES TO THE OFFER**

### **REGISTRANT**

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

15<sup>th</sup> Floor, PSE Tower, 5<sup>th</sup> Avenue corner 28<sup>th</sup> Street,  
Bonifacio Global City, 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.**

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

### **CUSTODIAN**

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

7<sup>th</sup> Floor, BPI Buendia Center,  
Sen. Gil J. Puyat Ave, Makati, 1209  
Telephone No.: +632 8580-2682  
Website: [www.bpiassetmanagement.com](http://www.bpiassetmanagement.com)

### **TRANSFER AGENT**

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

15<sup>th</sup> Floor, PSE Tower, 5<sup>th</sup> Avenue corner 28<sup>th</sup> Street, Bonifacio Global City, 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 Gorres Velayo & Co.**

6760 Ayala Avenue, Makati City  
Telephone No.: +632 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. with office address 15<sup>th</sup> Floor, PSE Tower, 5<sup>th</sup> Avenue corner 28<sup>th</sup> Street, Bonifacio Global City, Taguig City, 1634. The Fund's telephone number (632) 8250-8700.

The general character of the business of the Fund is an Open-End Unitized Mutual Fund established under the Investment Company Act, R.A. 2629 and R.A. 8799. The Fund is a passively managed index fund that offers and issues both units of participation and mutual fund shares. A separate prospectus for shares is available on the company's website [www.philequity.net](http://www.philequity.net).

### **Units Offered/Initial Net Asset Value Per Unit**

The Units offered by the Fund shall have an initial net asset value of One Peso (PHP1.00) per Unit.

### **Offer Price**

The offer price per unit is the current NAVPU for the business day, if payment is made within the daily cut-off time, plus a sales load fee, if applicable.

### **Total Units to Offer**

The total number of units to offer shall be One Hundred Billion (100,000,000,000).

### **Proceeds from the Offering**

The total proceeds expected to be raised by the Fund is One Hundred Billion Pesos (PHP 100,000,000,000.00) (computed as 100 billion units multiplied by the initial net asset value of PHP 1.0000 per unit). The net proceeds from the sale of securities will be used in investing primarily in companies listed with the Philippine Stock Exchange.

### **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 (PHP 1,000.00) for initial investments and Five Hundred Pesos (PHP 500.00) for additional investments. Installment payments are prohibited.

### **Redemption Price**

The redemption price of the units surrendered within the daily cut-off time shall be the current computed NAVPU after the request for redemption is received. Units surrendered after the daily cut-off time shall be deemed to have been received on the following business day.

### **Redemption Fee and Charges**

A redemption fee of one percent (1%) of the redemption proceeds will be deducted therefrom if redeemed within the first ninety (90) days of investment. No redemption fee shall be deducted if redeemed beyond ninety (90) days from the date of investment.

Redemptions for deposit to bank accounts are subject to check clearing, redemptions made through RTGS / PDDTS are subject to bank charges and stale checks (for check pick up) will be subject to a penalty of Php 25.00.

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

A management and distribution fee of one percent (1%) 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 and principal distributor, Philequity Management, Inc. (PEMI). Certain operating expenses of the Fund are deemed covered by the management fee shall be for the account of PEMI.

**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. More details on the objective and investment policies of the Fund can be found on page 18 under Investment Objective and Policies.

**Risk Factors**

As the Fund will be investing in PSE Index stocks, various factors, such as market conditions, general political and economic situation, and the performance of corporations whose stocks comprise the PSEi may affect the prices of the stocks wherein the Fund is invested. Further, other risk 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 units may be less than the prices at which the units were originally purchased. Prospective investors are encouraged to read the section on "Risk Factors" and "Risk of Investing" on page 14 to 17 before making an investment.

**SUMMARY OF FINANCIAL INFORMATION**

The selected financial information set forth in the following table has been derived from the Company issued shares' Audited financial Statements for the years ending December 31, 2023 and 2024 and interim unaudited Financial Statements for the quarter ending September 30, 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>Audited</b>		<b>Unaudited</b>
	<b>December 31, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2025</b>
<b>ASSETS</b>			
Cash and cash equivalents	32,003,827	80,984,824	51,187,461
Financial assets at fair value through profit or loss	3,474,768,942	3,708,309,823	3,113,360,597
Receivables (Note 8)	4,865,704	5,651,117	5,074,758
Other assets	-	5,000	-
<b>Total Assets</b>	<b>3,511,638,473</b>	<b>3,794,950,764</b>	<b>3,169,622,817</b>
<b>LIABILITY AND EQUITY</b>			
<b>Liabilities</b>			
Accrued expenses and other liabilities	6,458,751	9,373,210	6,789,984
<b>Equity</b>			
Capital stock	756,516,359	839,296,077	725,105,002
Additional paid-in capital	3,029,034,504	3,349,211,558	2,893,995,158
Retained earnings	(280,371,141)	(402,930,081)	(456,267,328)
<b>Total Equity</b>	<b>3,505,179,722</b>	<b>3,785,577,554</b>	<b>3,162,832,833</b>
<b>Total Liabilities and Equity</b>	<b>3,511,638,473</b>	<b>3,794,950,764</b>	<b>3,169,622,817</b>

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

**STATEMENTS OF COMPREHENSIVE INCOME**

	For the Year Ended		For the Period Ended
	December 31, 2024	December 31, 2023	September 30, 2025
<b>INVESTMENT INCOME (LOSS)</b>			
Net gain (loss) on financial assets at FVTPL	75,744,029	(68,934,025)	(256,109,199)
Dividends	108,214,858	122,821,869	94,269,725
Interest	1,829,730	1,814,913	701,647
Other Income	107,225	-	-
	<b>185,895,842</b>	<b>55,702,757</b>	<b>(161,137,827)</b>
<b>EXPENSES</b>			
Management fee	43,790,294	43,217,248	28,927,123
Taxes and licenses	2,448,797	2,244,889	1,710,000
Commission	924,499	1,238,763	1,080,819
Directors' fees	519,722	500,739	-
Transaction costs	166,410	222,197	194,548
Professional fees	140,744	108,000	243,877
Others	1,929,953	2,748,687	1,171,215
	<b>49,920,419</b>	<b>50,325,523</b>	<b>33,327,582</b>
<b>INVESTMENT INCOME (LOSS) BEFORE INCOME TAX</b>	135,975,423	5,377,234	(194,465,409)
<b>PROVISION FOR INCOME TAX</b>			
Current - RCIT	-	-	-
Provision for Final Tax	365,946	362,982	140,181
<b>INVESTMENT INCOME (LOSS) AFTER INCOME TAX/ TOTAL COMPREHENSIVE INCOME (LOSS)*</b>	<b>135,609,477</b>	<b>5,014,252</b>	<b>(194,605,590)</b>

## 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>Business Day</b>	Any of the days in a week, except Saturdays, Sundays, and holidays, when banks are not required to do, or are authorized by law to close for, business in Metro Manila.
<b>Custodian</b>	BPI Asset Management and Trust Corporation
<b>Investment Manager</b>	Philequity Management, Inc. (PEMI)
<b>Investor</b>	Any individual, association or corporation who desires to invest in the units of the Fund
<b>NAV</b>	Net Asset Value
<b>NAVPU</b>	The computed NAV on a per unit basis at the close of the day. It is calculated by dividing the Fund's total net assets by the number of its outstanding units.
<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>PPSE</b>	Philequity PSE Index Fund, Inc.
<b>Principal Distributor</b>	Philequity Management, Inc.
<b>R.A. 2629</b>	Republic Act No. 2629 or the Investment Company Act
<b>R.A. 8799</b>	Republic Act No. 8799 or the Securities Regulation Code
<b>RTGS</b>	Real Time Gross Settlement
<b>SEC or the "Commission"</b>	Securities and Exchange Commission
<b>The "Fund" or the "Company"</b>	Philequity PSE Index Fund, Inc.
<b>Transfer Agent</b>	Philequity Management, Inc.
<b>Unitholder</b>	Any natural or juridical person who has subscribed to the units of the Fund.
<b>Unitized Mutual Fund</b>	A mutual fund company that issues units of participation, each of which represents an undivided interest in the pool of investment assets of the scheme.

## 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 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 losing money when securities are bought from smaller companies. There may be a big 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, all of 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:

1. **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:
  - a. **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.
  - b. **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.

There are two types of market risk namely:

- a. **Interest Rate Risk** – This refers to the change in the bond price due to factors affecting the market such as interest rates. A change in interest rate is the period when rates rise or fall thus causing the decline or increase in the market price of the bonds held by the Fund, if any. This risk is minimized by closely monitoring the direction of interest rates and aligning it with the appropriate strategy of the Fund.

- b. **Equity Price Risk** – This refers to the changes in prices of equity investments held by the Fund. This is affected by the volatility due to different market factors, changes in prices of equity refer to the equity investments held by the Fund either for strategic or trading purposes. These equity investments, if any, are subject to the daily price fluctuations, as determined by market forces. Hence, prices may vary as a result of the general economic and political conditions, as well as developments in the company's operations and overall profitability. To manage this risk, the equity investments included in the Fund's portfolio are carefully selected based on their fundamental soundness.

- 2. **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.

- 3. **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.

To mitigate liquidity risk, the Fund shall maintain an adequate liquidity reserve. The Fund's Liquidity Contingency Plan and internal guidelines on cash and cash equivalent positions shall likewise be monitored on a daily basis during times of volatility. Finally, the Fund Manager shall ensure that the Fund is invested in securities considered as "liquid" based on the internal guidelines of the Fund Manager.

- 4. **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.

## **5. 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.

## **6. 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.

## **7. 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.

## **8. 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.

## **9. 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.

## **10. Taxation Risk**

Gains realized by investors upon redemption of units in a mutual fund are not subject to personal income tax (R.A. 8424). However, since the fund will only issue units, investors are advised to consult their own professional advisers as to the tax implications of subscribing for, purchasing, holding, and redeeming units of the Fund.

## **Risk Monitoring and Management Procedure**

The Fund Manager through its Compliance Officer continuously monitors areas that may pose risks to the Fund.

The Fund also has an Audit Committee to monitor risks, the members of which are required to have accounting and finance backgrounds.

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**

Incorporated on 22 February, 1999, the general character of the business of the Fund is an Open-End Unitized 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 appointed PEMI as its investment manager and principal distributor. The Fund employs no personnel as the function is solely through PEMI. 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 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 will act within the provision of applicable laws and regulations as stated in the investment restrictions.

### **INVESTMENT OBJECTIVE AND POLICES**

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

The investments and operation of the Fund shall be subject to the following limitations and restrictions:

1. Index Funds shall not be subject to the Investment Limits set forth in Section 6.8 of the ICA IRR provided they comply with the following requirements:

- a. Comprise eligible assets;
- b. Diversified such that the maximum weight per constituent does not exceed thirty percent (30%) of the index or the underlying securities should have the same weights as the index;
- c. Developed by an independent and reputable agency, and based on a recognized and accepted methodology;
- d. Represent an adequate benchmark for the market which is widely accepted in international financial markets;
- e. Index value is published daily through media, which disseminate information in a timely manner and is accessible either publicly or on a subscription basis; and
- f. Information on the index is published daily and readily accessible

2. In investing in financial derivative instruments for the Investment Company, the Fund Manager 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.

i. The total exposure to financial derivatives or embedded financial derivatives, including counterparty transactions, shall not exceed ten percent (10%) of the net assets of the Investment Company, or five percent (5%) of the net assets if the derivatives are not investment grade, unless the derivatives counterparty is used for efficient portfolio management which the investment aggregate shall not exceed more than twenty percent (20%);

ii. The Investment Company shall invest five percent (5%) of its net assets to liquid assets to meet all its payment and delivery obligations;

iii. The Fund Manager shall not act as a counterparty to an OTC derivative invested into by the Investment Company.

- a. The MFC shall be prohibited from investing in the securities it is issuing.
- b. The Investment Company shall not engage in short selling;

3. Unless the applicable Philippine laws, rules and regulations, and orders of the Securities and Exchange Commission ("SEC") provide otherwise, the Fund shall not sell securities short nor invest in any of the following:

- (a) margin purchase of securities (investments in partly paid units are excluded)
- (b) commodity futures contract
- (c) precious metals
- (d) unlimited liability investments

4. 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:

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

5. 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.

6. Unless permitted by applicable Philippine laws, rules or regulations, the Fund shall not participate in an underwriting or selling group in connection with the public distribution of securities, except its own capital stock.

7. The Fund shall not purchase from or sell to any of its officers or directors, or to any of the officers or directors of its investment adviser/s, manager or distributor/s or firm/s of which any of them are members, any security other than the capital stock or registered units of the Fund.

## **TERMS AND PRICING OF SECURITIES**

### **1. Eligible Investors**

The units 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.

In compliance with the Foreign Account Tax Compliance Act (“FATCA”) enacted in the United States (“U.S.”), Foreign Financial Institutions (“FFIs”) such as the Fund are obliged to submit certain compliance reports to the U.S. Inland Revenue Services (“IRS”) with respect to customers or clients who are considered U.S. Persons. If the Fund is found to be non-compliant, the Fund may be subject to a 30% withholding on certain income or proceeds from US sources. The FATCA requires FFIs such as the Fund to conduct due diligence and make certain reports to the IRS with respect to its customers or clients who are identified as U.S. Persons. In line with the Fund’s desire to maintain its processes FATCA-compliant, the Fund will implement its standard procedures which may require additional documents from such U.S. Persons who wish to purchase units of the Fund. PEMI reserves the right to reject any application to purchase units of the Fund if said application is found to be non-compliant with the requirements of PEMI.

### **2. Offering Price**

The price at which the securities are to be sold is at the Net Asset Value Per Unit (“NAVPU”) 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 units shall be valued based on the NAVPU of the same business day. For applications received after the cut-off time, it shall be deemed to have been received the next business day, and the NAVPU for the next business 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.

NAVPU shall be the computed difference between total assets of the Fund and its total liabilities divided by the number of units outstanding.

### **3. Sales Load**

The sales load fee shall be a maximum of five percent (5%) of the value of investment made. The sales commission, to a percentage not exceeding five percent (5%) if any, collected from the gross subscription amount of an investor, paid to the Distributor or their Certified Investment Solicitor.

### **4. Minimum Investment**

Minimum initial investment of One Thousand Pesos (₱1,000.00) and a minimum of Five Hundred Pesos (₱ 500.00) worth of units 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 unitholders through the daily adjustment of the Fund’s NAVPU.

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

#### **1. Subscription Process**

##### **a. Opening an Account**

A prospective investor must submit one (1) valid government-issued ID, billing statement and completely accomplished PEMI account opening documents. Upon submission, the Certified

Solicitor and MF Distributor shall conduct a Client Suitability Assessment to measure the prospective clients' investment goals and tolerance for risk. Once accomplished, the client must make the appropriate payment to the Fund by 12:00nn to be considered a subscription for the same day NAVPU. Documents received past the cut-off shall be processed for the next business day.

An investment application/transaction order form once accepted, shall constitute an agreement between the Investor and the Investment Manager/Principal Distributor for the purchase of the units of the Fund at the time, in the manner, and subject to the conditions set forth in this Prospectus and the Account Opening Form. Upon acceptance of the application, the Investor shall be furnished a confirmation notice of subscription and an acknowledgement receipt.

### **Requirements for Corporate Applicants**

A prospective investor other than individuals must submit Account Opening Forms (AOF) and an Investment Application Form (IAF). Upon submission, the Certified Solicitor and MF Distributor shall conduct a Client Suitability Assessment to measure the prospective clients' investment goals and tolerance for risk. Once accomplished, the client must make the appropriate payment to the Fund by 12:00nn to be considered a subscription for the same day NAVPU. Documents received past the cut-off shall be processed for the next business day.

An investment application, once accepted, shall constitute an agreement between the Investor and the Investment Manager/Principal Distributor for the purchase of the units of the Fund at the time, in the manner, and subject to the conditions set forth in this Prospectus and the Account Opening Form. Upon acceptance of the application, the Investor shall be furnished a confirmation notice of subscription and an acknowledgement receipt. All account opening documents must be submitted and shall be considered integral parts thereof:

- a.) Certified True Copy of the Investor's SEC Certificate of Registration, Articles of Incorporation and By-Laws;
- b.) Notarized corporate secretary's certificate setting forth the resolutions of the Investor's Board of Directors or equivalent body:
  - i.) authorizing the purchase of the units of the Fund;
  - ii.) designating the signatories for the purpose; and
  - iii.) certifying the percentage of capital stock held by non-Filipinos
- c.) Certified True Copy of the Latest General Information Sheet

### **b. Acceptance of Investment Applications**

Applications for the number of units and the applicable NAV are subject to acceptance and approval by the Principal Distributor. Upon acceptance of the Application, the Principal Distributor shall provide the Investor with a copy of the approved investment application form/transaction order form and the confirmation of the acceptance.

The Principal Distributor reserves the right to reject, scale-down and reallocate any application for whatever reason. Applications for which check payments are dishonored upon first presentment, as well as those which do not comply with the requirements set in the Prospectus and the Investment Application Form, shall be rejected. The Principal Distributor shall inform the Investor of such reduction or rejection within seven (7) days after submission of the Investment Application.

### **c. Payment Terms**

Subscriptions shall be paid in full, installment payments are prohibited. Payments must be made in the form of: (a) cash deposit; (b) personal or corporate check, (c) fund transfers or online banking (d) bills payment (e) auto deduct facility or (f) manager's check, drawn against a bank account with a BSP authorized agent bank located in Metro Manila. All such checks must be made payable to "Philequity PSE Index Fund, Inc." dated as of the date of the Investment Application, and remitted

directly to the Principal Distributor at its principal office. Bank fees if any shall be borne by the investor.

**d. 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.

**e. Delivery of Units of Participation**

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

Upon the request of the Investor, certificates representing units of participation in 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.

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

**f. Periodic Fund Statement**

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

**g. NAVPU Computation**

The NAVPU shall be the computed difference between the total assets of the Fund and its total liabilities divided by the number of units outstanding as of the end of the reporting day.

**2. Redemption**

**a. NAVPU Computation**

The NAVPU shall be the computed difference between the total assets of the Fund and its total liabilities divided by the number of units outstanding for the day. The NAV shall be posted in a conspicuous place at 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. Lastly, it shall also be uploaded in its website, through digital portals such as its website or social media accounts.

**b. Manner and Method of Redemption**

Upon the presentation to PEMI a redemption order form and/or any document to be prescribed and recognized by PEMI for redemption, the unitholder is entitled to receive, by way of redemption, approximately his/her proportionate unit of the Fund's current net assets or the cash equivalent thereof, i.e. the NAVPU, subject to existing laws and the By-Laws of the Fund. Any request for redemption should always be accompanied by duly endorsed 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.

**c. Redemption Price**

The redemption price of the securities surrendered within the daily cut-off time shall be the current computed NAVPU 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 business day. The daily cut-off time shall be 12:00 o'clock noon. A redemption fee may be charged by the Corporation to any unitholder,

the rate of which shall be decided upon by the Board of Directors or by the Corporation's investment manager.

The Corporation shall not suspend the right of redemption or postpone the date of payment or satisfaction upon redemption of any redeemable unit for more than the period prescribed by applicable Philippine laws and regulations after the tender of such unit to the Corporation, except on instances the Securities and Exchange Commission may from time to time prescribe.

**d. 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 one percent (1.0%) 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 / PDDTS are subject to bank charges and any stale checks (for check pick-up) will be subject to a penalty of Php 25.00.

**e. 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.
- Such other circumstance as the applicable Philippine laws or regulations may allow.

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.

**f. Applicable Taxes**

**Redemption Gains**

Gains realized by the investor upon redemption of its shares of stock or units of participation 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**

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.

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.

## **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 deposited with the Fund's deposit account with Eastwest Banking Corp., which is the settlement account for payments relating to 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 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 unitholder 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 Unit ("NAVPU") on the day of the purchase. A sales load fee up to a maximum of 5% 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 units shall be valued based on the NAVPU of the same business day. For applications received after the cut-off time, it shall be deemed to have been received the next business day, and the NAVPU for the next business day will be used as basis for payments. In both instances, a sales load up to a maximum of 5% fee may be charged based on the total price of the application.

NAVPU shall be the computed difference between total assets of the Fund and its total liabilities divided by the number of units outstanding, as of the end of the reporting day. The Investment Oversight Committee will do a NAV cross checking on a daily basis.. The sales load fees for the amount of investment in an Investment Application shall be a maximum of five percent (5%).

## **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 Units will not be underwritten. There are no units designated to be sold to specified persons and none of the units are to be allocated to an Exchange and/or to its members.

The Fund has appointed Philequity Management, Inc. (“PEMI”) as the Principal Distributor of the Fund. Under the agreement, PEMI shall among others, prepare and monitor the sales and redemptions of the Fund and provide a monthly report on fund distribution. 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 under Management and Distribution Agreement. As such, PEMI will sell the Fund’s units through its Registered Certified Investment Solicitors and dealers with whom it has entered into distribution agreements.

Any order for units may be rejected by PEMI. The SEC, the Fund, or PEMI may suspend the continuous offering of units to the general public at any time in response to conditions in the securities markets or otherwise and may thereafter resume such offering from time to time. Neither PEMI nor the eligible agents are permitted to withhold placing orders to benefit themselves from a price change.

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.

The Fund’s units will be made available through Philequity’s web portal. As of 30 April 2025, the portal is still under development and not available to customers. The Fund’s units 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 units 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/units 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 units distributed and shall be deducted from the distribution fee.

PEMI shall be paid a distribution fee of 0.50% per annum of the average net asset value of the Fund’s assets computed on a daily basis. A sales load not exceeding five percent (5%) may also be charged.

<b>Fees</b>	<b>Percentage</b>
Distribution Fee	0.50% of the average NAV of the Fund
Management Fee	0.50% of the average NAV of the Fund
Sales Load Fee	Up to a maximum of 5%
Early Redemption Fee	Equivalent to 1% if redeemed before 90 days

## DESCRIPTION OF UNITS TO BE REGISTERED

### 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 18 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 15.

### 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.

All complaints received shall be recorded in a Complaints Log for monitoring and documentation purposes. Philequity PSE Index Fund, Inc. is committed to addressing investor concerns promptly, fairly, and transparently in accordance with the Financial Products and Services Consumer Protection Act of 2022 (FCPA) and its Implementing Rules and Regulations.

A company representative will acknowledge receipt of the complaint sent via email within twenty-four (24) hours. The Fund shall endeavor to resolve the complaint within fifteen (15) business days from acknowledgement. Should the matter require additional time, the investor shall be informed of the expected turnaround time, which shall not exceed thirty (30) calendar days from the date of submission.

Philequity PSE Index Fund, Inc. maintains a Financial Consumer Protection Assistance Mechanism (FCPAM) and a Consumer Protection Risk Management System (CPRMS) in compliance with the Securities and Exchange Commission (SEC) requirements.

All investor information and complaint details shall be treated with strict confidentiality, in accordance with the Fund's Code of Business Conduct and applicable data privacy laws.

If you are not satisfied with the resolution, you may also contact the Securities and Exchange Commission (SEC) through [cgfd\\_id@sec.gov.ph](mailto:cgfd_id@sec.gov.ph) for assistance. Philequity PSE Index Fund, Inc. is regulated by the Securities and Exchange Commission (SEC).

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

As principal distributor of the Fund, PEMI shall monitor all sales and redemptions of the Fund and provide a monthly report on fund distribution to the Commission. PEMI shall maintain records of said reports which may be subject to inspection or audit by the Fund at any time.

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

The Directors and Officers of the Fund shall act in the best interest of the Fund at all times, 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.

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

Fund Management functions has been delegated to PEMI. PEMI will be subject to the provisions of the Implementing Rules and Regulations of the Investment Company Act (ICA-IRR). Please see the Fund Management Agreement in Exhibit 6A for more information.

Custody of Assets has been outsourced. The Fund has appointed BPI. BPI will be subject to the Implementing Rules and Regulations of the Investment Company Act (ICA-IRR). Please see the Custodian Agreement in Exhibit 6D for more information.

#### **Rights of a Unitholder 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 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.

### **Statement of liability of the unitholders to the Investment Company**

The liability of or loss to the Unitholders of the Fund shall be limited to their investments in the Fund.

Each unitholder of the Fund shall have the following rights:

#### **A. Right of Notification**

Unitholders are entitled to be notified of any significant changes to the Registration Statement and the Subscription Agreement. Unitholders shall be notified of these changes at least thirty (30) days before the change is to take effect. Where the change cannot be determined in advance, the investors shall be informed as soon as practicable.

#### **B. Right of Redemption**

Upon the presentation to PEMI or any of the Fund's duly authorized representatives of the Custodian Receipt(s) and the bond certificate(s) for redemption if they have been issued, the unitholder is entitled to receive by way of redemption approximately his proportionate unit of the Fund's current net assets in a form of cheque, i.e. the net current asset value per unit, subject to existing laws and the By-Laws of the Fund.

#### **C. Dividends**

Unitholders are not entitled to dividends of the Fund. The Fund may allow non-guaranteed unit-paying and/or income-paying feature/s if so declared and approved by the Board of Directors of the Fund, and accordingly permitted by the Securities and Exchange Commission.

#### **D. Modification of Rights of Unitholders**

The rights of Unitholders shall not be modified except by amendment of the Fund's Registration Statement or Subscription/Redemption Agreement.

Other than the above and those provided by law, there are no other material rights accorded to the unitholders. Unitholders do not have voting and pre-emptive rights.

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

There are no experts or independent counsels hired on a contingent basis who received or will receive 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 corporation duly authorized to operate as an open-ended investment company with an investment objective of investing in Philippine Stock Exchange Index. On October 31, 2024, the Fund applied with the SEC to offer units of participation. If approved, the Fund will offer both shares and units to the public. 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.

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 and distribution fee of one percent per annum

(1.0%) for performing its function. More information on the distribution method can be found under page 41 under Management and Distribution Agreement.

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 with its shares. 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.

### ***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

### ***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 by having a compliance program which:
  - 1) identifies relevant laws and regulations affecting the Fund and its respective effects for non-compliance;
  - 2) conduct periodic compliance testing and subsequent findings reports or exceptions noted and
  - 3) provide specific action plans to develop, maintain and enhance compliance for the Fund.
- 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.

### ***Prevention of Money Laundering and Terrorist Financing***

As part of the Fund's responsibility for the prevention of money-laundering under the AMLA, as amended, the Terrorism Financing Prevention and Suppression Act of 2012 (R. A. 10168) and other relevant rules and regulations, the Fund or any entity acting on its behalf may require evidence verifying the identity of a prospective investor and the source of the relevant funds. Whether or not such evidence will be required and, if so, the nature and extent of such evidence will depend on attendant circumstances. The Fund, including any entity acting on its behalf, reserves the right to request such information it considers necessary to verify the identity of a proposed purchase of units in each case. The Fund also reserves the right to refuse to accept a subscription of units in the event of delay or failure in the provision of any such required information.

In case of issuance of any freeze order, the Fund shall immediately preserve the subject property or funds upon receipt of the notice of a freeze order, in accordance with the order of the court of competent jurisdiction or the AMLC. The owner or holder of the property or funds shall be given a copy of the notice of the freeze order.

### ***Compliance with Financial Products and Services Consumer Protection Act***

The Financial Products and Services Consumer Protection Act aims to protect consumers of financial products and services by strengthening financial regulators, outlining the duties of financial service providers, and providing consumers with additional rights and remedies. The Fund and PEMI has a responsibility to protect consumer interest and ensure transparency, fair and sound market conduct as well as fair, reasonable and effective handling of financial disputes. If customers are not satisfied with The Fund, its provider and its services, processes or overall experience, customers may contact PEMI or the SEC. Please refer to page 24 under "Procedure for Handling Customer Complaints" for more information.

### ***Compliance with Data Privacy Act of 2012 (Republic Act No. 10173)***

To enable the Fund to comply with the requirements of the Data Privacy Act of 2012 (Republic Act No. 10173) and its implementing rules and regulations, the Fund requires all investors to expressly authorize the Fund to collect and process his/her personal and sensitive personal information and any information related to him/her and his/her account as well as its sharing, transfer and/or disclosure to any of the Fund's affiliates, agents and representatives, industry associations and third parties such as but not limited to outsourced service providers, external auditors, and local and foreign regulatory authorities in relation to any matter including but not limited

to those involving anti-money laundering and tax monitoring, review and reporting, statistical and risk analysis, provision of any products, service, or offers made through mail/email/fax/telephone, customer satisfaction surveys, compliance with court and other lawful orders and requirements. The Fund further requires the investors to hold the Fund and PEMI free and harmless from any liability that may arise from any transfer, disclosure, processing, collection, use, storage or destruction of said information.

#### ***Compliance with Foreign Account Tax Compliance Act***

In compliance with local and foreign regulatory requirements, the Fund requires the investor to notify the Fund in writing and provide the required details or documents within thirty (30) days from a change of his/her circumstances. Change of circumstances means any change in the investor's circumstances which results in the Fund being subject to tax reporting and withholding requirements under local and/or foreign laws applicable to the investor or investor's property (such as the US Foreign Account Tax Compliance Act). There is a change of circumstances if there is a change in the investor's contact information, identification documents, place of residence, citizenship of the owner or beneficiary, or other circumstances as defined under applicable laws.

Failure to accomplish the foregoing gives the Fund the right to exercise any of the following: a) continue the account on the same terms and conditions, b) continue the investment on the same terms and conditions and deduct from it any amounts that the Fund has to withhold under the applicable laws, or c) terminate the investor's account. The right to terminate the account will only be exercised after the investor has failed to provide the required information within thirty (30) days from written notice from the Fund and only after the Fund is unable to transfer the investor's policy or take any steps other than termination in order to comply with applicable laws.

#### **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.

#### **LIABILITIES OF THE INVESTMENT COMPANY AND THE FUND MANAGER TO THE SHAREHOLDERS**

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.

#### **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 parties.

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.

There is no material pending legal proceeding to which the Fund, its Fund Manager, or any of its subsidiaries or affiliates is a party or in which any of its properties are the subject of the proceeding.

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

### *Market Information*

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

### *Holdings*

As of December 31, 2024, the Fund has 23,129 shareholders with common shares and no unitholders.

### *Recent Sales of Unregistered Securities*

There has been no recent sale of unregistered securities.

### *Dividends*

The Fund only intends to issue units of participation. Unitholders are not entitled to dividends of the Fund. The Fund may allow non-guaranteed unit-paying and/or income-paying feature/s if so declared and approved by the Board of Directors of the Fund, and accordingly permitted by the Securities and Exchange Commission.

## 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 units to the public.

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

The fund intends to invest 100% of its proceeds as its objective to track the PSEi. Should there be a redemption, the Fund intends to sell its assets to meet the requirement. The liquidity contingency plan is also in place to ensure available liquidity.

### *Management's Discussion and Analysis*

The financial information set forth in the following table has been derived from the Company issued shares' interim unaudited Financial Statements for the period ending June 30, 2025 and the Audited financial Statements for the years ending December 31, 2023 and 2024

#### A. Financial Condition and Liquidity

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

Financial Position	Audited		Increase/ Decrease	Percentage
	December 31, 2024	December 31, 2023		
Total Assets	3,511,638,473	3,794,950,764	(283,312,291)	-7.47%
Total Liabilities	6,458,751	9,373,210	(2,914,459)	-31.09%
Total Equity	3,505,179,722	3,785,577,554	(280,397,832)	-7.41%

Total assets slightly decreased by 7.47% mainly because of the decrease in investments in equity securities.

The decrease of 31.09% in total liabilities is mainly due to settlement of redemptions and payable to brokers.

<b>Financial Position</b>	<b>Unaudited</b>	<b>Audited</b>	<b>Increase/ Decrease</b>	<b>Percentage</b>
	<b>September 30, 2025</b>	<b>December 31, 2024</b>		
Total Assets	3,169,622,817	3,511,638,473	(342,015,656)	-9.74%
Total Liabilities	6,789,984	6,458,751	331,233	5.13%
Total Equity	3,162,832,833	3,505,179,722	(342,346,889)	-9.77%

A total asset decreased by -9.74% is attributable to effect or decreased of market prices of equity securities.

Increase of 5.13% in total liabilities is mainly due to increase in accrued expenses, documentary stamp tax payable and withholding tax payable.

## B. NAV Per Unit

As an open-end mutual fund company, the Fund stands ready at any time to redeem the outstanding units at NAVPU.

The units are entitled to payment of a proportionate units of the Fund's NAVPU on the redemption date or upon winding up of the Fund. The Fund's issued and outstanding units are redeemed at their NAVPU calculated in accordance with redemption requirements.

Issuance, repurchase and resale of redeemable units is based on the prevailing NAVPU at the date of the transaction. The total expected cash outflow on redemption of all the units equals the Fund's equity. For the purpose of calculating the NAVPU attributable to holders of redeemable units, the Fund's listed equity securities held for trading are valued on the basis of closing prices.

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
NAV attributable to holders of redeemable shares (a)	3,505,179,722	3,785,577,554
Number of shares outstanding (b)	756,516,359	839,296,077
<b>NAV per share (a/b)</b>	<b>4.6333</b>	<b>4.5104</b>

	<b>September 30, 2025</b>	<b>December 31, 2024</b>
NAV attributable to holders of redeemable shares (a)	3,162,832,833	3,505,179,722
Number of shares outstanding (b)	725,105,002	756,516,359
<b>NAV per share (a/b)</b>	<b>4.3619</b>	<b>4.6333</b>

*Financial information provided pertains to Fund shares*

## C. Operating Revenues and Expenses

<b>Income Statement</b>	<b>For the Year Ended</b>		<b>Increase/ Decrease</b>	<b>Percentage</b>
	<b>December 31, 2024</b>	<b>December 31, 2023</b>		
Investment Income (Loss)	185,895,842	55,702,757	130,193,085	233.73%
Expenses	49,920,419	50,325,523	(405,104)	-0.80%
Net Income (Loss)	135,975,423	5,377,234	130,598,189	2428.72%

Investment Income – For the year ended 2024, the Fund incurred a total investment income of ₱185,895,842 from income of ₱55,702,757 of the same period last year. An increase in total investment income is mainly attributable to the positive market performance during the period.

Operating expense – Comparing this year and last year’s operating expenses, there was a decrease of 0.80% mainly attributed to other expense brought by the decrease buying and selling of investments during the period.

Net Income – Due to the positive performance of market prices of equity securities on December 31, 2024, versus December 31, 2023, the net income increases by ₱130,598,189 as compared last year.

Income Statement	For the Period Ended		Increase/ Decrease	Percentage
	September 30, 2025	September 30, 2024		
Investment Income (Loss)	(161,137,827)	564,439,255	(725,577,082)	-128.55%
Expenses	33,327,582	36,806,641	(3,129,742)	-8.58%
Net Income (Loss)	(194,465,409)	527,632,614	(722,447,340)	-136.83%

**Investment income** – For the period ended September 30, 2025, the Fund incurred total investment loss of ₱161,137,827 from income of ₱564,439,255 of same period last year. Decrease in total investment income is attributable to negative effect or decrease of market prices of equity securities.

**Operating expense** – Comparing this year and last year’s operating expenses, there was a decrease of 8.58% due to decrease in management fee due to higher equity trades for new subscription this period.

**Net Income** – Due to the negative performance of market prices of equity securities in September 30, 2025 versus September 30, 2024, the net income decrease by ₱722,447,340 as compared last year.

#### D. Earnings (Loss) per Share

Earnings (loss) per share are calculated by dividing the net income (loss) for the quarter by the weighted average number of common shares outstanding during the quarter. The following table reflects the net income (loss) and share data used in the earnings (loss) per share computations.

The following table reflects the net earnings per share data:

	For the Year Ended	
	December 31, 2024	December 31, 2023
Net investment income/(loss) (a)	135,609,477	5,014,252
Weighted average number of outstanding shares of stock (b)	801,478,787	846,128,631
Earnings (loss) per share (a/b)	0.1692	0.0059

	For Period Ended	
	September 30, 2025	September 30, 2024
Net investment income/(loss) (a)	-194,605,590	26,097,616
Weighted average number of outstanding shares of stock (b)	758,886,317	824,657,308
Earnings (loss) per share (a/b)	(0.2564)	0.6398

#### 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:

	December 31, 2024	December 31, 2023	September 30, 2025
Current Ratio	54370.24%	40487.21%	46680.86%
Acid Test Ratio	54137.94%	40487.15%	46680.86%
Solvency Ratio	2099.62%	53.50%	-2864.00%
Debt-to-Equity Ratio	0.18%	0.25%	0.21%
Asset-to-Equity Ratio	100.18%	100.25%	100.21%
Interest Rate Coverage Ratio	N/A	N/A	NA

Return on Assets	3.71%	0.13%	-5.37%
Return on Equity	3.72%	0.13%	-5.39%
Net Profit Margin	137.08%	1110.89%	99.93%

## 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.

	December 31, 2024	December 31, 2023	Return (%)
PSEi	6,528.79	6,450.04	1.22%
PPSE	4.6339	4.5107	2.73%

	September 30, 2025	December 31, 2024	Return (%)
PSEi	5,953.46	6,528.79	-8.81%
PPSE	4.3619	4.6339	-5.87%

### 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.

December 31, 2024	December 31, 2023	Growth (%)
3,505,621,156	3,785,392,480	-7.39%

September 30, 2025	December 31, 2024	Growth (%)
3,162,835,508	3,505,621,156	-9.78%

### 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.

	December 31, 2024		December 31, 2023	
	Net Assets (P'm)	%	Net Assets (PHP)	%
First Metro Save and Learn Phil. Index Fund, Inc.	86.81	0%	100.84	0%
PAMI Equity Index Fund, Inc.	1,057.91	5%	1,177.07	5%
Philequity PSE Index Fund, Inc.	3,505.18	16%	3,785.79	15%
Philippine Stock Index Fund Corp.	6,558.62	31%	8,034.24	32%
Sun Life Prosperity Phil. Stock Index Fund, Inc.	9,111.75	43%	10,853.73	44%
COL Equity Index Unitized Mutual Fund, Inc.	228.43	1%	228.99	1%
Philippine Stock Index Fund Corp. (units)	697.51	3%	616.69	2%
Total	21,246.21	100%	24,797.35	100%

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

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

As of December 31, 2024, 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.	0.14%
PAMI Equity Index Fund, Inc.	1.91%
Philequity PSE Index Fund, Inc.	2.72%
Philippine Stock Index Fund Corp.	2.62%
Sun Life Prosperity Phil. Stock Index Fund, Inc.	2.49%
COL Equity Index Unitized Mutual Fund, Inc.	2.49%
Philippine Stock Index Fund Corp. (units)	2.70%

#### 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>December 31, 2024</b>	<b>December 31, 2023</b>
First Metro Save and Learn Phil. Index Fund, Inc.	0.6925	0.6924
PAMI Equity Index Fund, Inc.	43.7296	42.9123
Philequity PSE Index Fund, Inc.	4.6339	4.5107
Philippine Stock Index Fund Corp.	770.13	750.52
Sun Life Prosperity Phil. Stock Index Fund, Inc.	0.8723	0.851
COL Equity Index Unitized Mutual Fund, Inc.	1.0821	1.0556
Philippine Stock Index Fund Corp. (units)	935.62	911.1

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

##### Income Statement Items – Y2024 versus Y2023

- 209.88% increase net trading and investment securities gains (losses) is due to increase in market value of equity investment significantly impacted the movement of balance;
- 11.89% decrease in dividends is mainly attributable to decrease in dividend declaration during the period;
- 9.08% increase in taxes and licenses is due to lower documentary stamp tax from increased volume of shares subscription;
- 27.99% decrease in commission expense is due to the decreased volume of buying and selling transactions of equity securities during the year;
- 25.11% increase in transaction costs is due to higher frequency of buying and selling of equity securities;
- 30.32% increase in professional fees is due to increase in audit fees during the year; and
- 29.79% decrease in other expense is due to decrease in office expenses during the period.

##### Balance Sheet Items – Y2024 versus Y2023

- 6.30% decrease in financial assets at fair value through profit or loss due to decrease in investments in equity securities
- 60.48% net decrease in cash and cash equivalents is mainly due to decrease equity dividends received during the year;
- 13.90% decrease in loans and receivables is primarily attributable to decrease in receivable from dividend declared during the period;
- 31.09% decrease in accrued liabilities and expenses are due to settlement of redemptions and payable to brokers.

## **Income Statement Items – September 30, 2025 versus September 30, 2024**

- 154.14% decrease in net trading and investment securities gains (losses) is due to decrease in market value of equity investment from negative market performance during the period;
- 5.26% increase in dividends is mainly attributable to increase in dividend declaration during the period;
- 59.83% decrease in interest income is due to decrease in short-term investment activities during the period;
- 12.52% decrease in management fee due to performance of the fund;
- 35.37% increase in taxes and licenses is due to higher documentary stamp tax from decreased volume of shares subscription.
- 147.40% increase in commission expense is due to the increased volume of buying and selling transactions of equity securities during the period;
- 147.40% increase in transaction costs is due to higher frequency of buying and selling of equity securities;
- 114.83% increase in professional fees is due to increase in audit fees during the period; and
- 21.85% decrease in other expense is due to decrease in director's fee during the period.

## **Balance Sheet Items – September 30, 2025 versus December 31, 2024**

- 59.94% net increase in cash and cash equivalents is mainly due to increase in cash and cash equivalent activities received during the year;
- 10.40% decrease in financial assets at fair value through profit or loss is due to slight decrease of equity investments during the period;
- 5.13% 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, respectively. 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., Philequity Dividend Yield Fund, Philequity MSCI Philippines Index Fund, Inc., Philequity Alpha One Fund, Inc., Philequity Global Fund, Inc., and Philequity Dynamic Allocation Fund, Inc. Concurrently, he is also a Director of Vantage Equities Inc., and Vantage Financial Corporation. At the same time, he also holds positions as 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 Treasurer of the following mutual funds: Philequity PSE Index Fund, Inc., Philequity MSCI Philippines Index Fund, Inc., Philequity Alpha One Fund, Inc., Philequity Global Fund, Inc., and Philequity Dynamic Allocation Fund, Inc. Concurrently a Director of Philequity Dividend Yield Fund, Inc. 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 the following mutual funds: Philequity PSE Index Fund, Inc., Philequity MSCI Philippines Index Fund, Inc., Philequity Alpha One Fund, Inc., Philequity Global Fund, Inc., and Philequity Dynamic Allocation Fund, Inc. 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 an Independent Director of the following mutual funds: Philequity Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity Dollar Income Fund, Inc., Philequity PSE Index Fund, Inc., Philequity Dividend Yield Fund, Inc., and Philequity Dynamic Allocation Fund, Inc. He is currently the Chairman and CEO of Synermaxx Corporation and King Boone Enterprise Unlimited, Inc. He also serves as President of Gardner College and GNO Tech Resources, Inc., and Executive Chairman of Gates Professional Schools and Global Quality Education Providers, Inc. He is also the Vice President of Alco Business Corporation, and sits as an Independent Director of Philippine Nutri-Foods Corporation and Health & Development Solutions, Inc. 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 bachelor's degree in Economics (summa cum laude) and Management of Financial Institutions (also summa cum laude) from De La Salle University Manila, and a MBA degree (with highest distinction) from the International Business Academy of Switzerland.

**Dobbin A. Tan**

Mr. Tan is an Independent Director of the following mutual funds: Philequity Peso Bond Fund, Inc., Philequity Dollar Income Fund, Inc., Philequity Dividend Yield Fund, Inc., Philequity PSE Index Fund, Inc. Philequity MSCI Philippines Index Fund, Inc., Philequity Alpha One Fund, Inc., Philequity Global Fund, Inc., and Philequity Dynamic Allocation Fund, Inc. Concurrently, he is the CEO of Red Rock IT Security, Inc., Rising Tide Digital, Inc., and New Sunlife Ventures, Inc. He is also School Treasurer of Xavier School, Inc. He holds a Masters of Business Administration at University of Chicago, Booth School of Business (2013).

**Felipe U. Yap**

Mr. Yap is a Director of the following funds: Philequity Fund, Inc., Philequity PSE Index Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity Dollar Income Fund, Inc., and Philequity Dynamic Allocation Fund, Inc. Mr. Yap is He is the Chairman of the Board and Chief Executive Officer of Lepanto Consolidated Mining Company and of Manila Mining Corporation; and Vice Chairman of Ayala Land Logistics Holdings Corporation. Mr. Yap is also the Chairman of the Boards of: Zeus Holdings, Inc.; Far Southeast Gold Resources, Inc., Kalayaan Copper-Gold Resources, Inc.; Lepanto Investment and Development Corporation, Diamond Drilling Corporation of the Philippines, and Shipside, Inc.. He is a Director of Manila Peninsula Hotel, Inc., and Philippine Associated Smelting and Refining Corporation and holds memberships 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., Philequity MSCI Philippines Index Fund, Inc., Philequity Alpha One Fund, Inc., Philequity Global Fund, Inc. and Philequity Dynamic Allocation Fund, Inc. 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., 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. (2014 to Present), Philequity MSCI Philippines Index Fund, Inc. (2018 to Present), Philequity Alpha One Fund, Inc. (2019 to Present) and Philequity Dynamic Allocation Fund, Inc. (2023 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., Philequity Global Fund, Inc., and Philequity Dynamic Allocation Fund, Inc. 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 Disini Buted 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 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 with G.R. number 252107.

## **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, except as provided below, 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:

Below is a table of compensation received for the past years:

	Annual Compensation	
	2024	2023
Ignacio B. Gimenez <i>Chairman and President</i>	39,056	33,222
<b>Directors</b>		
Leo M. Garcia	112,556	107,745
Felipe U. Yap	46,222	39,667
Gregorio U. Kilayko	150,667	140,000
Violeta O. Luym	31,000	33,222
<b>Independent Directors</b>		
Daniel A. Ongchoco	41,444	37,216
Dobbin A. Tan	98,778	87,444

*\*For the year 2025, the Fund forecasts a total per Diem of Php 75,000.00 for each director.*

The Fund does not employ any officers.

## 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 December 31, 2024, 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. The NAV shall be determined in accordance with the procedures agreed upon by both parties. Also, the Fund shall remit to PEMI sales commission of a maximum of 5% of the gross investment based on tiered-front end sales schedule as prescribed by its distributor.

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

	<b>Management fee</b>	<b>Sales commission</b>	<b>Due to PEMI</b>
2024	43,790,294.00	26,178.00	2,050,493.00

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. Deals 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.

### Position on Other Publicly Listed Companies

As of December 31, 2024, the Fund's Directors have the following position on other publicly listed companies.

<b>Fund - Position</b>	<b>Publicly Listed Company - Position</b>
Ignacio Gimenez (Chairman & President)	Vantage Equities, Inc. – Director
Gregorio Kilayko (Director)	East West Banking Corporation – Independent Director
Felipe Yap (Director)	Lepanto Consolidated Mining Company – Chairman & CEO Ayala Land Logistics Holdings Corp. - Vice Chairman Zeus Holding, Inc. - Chairman Manila Mining – Chairman & CEO
Dobbin Tan (Independent Director)	Alliance Select Foods International, Inc. – Independent Director

As of December 31, 2024, the Fund Manager's Directors have the following position on other publicly listed companies.

<b>Fund Manager - Position</b>	<b>Publicly Listed Company - Position</b>
Roberto Lorayes (Chairman)	Vantage Equities, Inc. – Director
Edmundo Bunyi (President)	Vantage Equities, Inc. – CEO/Director
Joseph Ong (Treasurer)	Vantage Equities, Inc. – Director
Willy Ocier (Director)	Abacore Capital Holdings, Inc. – Director APC Group, Inc. – Chairman and Director Belle Corporation – Chairman Pacific Online Systems Corporation – Chairman Vantage Equities, Inc. – Director
Wilson Sy (Founder, Director & CIO)	The Philippine Stock Exchange, Inc – Director Vantage Equities, Inc. – Director
Valentino Sy (Director)	Vantage Equities, Inc. – Director
Antonio Moncupa, Jr. (Independent Director)	Vantage Equities, Inc. – Independent Director
Bert Hontiveros (Independent Director)	Vantage Equities, Inc. – Independent Director
Darlene Sy (Sales and Marketing)	Vantage Equities, Inc. – Director

## **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., Philequity PSE Index Fund, Inc., Philequity MSCI Philippines Index Fund, Inc., Philequity Alpha One Fund, Inc, Philequity Global Fund, Inc. and Philequity Dynamic Allocation 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, Scringeur, 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 owns Centrex Enterprises. 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. 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 Vantage Equities, Inc. and Philequity Management, Inc. He also serves as the Chairman of Belle Corporation and the Chairman and President of Pacific Online Systems Corporation. Concurrently, he is the Chairman of the Board of APC Group, Inc. and Premium Leisure Corp. He earned his degree in Economics from Ateneo de Manila University in (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 Vantage Equities, Inc. and Vantage Financial Corporation. He is also a Director and Chief Investment Officer of Philequity Management, Inc. He is the Chairman of Wealth Securities, Inc., and serves as Director of the Philippine Stock Exchange. He was a former Chairman of the Philippine Stock Exchange, Inc. 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., Philequity Alpha One Fund, Inc., Philequity Global Fund, Inc., and Philequity Dynamic Allocation Fund, Inc. 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 Disini Buted 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 unitholdings and the issuance and cancellation of stock certificates/depository receipts.

## **LEGAL COUNSEL**

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

Atty. Adrian S. Bustos serves as the lawyer who has given the opinion on tax matter of the fund.

## **INDEPENDENT OVERSIGHT ENTITY (IOE)/INDEPENDENT NET ASSET VALUE CALCULATOR**

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 is responsible for monitoring the transactions and functions carried out by PEMI, its Fund Manager to ensure compliance with the disclosures made in the Registration Statement, prospectus, ICA, SRC and their implementing rules and regulations. Its other roles and responsibilities are enumerated in Section 10 of SEC Memorandum Circular 33, Series of 2020 related to Amendments to the Implementing Rules and Regulations of the Investment Company Act, as amended.

## **EXTERNAL AUDITOR**

The external auditor of the Company is SyCip, Gorres, Velayo & Company. SGV & Co. is responsible for auditing and certifying the financial statements of the Fund. Its other responsibilities are enumerated in Section 5.8 of the ICA Implementing Rules and Regulations.

Ms. Janeth T. Nunez, CPA serves as the handling partner on the external auditor of the fund.

## **BROKERS/DEALERS**

The Fund Manager may deal with various brokers/dealers to buy and sell securities for the Fund. Brokers/Dealers have not given any discounts/commissions to the Fund or the Fund Manager for trading securities.

## **TAXATION**

### **Subscriptions**

The original issue of shares of stock or units of participation in a mutual fund company are exempt from the documentary stamp tax in accordance with Section 199(o) and (p) of the Tax Code.

### **Dividends Received**

Cash and/or property dividends received by an individual from a mutual fund company are subject to final tax of Ten Percent (10%) for Filipino citizens and resident aliens in accordance with Section 24(B)(2) of the Tax Code; Twenty Percent (20%) for non-resident aliens engaged in trade or business within the Philippines in accordance with Section 25(A)(2) of the Tax Code; and Twenty Five Percent (25%) for non-resident aliens not engaged in trade or business within the Philippines in accordance with Section 25(B) of the Tax Code.

On the other hand, cash and/or property dividends received by a domestic corporation and a resident foreign corporation are not subject to tax in accordance with Sections 27(D)(3) and 28(A)(1), respectively, of the Tax Code, with the exception of dividends received by a non-resident foreign corporation which are subject to final tax of Twenty Five Percent (25%) in accordance with Section 28(B)(1) of the Tax Code; provided that the rate shall be Fifteen Percent (15%) if the country in which the non-resident foreign corporation is domiciled, shall allow a credit against the tax due from the non-resident foreign corporation taxes deemed to have been paid in the Philippines equivalent to the difference between the regular income tax rate provided in Section 28(B)(1) and the Fifteen Percent (15%) tax on dividends in accordance with Section 28(B)(5)(b).

### **Redemption Gains**

Gains realized by the investor upon redemption of its shares of stock or units of participation 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.

### **Donation and Estate Settlement**

In accordance with Section 104 of the Tax Code, shares or rights, in any partnership, business or industry established in the Philippines, shall be considered as situated in the Philippines. Thus, such units of participation will be subject to donor's and estate taxes with certain exemptions and deductions as provided by the Tax Code.

However, the same provision provides that no tax shall be collected in respect of intangible personal property, which would include units of participation in this case: (a) if the decedent at the time of his death or the donor at the time of the donation was a citizen and resident of a foreign country which at the time of his death or donation did not impose a transfer tax of any character, in respect of intangible personal property of citizens of the Philippines not residing in that foreign country, or (b) if the laws of the foreign country of which the decedent or donor was a citizen and resident at the time of his death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

### **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.

### **FUND MANAGEMENT AGREEMENT**

Under this Agreements, Philequity Management, Inc. (PEMI) was engaged by the Fund to act as the investment manager 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.

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 evidence 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 0.50% per annum of the average net asset value of the Fund's assets computed on a daily basis.

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 shareholders 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 more than sixty (60) days. The Agreement may be terminated automatically if the investment adviser transfers or assigns it.

## **MARKETING AND DISTRIBUTION AGREEMENT**

Under this Agreements, Philequity Management, Inc. (PEMI) was engaged by the Fund to act as the principal distributor of the Fund. PEMI shall 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;

PEMI is entitled to a distribution fee equivalent to 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 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 shareholders 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 more than sixty (60) days. The Agreement may be terminated automatically if the investment adviser transfers or assigns it.

## **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 the Fund. See page 40 on the detailed roles/responsibilities of the custodian.

## **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 units 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 units declared as stock dividends;
8. Replace stock certificates reported as lost, stolen or destroyed;
9. Register all liens constituted on the units 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 units issuance or certificate issued by the AGENT and Twenty Pesos (Php20.00) for each scripless units 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 Company's Manual on Corporate Governance provides for, among others, the following:

- a. An evaluation system to measure or determine the level of compliance of the Board of Directors and top-level management
- b. Measures being undertaken by the company to fully comply with the adopted leading practices on good corporate governance;
- c. 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
- d. Plans to improve corporate governance of the company.

## **EXPENSES CHARGEABLE TO THE FUND AND THE INVESTMENT MANAGER**

### **CHARGEABLE TO THE FUND - UNITS**

- a. Compensation of the officers and directors of the Fund;
- b. Audit and legal fees;
- c. Brokerage charges and other customary fees and charges in connection with the acquisition, appraisal and disposition of the Fund's assets;
- d. Fees of the custodian bank and customary fees and charges in connection with the acquisition, appraisal and disposition of the Fund's assets.
- e. Fees of the Investment Manager as compensation for the services and facilities of the investment manager.
- f. Fees of transfer agents for the units of the Fund and other transfer fees to the extent not absorbed by the unitholders of the Fund's units and
- g. Taxes, including income taxes, index 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.

### **CHARGEABLE TO THE INVESTMENT MANAGER**

- a. 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 units as may be required by applicable Philippine law or by rules and regulations of the SEC;
- b. 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;
- c. All other operating expenses of the Fund, subject to the exceptions specified above under the topic Expenses Chargeable to the Fund.

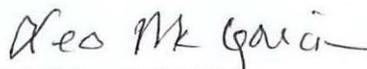
- d. Costs of registration of units with the SEC.
- e. Registration Fee, Taxes, Trustees and Transfer Agents Fees, Cost of Printing and Engraving, Legal, Accounting and Engineering Fees and any Listing Fees.
- f. Any Premium paid by the registrant or any selling security holder on any policy to insure or indemnify 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 \_\_\_\_\_, 22, 2025

By:

  
ANTONIO R. SAMSON  
Chairman and President<sup>1</sup>

  
LEO M. GARCIA  
Treasurer<sup>2</sup>

  
NICELLE B. BENEDITO  
Comptroller / Principal Accounting Officer

  
ATTY. JONATHAN P. ONG  
Corporate Secretary  
DEC 22, 2025

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_ at CITY OF MANILA, affiants exhibits to me their Tax Identification Number (TIN), as follows:

Name	TIN
Antonio R. Samson	105-379-031-000
Leo M. Garcia	102-046-083-000
Nicelle B. Benedito	240-064-583-000
Atty. Jonathan P. Ong	162-906-632-000

Doc. No. 23;  
Page No. 4;  
Book No. 4;  
Series of 104

  
ATTY. MARIELLE ZENELLE L. LAGUERTA  
Notary Public for City of Manila- Until Dec. 31, 2025  
Notarial Commission No. 2024-179  
Tower 3, 3K, No. 181 No. Lopez St., Ermita, Manila  
I.B.P. NO. 488207- Dec. 27, 2024 for the year 2025  
PTR. NO. 2041441- Jan. 2, 2025 at Manila  
MCLE No. VIII-0010660- Valid until 4-14-2028  
ROLL NO. 86314

<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 (with attached Client Suitability Assessment Form)
Exhibit 4	Redemption Form
Exhibit 5	Opinion re: Tax Matters
Exhibit 6A	Fund Management Agreement
Exhibit 6B	Marketing and Distribution Agreement
Exhibit 6C	Stock Transfer and Dividend Paying Agency Agreement
Exhibit 6D	Custody 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	Certification under Oath of the President and Chairman of the Board, or their equivalent in rank, on the involvement of the members of the Board of Directors in companies which the Investment Company will be dealing with
Exhibit 9	Authorization to Commission to access registrant's bank accounts
Exhibit 10	Board Resolution approving the securities offering and authorizing the filing of the Registration Statement
Exhibit 11	Duly verified resolution of the issuer's Board of Directors approving the disclosures contained in the registration statement and assuming liability for the information contained therein
Exhibit 12	Secretary's Certificate as to approval and adoption of Anti-Money Laundering Operating Manual
Exhibit 13	Secretary's Certificate as to adoption by the Board of certain corporate governance principles