

PHILEQUITY PESO BOND FUND, INC.
(formerly “Philequity Money Market Fund, Inc.”)

INVESTMENT PROCEDURE

A. Terms and Pricing of Securities

1. Offering Price

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

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

NAV per share shall be the computed difference between total assets of the Fund and its total liabilities divided by the number of shares outstanding. The sale load fees for the amount of investment in an Investment Application shall be a maximum of one percent (1.0%).

2. Sales Load

The sales load fee shall be one percent (1.0%) of the value of investment made at any one time by an investor.

3. Minimum Investment

Minimum initial investment of TEN THOUSAND PESOS (₱10,000.00) and a minimum of FIVE THOUSAND PESOS (₱5,000.00), worth of shares for additional purchases. Payment shall be on cash basis only.

B. Subscription Procedure

1. Investment Application Form

An Investment Application Form and signature cards must be accomplished by the prospective investor in triplicate and must be submitted together with the appropriate payment to "Philequity Peso Bond Fund, Inc.". Once submitted, the Investment Application may not be cancelled in full or in part. An investment application, once accepted, shall constitute an agreement between the Investor and the Investment Manager/Principal Distributor for the purchase of the shares of the Fund at the time, in the manner and subject to the conditions set forth in this Prospectus and the Investment Application Form. Upon acceptance of the application, the Investor shall be furnished a copy of the approved Investment Application Form, and an official receipt will be

issued to the investor if payment is made in cash. If payment is made by check, a provisional receipt shall be issued to the investor.

2. Eligible Investors

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

3. Requirements for Corporate Applicants

For Investors other than individuals, the following documents, in addition to the Investment Application Form and the signature cards, must be accomplished and shall be considered integral parts thereof:

- (a) 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: (a) authorizing the purchase of the shares of the Fund; (b) designating the signatories for the purpose; and (c) certifying the percentage of capital stock held by non-Filipinos.

4. Acceptance of Investment Applications

Applications for the number of shares and the applicable NAV are subject to acceptance and approval by the Principal Distributor. Upon acceptance of the Application, the Principal Distributor shall provide the Investor with a copy of the approved Investment Application Form and the confirmation of the acceptance.

The Principal Distributor reserves the right to reject, scale-down and reallocate any application for the shares 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 this Prospectus and 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.

5. Payment Terms

Subscriptions shall be paid in full upon submission of a duly accomplished and executed Investment Application Form. Securities sold shall be on cash basis only. Installment sales are prohibited. Payments must be made in the form of: (a) cash; (b) personal or corporate check; or (c) a cashier's or manager's check, drawn against a bank account with a Bangko Sentral ng Pilipinas ("BSP") authorized agent bank located in Metro Manila. All such checks must be made payable to "Philequity Peso Bond Fund, Inc." dated as of the date of the Investment Application, and remitted directly to the Principal Distributor at its principal office. An official receipt will be

issued to the Investor in case of payments made in cash and cashier's or manager's check. In the case of payments made by personal or corporate check, a provisional receipt shall be issued to the Investor, and an official receipt shall be issued only when the check clears.

6. Refunds

Refunds of payments for any rejected or scaled-down applications shall be made without interest by the Principal Distributor not later than seven (7) days after submission. The respective Investor shall receive a check, crossed "Payee's Account Only," mailed and delivered at the Investor's risk to the address specified in the Investment Application Form or to the corresponding distributor or any authorized investment salesmen of the Investor.

7. Delivery of Stock Certificates

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

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

8. Periodic Fund Statement

The Investor shall receive a periodic Fund Statement indicating the status of the investment in the Fund.