

FINAL PROSPECTUS

ALFM Peso Bond Fund

19/F, BPI Buendia Center, Sen. Gil J. Puyat Ave., Makati City 1209
Tel No. (02) 8580-0900

(An Open-end investment company organized under Philippine Laws)

**An Offer of up to the Number of Authorized Shares of
ALFM Peso Bond Fund at an Offer Price of Net Asset Value per Share
on the date of subscription**

	ALFM PESO BOND FUND
Number of Authorized Shares	400,000,000
Minimum Initial Investment	PHP 5,000.00
PAR value	PHP 100.00

**Securities will be traded over the counter through
SEC Certified Investment Solicitor (CISol) or via online facility**

BPI Investment Management, Inc.

Fund Manager

19/F, BPI Buendia Center, Sen. Gil J. Puyat Ave., Makati City
Tel No. (02) 8580-0900

BPI Investment Management, Inc., Tel. No. (02) 8580-0900

BPI Capital Corporation, Tel. Nos. (02) 8246-5101, (02) 8246-5103

COL Financial Group, Inc., Tel. No. (02) 8636-5411

First Metro Securities Brokerage Corporation, Tel. No. (02) 8859-0600

Wealth Securities, Inc., Tel. No. (02) 8772-8000


Unicapital Securities, Inc., Tel. Nos. (02) 8892-0991 to 96

Distributors

**The date of this PROSPECTUS is October 25, 2019.*

**THESE SECURITIES SHALL BE SOLD AND REDEEMED ONLY THROUGH THE
FUND'S DISTRIBUTORS. THE FUND'S SHARES SHALL NOT BE LISTED NOR
TRADED ON THE PHILIPPINE STOCK EXCHANGE. SHARES OF THE FUND ARE
NOT DEPOSITS OR OBLIGATIONS OF, OR GUARANTEED OR ENDORSED BY,
ANY FINANCIAL INSTITUTION, AND ARE NOT INSURED WITH THE
PHILIPPINE DEPOSIT INSURANCE CORPORATION.**

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN IS TRUE AND CURRENT.



Ms. Sherisa P. Nuesa
President
ALFM Peso Bond Fund, Inc.

SUBSCRIBED AND SWORN TO before me this NOV 06 2019 day of 20. Affiant, Ms. Sherisa P. Nuesa, exhibiting to me her Tax Identification No. 132-204-906.

NOTARY PUBLIC

Doc. No. 324
Page No. 64
Book No. 37
Series of 20 19

ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPT NO. M-07 UNTIL DEC. 31, 2020
ROLL OF ATTY NO. 43348
MCLE COMPLIANCE NO. VI-0022750/4-4-2019
IBP O.R. No. 003722- LIFETIME MEMBER JAN 29, 2007
PTR No. 7335010- JAN 03, 2019- MAKATI CITY
EXECUTIVE BLDG. CENTER MAKATI AVE., COR., JUPITER ST.
MAKATI CITY

ALFM PESO BOND FUND, INC.

SUMMARY OF FEES TO BE DEDUCTED FROM THE FUND	
Total Management Fee based on the average daily trading NAV of the Fund	1.00% p.a.
Management Fee	0.475% p.a.
Distribution Fee	0.475% p.a.
Transfer Agent Fee	0.050% p.a.
Sub-distribution Fee based on the outstanding daily balance of the Fund's shares distributed	0.50% p.a. *
Safekeeping Fees based on face/nominal value of the securities at month end for fixed income securities and based on the market value of the portfolio at month end for local equities	
Scripless Securities / Book Entry	
Asset Size: USD 0 – USD 250 Mn	1.50 bps p.a.
Above USD 250 Mn to USD 750 Mn	1.25 bps p.a.
Above USD 750 Mn	1.00 bps p.a.
Physical Securities	PhP 10,000 per month
2018 External Audit Fee	PhP 2,146,140.06

* shall be taken from the 1.00% p.a. total management fee

OTHER FEES	
Maximum Sales Load, if any, to be collected from the subscribers, based on each amount invested by an applicant or Shareholder	1.50%
Early Redemption Fee based on the amount redeemed	
90 days or less	1.00% flat
more than 90 days	none

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THE OFFER

ALFM Peso Bond Fund

(The Fund is incorporated under the laws of the Republic of the Philippines)

The following summary about the Fund and the Offer is qualified by detailed information appearing elsewhere in this Prospectus. Cross references in this summary are to headings in the Prospectus.

This document relates to an Offer for subscription to the shares of common stock of the ALFM Peso Bond Fund.

This is an Offer of up to 400,000,000 shares of common stock of par value PhP100.00 each (the “Offer Shares”) in the capital stock of ALFM Peso Bond Fund, Inc. (“ALFM Peso” or the “Fund”) at the Fund’s prevailing Net Asset Value (“NAV”) per share, plus any applicable sales load, on the date of sale of the shares. The Fund may terminate the Offer at any time or when the number of Shares subscribed and paid for has reached 400,000,000 shares.

The Fund was incorporated on July 18, 1997 as Ayala Life Filipino Income Fund, Inc. with an authorized capitalization of PhP 200.0 Million consisting of 200,000,000 common shares of par value PhP1.00 per share. On August 27, 1997, the Fund was registered with the Securities and Exchange Commission as an open-end investment company under the Investment Company Act and the Revised Securities Act (now, the Securities Regulation Code). On April 3, 1998, the Fund’s Board of Directors and Shareholders approved certain amendments in the Articles of Incorporation which changed the Fund’s name to Ayala Life Fixed Income Fund, Inc. and which effected an increase in the Fund’s authorized capital stock to PhP1.0 Billion consisting of 10,000,000 common shares of par value PhP100.00 per share. The following table provides information on the history of the Fund’s authorized capital stock increases:

Increase No.	Authorized Capital Stock	Date of SEC Approval
1	10,000,000 shares	August 21, 1998
2	20,000,000 shares	December 15, 1999
3	50,000,000 shares	June 13, 2000
4	70,000,000 shares	January 16, 2002
5	90,000,000 shares	June 20, 2002
6	120,000,000 shares	November 15, 2002
7	170,000,000 shares	October 17, 2003
8	200,000,000 shares	April 18, 2005
9	268,000,000 shares	September 2, 2005
10	340,000,000 shares	October 17, 2005
11	400,000,000 shares	August 15, 2014

The authorized capitalization now stands at PhP 40.0 Billion consisting of 400,000,000 shares with par value of PhP100.00 each. In case of a shortage of shares, the Fund may apply for an increase in authorized capital stock.

The ALFM Peso Bond Fund Inc. (“ALFM Peso” or the “Fund”) is a domestic corporation duly authorized to operate as an open-end investment company. The Fund has entered into a Management and Distribution Contract with BPI Investment Management, Inc. authorizing BPI Investment to purchase and sell investment 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 BPI Investment. The Fund has adopted a Manual of Corporate Governance and an Anti-Money Laundering Operating Manual. Monthly reporting of the Fund’s operations to the Board of Directors is being performed by BPI Investment to properly identify, assess and manage risks that may arise any time during the Fund’s daily operations. ALFM Peso does not own any property such as real estate, plant and equipment, mines, patents, etc. required to be disclosed under Annex C of SRC Rule 12.1.

The investment objective of the Fund is to generate a steady stream of income through investments in a diversified portfolio composed primarily of peso-denominated high-grade fixed income securities. ALFM Peso

Bond Fund may be classified as a moderately conservative investment which shall best cater to investors who seek a relatively stable return on investment that is slightly higher than traditional term deposit and who are willing to take minor negative fluctuations in returns.

USE OF PROCEEDS

The total proceeds from the sale of the 400,000,000 shares is estimated at PhP142.13 Billion (using PhP355.32 NAVPS as of October 24, 2019), which shall be used to purchase securities in accordance with the investment objective, policies and limitations of the Fund (*see section on Investment Objectives*). The Fund's main business is to invest the proceeds primarily in marketable securities and fixed-income instruments such as, but not limited to, Treasury Bills and other government securities and corporate notes and bonds, in line with the Fund's investment objectives. The Fund has entered into a Management and Distribution Contract with BPI Investment Management, Inc. authorizing BPI Investment to purchase and sell investment securities for the account of the Fund. Services include the investment and re-investment of the cash and other assets and the purchase and sale of securities which will form part of the investment portfolio of the Fund, in accordance with the investment policies or guidelines which the Board of Directors of the Fund may from time to time prescribe and in conformity with the Fund's Articles of Incorporation and By-Laws as may be amended from time to time, the Investment Company Act, and other applicable laws and regulations. The Custodian Bank shall hold relevant securities of the Fund including subscription payments or proceeds from the sale of this security, until they can be invested in marketable securities consistent with the Fund's objectives. No other funds outside the proceeds of this offer that is to be used to discharge any debt, acquire assets or finance the acquisition of other businesses, or to reimburse any director, shareholder, officer, or employee of the Fund for services rendered, assets previously transferred, money loaned or advanced. Total expenses paid out or projected to be paid out of the gross proceeds are the following: PhP1.42 Bn for management, distribution, advisory and transfer agent fees/other professional fees and filing fees & business registration license of PhP4.99 Mn.

THE OFFER SHARES

All of the Shares in issue or to be issued pursuant to the Offer have, or upon issue will have, identical rights and privileges. These are outlined in the section on "Description of Capital Stock" (page 21). The Offer Shares may be owned by any person regardless of citizenship or nationality, subject to the subsection on "Eligible Investors" under the section headed "Terms and Conditions of the Offer" (page 17). The liability of the shareholders is limited to their investment to the company.

Prospective investors in the Fund should carefully consider the matters addressed under "Risk Factors and Risk Monitoring and Management" (page 11) before making an investment. These risks include, but are not limited to, market risk, interest rate risk, liquidity risk, credit risk, inflation risk, reinvestment risk, foreign exchange risk, and the risk that the value of the Funds are **not** guaranteed and **not** insured with the Philippine Deposit Insurance Corporation.

REDEMPTIONS

The Fund is ready to redeem, at the applicable Net Asset Value per Share, all or any part of the Shares standing in the name of a Shareholder in the Fund. Unless redeemed earlier than the minimum holding period of 90 days when an Early Redemption Fee of 1% will apply, there is no redemption fee.

TOTAL EXPENSES OF THE FUNDS

The total expenses paid out or projected to be paid out of the gross proceeds of the Offer include, but are not limited to, filing fees, registration fees, legal research fees, business registration licenses, notarial fees, legal opinion fees, external auditor's fees, and management, distribution, advisory and transfer agent fees.

RESTRICTIONS ON THE USE OF PROCEEDS

No other funds outside the proceeds of this Offer shall be needed to accomplish the Fund's investment objectives. There is no material amount of the proceeds of these Offers that is to be used to discharge any debt,

acquire assets or finance the acquisition of other businesses, or to reimburse any director, shareholder, officer, or employee of the Fund for services rendered, assets previously transferred, or money loaned or advanced.

OFFERING PRICE

The offering price of the shares is the Fund’s prevailing NAV per Share computed as of end-of-day on the date of purchase of the Shares, plus any applicable sales load.

DIVIDEND POLICY

The Corporation Code generally requires a Philippine corporation with surplus profits in excess of 100% of its paid-up capital to declare and distribute such surplus to its shareholders in the form of dividends. The Board of Directors of the Fund has adopted a policy, consistent with the Fund’s objective of capital appreciation, to retain the surplus profits of the Fund in the retained earnings account. Such accumulation is reflected in the computation of the net asset value per share. Shareholders realize their gains when shares are redeemed. (Please refer to the discussion on Dividends under the section on “Description of Capital Stock” on page 22).

FUND MANAGER, PRINCIPAL DISTRIBUTOR, INVESTMENT ADVISOR AND TRANSFER AGENT

The Investment Manager (or “Fund Manager”), Principal Distributor, Investment Advisor and Transfer Agent of the Fund is BPI Investment Management, Inc. (or “BPI Investment”). As fund manager, BPI Investment shall formulate and implement the investment strategy, provide and render management, technical, and administrative services, whereby authorizing BPI Investment to purchase and sell investment securities for the account of the Fund. As investment advisor, it is tasked to render services which include investment research and advice; the preparation of economic, industry, market, corporate, and security analyses; and assistance and recommendations in the formulation of investment guidelines. As Transfer Agent, BPI Investment shall provide transfer agency services including the maintenance of the official stock and transfer book of the Fund, the issuance of shareholders’ Transaction Advice, and payment of dividends, if any. For its services, BPI Investment shall charge a fee of not more than the rate stipulated below, based on the average daily trading NAV of the Fund.

Name of Fund	Management Fee	Distribution Fee	Transfer Agent Fee
ALFM Peso Bond Fund	0.475% p.a.	0.475% p.a.	0.050% p.a.

DISTRIBUTORS

The Fund’s Shares shall be made available to the public primarily through the Fund’s authorized distributors, BPI Capital Corporation, BPI Investment Management, Inc., COL Financial Group, Inc., First Metro Securities Brokerage Corporation, Wealth Securities, Inc., and Unicapital Securities, Inc., as well as other authorized and accredited distribution firms. The foregoing companies were licensed by the Securities and Exchange Commission to distribute mutual fund securities to the public. The distribution fee payable to the distributors shall be based on the outstanding daily balance of the Fund’s shares distributed, as follows, and shall be taken from the 1.00% p.a. total management fee:

Sub-Distributor	Distribution Fee
BPI Capital Corporation	0.50% p.a.
COL Financial Group, Inc.	0.50% p.a.
First Metro Securities Brokerage Corporation	0.50% p.a.
Wealth Securities, Inc.	0.50% p.a.
Unicapital Securities, Inc.	0.50% p.a.

SALES LOADS

Sales Agents of the Fund’s Distributors shall be entitled to collect a front-end Sales Load, based on each amount invested by an applicant or Shareholder in the Fund, in such percentages but not exceeding the rates stipulated below:

Name of Fund	Amount Invested	Maximum Sales Load
ALFM Peso Bond Fund	Any amount	1.50%

There are no other incidental charges incurred in purchasing the Fund's shares aside from the applicable sales load fees, if not waived, as stated in this prospectus.

CUSTODIAN BANK

As required under the Investment Company Act, a custodian bank, Citibank, N.A., has been appointed by the Fund for the purpose of holding relevant securities of the Fund, including (if applicable) subscription payments or proceeds from the sale of the Shares, until they can be invested in the appropriate securities consistent with the Fund's objectives. The custodian bank charges the following safekeeping fees which is billed monthly based on face/nominal value of the securities at month end for fixed income securities and based on the market value of the portfolio at month end for local equities:

Scripless Securities / Book Entry

Asset Size: USD 0 – USD 250 Mn	1.50 bps p.a.
Above USD 250 Mn to USD 750 Mn	1.25 bps p.a.
Above USD 750 Mn	1.00 bps p.a.

Physical Securities PhP 10,000 per month

Minimum Monthly Relationship Fee of USD 1,000 per month

The custodian bank also charges the following transaction fees per transaction.

<i>Scripless Securities</i>	Formatted Instructions	Unformatted/ Manual Instructions
0 – 1,000 transactions per month	PhP 50	PhP 300
Above 1,000 – 2,000 transactions per month	PhP 35	
Above 2,000 transactions per month	PhP 25	

RECEIVING BANKS

The Bank of the Philippine Islands and BPI Family Savings Bank have been designated by the Fund as Receiving Banks where payments for Shares purchased may be made.

INDEPENDENT AUDITOR

Isla Lipana & Co. (formerly Joaquin Cunanan & Co.) has been appointed by the Fund as its External Auditor.

INFORMATION SUPPLIED BY THE FUND

Unless otherwise stated, the information contained in this document has been supplied by the Fund which accepts full responsibility for the accuracy of the information and confirm, having made all reasonable inquiries, that to the best of its knowledge and belief, there are no other material facts, the omission of which would make any statement in this document misleading in any material respect. Neither the delivery of this document nor any sale made hereunder shall, under any circumstances, create any implication that the information contained herein is correct as of any time subsequent to the date hereof.

No dealer, salesman or other person has been authorized by the Fund or by the Distributors to issue any advertisement or to give any information or make any representation in connection with the offering or sale of the Offer Shares other than those contained in this document and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorized by the Fund or the Distributors.

This document does not constitute an offer or solicitation by any one in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make any such offer or solicitation. Each investor in the securities offered hereby must comply with all applicable laws and regulations in force in the jurisdiction in which it purchases, offers or sells such securities and must obtain the necessary consent, approval or permission for its purchase, offer or sale of such securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchase, offer or sale, and neither the Fund nor the Distributors shall have any responsibility thereof. Foreign investors interested in subscribing to the Offer Shares should inform themselves as to the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile and as to any relevant tax or foreign exchange control laws and regulations which may affect them.

This Prospectus sets forth concisely the information about the Fund that prospective investors will find helpful in making an investment decision. Investors are encouraged to read this Prospectus carefully and retain it for future reference. Additional information about the Fund has been filed with the Securities and Exchange Commission (“SEC”) and is available upon request.

SUMMARY OF FINANCIAL INFORMATION

The following information was lifted from the Interim Financial Statements of the Fund for the period ended March 31, 2019 and Audited Financial Statements of the Fund for the years ending December 31, 2018 and December 31, 2017. The latest financial reports audited by the Fund's external auditor, Isla Lipana & Co., as of December 31, 2018, appear at the end of this Prospectus. The information set out below should be read in conjunction with the financial statements and related notes that are found in this Prospectus, starting on page 53.

ALFM PESO BOND FUND

As of March 31, 2019 – In Thousand Pesos			
Balance Sheet		Income Statement	
Total Assets	PhP 50,342,524	Revenues	PhP 798,548
Total Liabilities	49,890	Expenses	154,731
		Income Before Tax	643,817
		Provision for Income Tax	2,762
Total Equity	50,292,634	Net Income	641,055

Net Asset Value per Share as of March 31, 2019: PhP 347.15

As of December 31, 2018 – In Thousand Pesos			
Balance Sheet		Income Statement	
Total Assets	PhP 54,007,521	Revenues	PhP 2,056,904
Total Liabilities	46,565	Expenses	643,142
		Income Before Income Tax	1,413,762
		Income Tax Expense	491,570
Total Equity	53,960,956	Net Income	922,192

Net Asset Value per Share as of December 31, 2018: PhP 343.47

As of December 31, 2017 – In Thousand Pesos			
Balance Sheet		Income Statement	
Total Assets	PhP 61,577,296	Revenues	PhP 2,642,136
Total Liabilities	78,762	Expenses	1,023,427
		Income Before Income Tax	1,618,709
		Income Tax Expense	486,167
Total Equity	61,498,534	Net Income	1,132,542

Net Asset Value per Share as of December 31, 2017: PhP 337.11

RISK DISCLOSURE STATEMENT

GENERAL RISK WARNING

- The prices of the securities can and do fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit 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 warning does not purport to disclose all 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. The investor may request information on the securities and Issuer thereof from the Commission which are available to the public.

PROFESSIONAL ADVICE

An investor should seek professional advice if he or she is uncertain of, or has not understood any aspect of, the securities in which to invest or the nature of risks involved in trading securities, especially high risk securities.

RISK FACTORS AND RISK MONITORING AND MANAGEMENT

The NAVPS of the Fund may fluctuate due to various risk factors such as:

A. Factors External to the Fund, listed in the order of importance:

1) Market Risk

The risk that movement in the financial markets will adversely affect the value of investments of the Fund. To properly manage market risk, various risk measurement methodologies are utilized to quantify the potential change in portfolio value resulting from changes in security prices. Measures of risk-adjusted performance are also utilized. Market risk is controlled through the establishment of investment limits and by managing the fund according to investment guidelines and parameters that are consistent with its return objective and risk profile.

2) Interest Rate Risk

The risk that the value of the portfolio will decline as interest rates rise. Bond prices are inversely related to interest rates (ie. as interest rates increase, bond prices decrease). Interest rate risk is measured using duration and controlled through duration limits. To mitigate this risk, the Fund Manager closely monitor movements in interest rates.

3) Liquidity Risk

The risk that the investments of the Fund cannot be sold or converted into cash within a reasonable time or in instances where sale or conversion is possible but not at a fair price. A liquidity contingency plan, which provides a framework for addressing liquidity crisis situations is in place.

4) Credit Risk

The risk that the bond issuer may not be able to pay its debt when interest payments and maturity falls due. Credit risk is minimized through diversification. Investment and counterparty limits are also established and monitored regularly. All investment outlets and counterparties go through accreditation prior to the execution of investment transactions.

5) Inflation Risk

The risk that the return of your investments will not keep in pace with the increase in consumer prices. To mitigate inflation risk, the Fund Manager closely monitors inflation.

6) Reinvestment Risk

The risk associated with the possibility of having lower return when maturing securities or the interest earnings of funds are re-invested. To mitigate reinvestment risk, the Fund Manager closely monitors interest rate trends so as to re-invest at higher interest rates.

7) Foreign Exchange Risk

This is the possibility for an investor to experience losses from a decline in fund value when the market value of fixed income securities, settled in any other currency, held by the fund are converted/translated to Philippine Peso. To mitigate foreign exchange risk, the fund manager closely monitor the movements in the spot market.

B. Risks Inherent to the Fund, listed in the order of importance:

- 1) Investors in an open-end fund are exposed to the risk of dilution, since other investors are allowed to purchase shares and/or redeem their entire holdings any time. Given this inherent risk, the Fund Manager tries to lessen the frequency of withdrawals by imposing an early redemption fee for investors who redeem from the Fund during the stipulated minimum holding period. By doing this, investors are discouraged to

redeem during the minimum holding period, thereby allowing the Fund Manager to maximize the investments during the said period.

- 2) Unlike closed-end funds, the investment potential and capability of the Fund is limited by liquidity constraints as the Fund Manager should always ensure that there are sufficient liquid assets to service redemptions at any given time.
- 3) Unlike bank accounts, investment companies / mutual funds are neither insured with the FDIC nor any other agency of the government, nor guaranteed by the Fund Manager. Before investing in the Fund, investors are expected to understand that the Fund is not a bank deposit product and any income, or loss, shall be for the account of the investor. Investors are advised to read the Prospectus of the Fund, which may be obtained from authorized distributors, before deciding to invest. The Fund is registered with the Securities and Exchange Commission.
- 4) Mutual funds are subject to "manager risk," which is the potential for a fund to fail to achieve its objectives due to investment decisions by the Fund Manager, caused by the Fund Manager's ability, or failure, to "read the market" accurately. To mitigate this risk, the Fund Manager employs a thorough investment process, considering macroeconomic factors and integrating them in asset allocation models to optimize the return of the portfolio. The Fund Manager likewise keeps abreast of current market conditions through various trainings and seminars on fund management techniques as well as close coordination with various counterparties and regulators.

PRINCIPAL PARTIES TO THE OFFERS

Issuer	ALFM Peso Bond Fund, Inc. 19/F, BPI Buendia Center Sen. Gil J. Puyat Ave., Makati City
Fund Manager	BPI Investment Management, Inc. 19/F, BPI Buendia Center Sen. Gil J. Puyat Ave., Makati City
Distributors	BPI Investment Management, Inc. BPI Capital Corporation COL Financial Group, Inc. First Metro Securities Brokerage Corporation Wealth Securities, Inc. Unicapital Securities, Inc.
Investment Advisor	BPI Investment Management, Inc. 19/F, BPI Buendia Center Sen. Gil J. Puyat Ave., Makati City
Receiving Banks	Bank of the Philippine Islands BPI Building, Ayala Avenue cor. Paseo de Roxas Makati City BPI Family Savings Bank BPI Family Savings Bank Building, Paseo de Roxas cor. dela Rosa St., Makati City
Transfer Agent	BPI Investment Management, Inc. 19/F, BPI Buendia Center Sen. Gil J. Puyat Ave., Makati City
Custodian Bank	Citibank, N.A., Philippine Branch Citibank Tower, Citibank Plaza 8741 Paseo De Roxas Makati City
External Auditor	Isla Lipana & Co. Member firm of PriceWaterhouseCoopers 29th Floor, Philamlife Tower Paseo de Roxas, Makati City

DEFINITION OF TERMS

ALFM Mutual Funds	ALFM Peso Bond Fund, Inc. ALFM Dollar Bond Fund, Inc. ALFM Euro Bond Fund, Inc. Philippine Stock Index Fund, Corp. ALFM Growth Fund, Inc. ALFM Money Market Fund, Inc. ALFM Global Multi-Asset Income Fund, Inc.
BFSB	BPI Family Savings Bank
Bn	Billion
BPI	Bank of the Philippine Islands
BPI Capital	BPI Capital Corporation
BPI Investment	BPI Investment Management, Inc.
Bps	basis points (1/100 of 1% or 0.0001)
BSP	Bangko Sentral ng Pilipinas
Certified Investment Solicitor (CISol)	An individual, employed by a Distributor, who shall have taken and passed the mutual fund sales agents' licensing examination given by the SEC
Corporation	ALFM Peso Bond Fund, Inc.
Corporation Code	The Corporation Code of the Philippines (<i>Batas Pambansa Blg. 68</i>)
CPI	Consumer Price Index
Credit Authority	The Redemption Slip or the Fund Order Form for the Fund's Shares, signed by a Shareholder, authorizing the Receiving Bank to credit the proceeds from the sale of said Shares into the Shareholder's Settlement Account
Customer Referral Sheet	The application for subscription to the Offer Shares in the form prescribed
Debit Authority	The Payment Slip or the Fund Order Form for the Fund's Shares, signed by an applicant, authorizing the Receiving Bank to debit said applicant's Settlement Account for the full payment of the Shares applied for
Distributors	BPI Investment Management, Inc. BPI Capital Corporation COL Financial Group, Inc. First Metro Securities Brokerage Corporation Wealth Securities, Inc. Unicapital Securities, Inc.
Early Redemption Fee	The redemption fee of 1.0% imposed on redemptions made by Shareholders during the minimum holding period, which accrues to the Fund

Fund	ALFM Peso Bond Fund, Inc.
Fund Manager	BPI Investment Management, Inc.
Investment Advisor	BPI Investment Management, Inc.
Investment Company Act	The Investment Company Act of 1960 (Republic Act No. 2629)
Minimum Holding Period	The period during which a 1.0% early redemption fee is charged for redemptions made, as follows:

Name of Fund	Minimum Holding Period
ALFM Peso Bond Fund	90 days

NAV Net Asset Value, defined as the value of the assets of the Fund, less the value of the liabilities

NAV per Share NAV divided by the total number of Shares outstanding

Offer The Offer to the public for subscription to the maximum number of unclassified and voting common shares of the Fund at the Offer Price, as follows:

Name of Fund	Maximum Number of Shares
ALFM Peso Bond Fund	400,000,000

Offer Price The Fund's prevailing NAV per Share computed as of end-of-day on the date of purchase of the Shares, plus the applicable sales load, if any.

Offer Shares The unclassified and voting common shares of the Fund

Name of Fund	Maximum Number of Shares
ALFM Peso Bond Fund	400,000,000

Par Value The par value of the Shares, as shown below:

Name of Fund	Par Value (in PhP)
ALFM Peso Bond Fund	100.00

PAS Philippine Accounting Standards

PDEx Philippine Dealing and Exchange Corporation

Peso or PhP Philippine peso, the lawful currency of the Republic of the Philippines

PIFA Philippine Investment Funds Association

PSEi The Philippine Stock Exchange Composite Index

Redemption Price The Fund's prevailing NAV per Share computed as of end-of-day on the date of sale of the Shares, less the applicable Early Redemption Fee, if any

Registration Statement	The registration statement filed by the Fund with the SEC in compliance with the Securities Regulation Code and the Investment Company Act
Regular Subscription Plan (RSP)	The automated periodic purchase (i.e., monthly or quarterly) of the Fund's shares in a pre-determined fixed amount
Sales Load	The sales commission, if any, collected from the subscribers of the Shares and paid to the Distributors or their Certified Investment Solicitor (CISol)
SEC	The Securities and Exchange Commission of the Philippines
Securities Regulation Code	Republic Act No. 8799
Servicing Agent	A Certified Investment Solicitor (CISol) of the Fund with whom a Shareholder shall transact purchases and redemptions of the Shares
Settlement Account	A BPI or BFSB current account or savings account required to be opened and maintained by each person or entity transacting the Shares against which all payments for Shares purchased shall be debited and into which all proceeds of Shares sold shall be credited
Shareholder	An owner of shares in the ALFM Peso Bond Fund
Shares	The unclassified and voting common stock of the ALFM Peso Bond Fund, issued out of the Fund's authorized capital stock or, when the context requires, the Fund's outstanding capital stock including the Offer Shares
Transaction Advice	The evidence of ownership of a Shareholder's holdings in the Fund
Valuation Day	A trading day when the Fund is made available for buying or selling and on which date the Fund Manager shall determine the NAV of the Fund

TERMS AND CONDITIONS OF THE OFFER

Eligible Investors The Shares of the Fund may be held by any person of legal age, or by a duly authorized and existing corporation, partnership or other entity regardless of nationality. However, because the Fund shall invest in shares of stock of Philippine corporations, Philippine law limits foreign ownership of the Fund to a maximum of forty percent (40%) of the Fund's issued and outstanding capital stock. The Fund, through the Transfer Agent, has the right not to permit nor allow the issuance or transfer of shares of the Fund which would reduce the ownership by Philippine nationals of the Fund's outstanding capital stock to less than 60%.

Any applicant for subscription to the Offer Shares shall declare and warrant that he is of legal age or, in the case of a corporate applicant, that there are no legal restrictions prohibiting its acquisition of the Shares applied for and that such applicant is otherwise eligible to remain a Shareholder of the Fund throughout the duration of the period that he owns Shares of the Fund.

The Offer The Fund is offering to the public its unclassified and voting common shares at the Offer Price. The Shares shall be made available for sale until the earlier of: (i) the date the Fund terminates the Offer, or (ii) the date when the number of Shares subscribed and paid for has reached the Authorized Capital Stock indicated below:

Name of Fund	Authorized Capital Stock
ALFM Peso Bond Fund	400,000,000

The Offer Price The Shares shall be offered at an Offer Price based on the NAV per Share computed by the end-of-day of each valuation date, plus the applicable Sales Load, if any. Shares applied for after the Cut-off Time shall be offered at an Offer Price based on the NAV per share calculated as of the next valuation day.

Cut-off Time 1:30 p.m. of a valuation day

Minimum Subscription A minimum subscription amount or worth of Shares shall be considered for each new application. The Fund, subject to the approval of its Board of Directors, may change such initial subscription amount and minimum additional subscription amount, including that of the Regular Subscription Plan (RSP). Securities sold shall be on cash basis. Installment sales are hereby expressly prohibited. In a Regular Subscription Plan, the investor purchases shares in a periodic frequency (i.e., monthly or quarterly) and at a fixed amount, the minimum of which is similar to the minimum additional subscriptions.

Name of Fund	Minimum Initial Subscription Amount	Minimum Additional Subscription (including for RSP)
ALFM Peso Bond Fund	PhP 5,000.00	PhP 1,000.00

Minimum Maintaining Balance At any time, Shareholders should have holdings in the Fund worth at least:

Name of Fund	Minimum Maintaining Balance
ALFM Peso Bond Fund	PhP 5,000.00

Minimum Partial Redemption Redemptions by Shareholders from the Fund should be worth at least:

Name of Fund	Minimum Partial Redemption
ALFM Peso Bond Fund	PhP 1,000.00

Should a partial redemption result in the investment falling below the required Minimum Maintaining Balance, the entire shareholdings of the Shareholder, multiplied by the applicable NAV per Share as of the date of the partial redemption, shall be paid to the said Shareholder via a credit to his Settlement Account, without need of prior notice to the Shareholder, unless the shareholder redeems before the Minimum Holding Period, there will be no redemption fee; otherwise, the Early Redemption Fee of 1% will be applied.

Payment for the Shares

Shares applied for shall be paid in full via a Debit Authority against the applicant's Settlement Account signed by the applicant on the date of application. The Purchase Order should be received before the Fund's cut-off time. Purchase orders received after the cut-off time shall be considered as orders for the next valuation day. The applicant's Settlement Account shall be earmarked in real-time for the subscription amount and the actual debit shall be done at end-of-day after the Offer Price for the day shall have been determined.

Registration of Investments

The registration of foreign investments in the Offer Shares with the proper Philippine Government authorities or authorized agents shall be the responsibility of the affected foreign investor.

COMPANY BACKGROUND

The ALFM Peso Bond Fund Inc. (“ALFM Peso” or the “Fund”) is a domestic corporation duly authorized to operate as an open-end investment company. The Fund was incorporated on July 18, 1997 as Ayala Life Filipino Income Fund, Inc. with an authorized capitalization of PhP 200.0 Million consisting of 200,000,000 common shares of par value PhP1.00 per share. On August 27, 1997, the Fund was registered with the Securities and Exchange Commission as an open-end investment company under the Investment Company Act and the Revised Securities Act (now, the Securities Regulation Code). On April 3, 1998, the Fund’s Board of Directors and Shareholders approved certain amendments in the Articles of Incorporation which changed the Fund’s name to Ayala Life Fixed Income Fund, Inc. and which effected an increase in the Fund’s authorized capital stock to PhP1.0 Billion consisting of 10,000,000 common shares of par value PhP100.00 per share. The following table provides information on the history of the Fund’s authorized capital stock increases through the years:

Increase No.	Authorized Capital Stock	Date of SEC Approval
1	10,000,000 shares	August 21, 1998
2	20,000,000 shares	December 15, 1999
3	50,000,000 shares	June 13, 2000
4	70,000,000 shares	January 16, 2002
5	90,000,000 shares	June 20, 2002
6	120,000,000 shares	November 15, 2002
7	170,000,000 shares	October 17, 2003
8	200,000,000 shares	April 18, 2005
9	268,000,000 shares	September 2, 2005
10	340,000,000 shares	October 17, 2005
11	400,000,000 shares	August 15, 2014

On May 23, 2001, the Board of Directors and Shareholders of the Fund approved the increase in Authorized Capital Stock to PhP 50.0 Billion consisting of 500,000,000 common shares of par value PhP100.00 per share, and to be implemented in tranches. The Authorized Capital Stock of the Fund currently stands at PhP 40.0 Billion consisting of 400,000,000 common shares of par value PhP100.00 per share.

The Fund has entered into a Management and Distribution Contract with BPI Investment Management, Inc. authorizing BPI Investment to purchase and sell investment 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 BPI Investment. The Fund has adopted a Manual of Corporate Governance and an Anti-Money Laundering Operating Manual. Monthly reporting of the Fund’s operations to the Board of Directors is being performed by BPI Investment to properly identify, assess and manage risks that may arise any time during the Fund’s daily operations. ALFM Peso does not own any property *such as* real estate, plant and equipment, mines, patents, etc. required to be disclosed under Annex C of SRC Rule 12.1.

ALFM Peso is categorized as a Peso-denominated bond fund. There are currently seventy (70) investment companies in the Philippines, of which eleven (11) are Peso-denominated bond funds. ALFM Peso competes directly with the other Peso-denominated bond funds currently available in the market (i.e., Philam Bond Fund, Inc., Sun Life Prosperity Bond Fund, Inc., Sun Life Prosperity GS Fund, Inc., ATRAM Corporate Bond Fund, Inc. (formerly, Prudentiallife Fixed Income Fund, Inc.), Cocolife Fixed Income Fund, Inc., First Metro Save and Learn Fixed Income Fund, Inc., Philequity Peso Bond Fund, Inc., Ekklesia Mutual Fund, Inc., Grepalife Fixed Income Fund Corp., and Soldivo Bond Fund, Inc.). With about PhP 45.08 Billion in Net Asset Value as of September 30, 2019, ALFM Peso stands as the largest mutual fund in the country, accounting for 74% of the Peso-denominated bond fund segment, and 16% of the entire mutual fund industry.

The principal method of competition in this industry is the fund performance or fund return measured as the NAV per share appreciation over time. The Fund will rely on the active management of its appointed Fund Manager to outperform its benchmark and its peers. The Fund is also aided by the wide network of its appointed distributors and the distribution reputation of the ALFM Mutual Funds brand to provide a steady inflow of fresh funds for the effective management of the Fund’s portfolio.

ALFM Peso, as an investment company, will be regularly dealing with the following principal parties, among others, as follows:

Fund Manager, Investment Advisor
and Transfer Agent:
Fund Distributors:

BPI Investment Management, Inc.
BPI Investment Management, Inc.
BPI Capital Corporation
COL Financial Group, Inc.
First Metro Securities Brokerage Corporation
Wealth Securities, Inc.
Unicapital Securities, Inc.

ALFM Peso believes that government regulations are intended to strengthen the industry for the benefit of the investing public and will, thus, comply with the regulations imposed as may be instituted by the regulatory authorities.

REGULATORY SUPERVISION

Investment companies are regulated by the Securities and Exchange Commission and are registered under the Investment Company Act of 1960 and the Securities Regulation Code (“SRC”) of 2000. Prior to the SRC, investment companies were registered under the Revised Securities Act. Any amendments to these or their implementing rules and other applicable laws may have effects on the operations of investment companies. Moving forward, market and regulatory developments such as the proposed Collective Investments Schemes Law and the Asian Region Fund Passporting, will further drive and shape the mutual fund landscape.

LEGAL PROCEEDINGS

The Fund, the Fund Manager, and their Directors and Officers, have not been involved in any material legal proceeding since the Fund’s incorporation.

ANNUAL MEETING OF THE SHAREHOLDERS

The annual meeting of the shareholders shall be held every last Friday of May or such other date determined by the Board of the Directors of the Fund.

DESCRIPTION OF CAPITAL STOCK

I. Capital Structure

The ALFM Peso Bond Fund's authorized capital stock is shown in the table below:

Name of Fund	Number of Authorized Shares	Par Value (in PhP)	Authorized Capital Stock (in PhP)
ALFM Peso Bond Fund	400,000,000	100.00	40,000,000,000

The Fund shall offer to the public common shares to be priced at the Net Asset Value per Share, determined at end-of-day of each valuation date, plus any applicable sales load.

II. Rights and Privileges

A. Voting Rights

The Fund shall issue only one (1) class of common shares. The Shares have identical rights and privileges, including voting rights. Each Share entitles the holder thereof to one vote at any meeting of Shareholders of the Fund. Shareholders shall have cumulative voting rights for the election of the Fund's directors.

B. Preemptive Rights

The Corporation Code confers preemptive rights to shareholders of a Philippine corporation and entitles them to subscribe to all issues or other dispositions of shares by the corporation in proportion to their respective shareholdings, regardless of whether the shares proposed to be issued or otherwise disposed of are identical in all respects to the shares held. However, a Philippine corporation may provide for the exclusion of these preemptive rights in its Articles of Incorporation and By-Laws.

The Fund's Articles of Incorporation deny preemptive rights to the Shareholders. Therefore, Shareholders of the Fund *do not have* the preemptive right to subscribe to any new issue of shares nor the right to purchase any disposition by the Fund of any of its treasury shares. Furthermore, no Shareholder shall have a preemptive nor other right to purchase, subscribe for, or take any part of any stock or any other securities convertible into, or carrying options or warrants to purchase, shares of the Fund. Any part of such stock or other securities may at any time be issued, optioned for sale, and sold or disposed of by the Fund pursuant to the resolution of its Board of Directors, to such persons and upon such terms as may, to such Board, seem proper, without first offering such stock or securities or any part thereof to existing Shareholders.

C. Appraisal Right

Under the Corporation Code, Shareholders who dissent from certain corporate actions (including the merger or sale of all or substantially all of the assets of the Fund) may demand payment of the fair market value (net asset value) of their Shares in certain circumstances. The fair value at which the shares of a dissenting shareholder may be sold to the corporation may be agreed upon by the parties. If they cannot reach agreement, it shall be determined by an independent committee. Payment of the shares of a dissenting shareholder may be made only if the corporation has unrestricted retained earnings to purchase the shares.

Rights of the Shareholders in case of Dissolution of the Investment Company and the Dissolution Plan

The Fund may be dissolved by a majority vote of the Board of Directors and by a resolution duly adopted by the affirmative vote of the investors owning at least two-thirds (2/3) of the outstanding capital stock of the Fund. Investors shall continue to possess all existing rights as shareholders of the Fund.

The Fund will liquidate its assets within six (6) months from receipt of the Order revoking the registration statement of the Fund. During such time, the Fund will no longer accept additional subscriptions and will only allow redemptions of shares based on the prevailing NAVPS. The daily NAVPS of the Fund will continuously be computed and published, as long as practicable.

Other than the foregoing, there are no other material rights for common shareholders of the Fund.

III. Dividends

The Corporation Code generally requires a Philippine corporation with surplus profits in excess of 100% of its paid-up capital to declare and distribute such surplus to its shareholders in the form of dividends. Notwithstanding this general requirement, a Philippine corporation may retain all or any portion of such surplus when (i) justified by definite expansion plans approved by its Board of Directors; (ii) the required consent of any financing institution or creditor to such distribution is not forthcoming; or (iii) it can be clearly shown that such retention is necessary under special circumstances.

Dividends payable out of the surplus profits of the Fund shall be declared at such time as the Board of Directors shall determine. No dividend shall be declared which shall impair the capital of the Fund. Stock dividends may be declared in accordance with law. The Fund may pay dividends in cash, property or in additional shares, or in some combination of the foregoing. To date, there were no distributions of dividends to stockholders. The Board has no plans of declaring dividends, given the Fund's objective. Surplus profits, if any, will be used to invest in financial securities for the Fund. However, the Board of Directors of the Fund may amend the dividend policy as conditions warrant. In said event, declaration of cash dividends is limited to the declaration made by the Fund's Board of Directors.

IV. Other Provisions

There are also no provisions in the Articles of Incorporation or By-Laws that would delay, deter or prevent a change in control of the Fund.

MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDERS' MATTERS

Principal Market

The Shares of the ALFM Peso Bond Fund are available for purchase primarily by resident citizens or investors of legal age, or by duly authorized and existing corporations, partnerships or other entities, subject to existing Philippine laws, through Certified Investment Solicitor (CISol) of the Fund's Distributors. Investors who want exposure in a diversified portfolio of high-grade investment instruments and securities, with at least a medium-term investment horizon, are the primary target market of the Fund. The Shares of the Fund are not traded publicly on an exchange since the Fund stands ready to redeem or buy back the Shares from the Shareholders any time.

Shares of the Fund may be purchased from the Distributors or their Sales Agents at an Offer Price based on the Fund's NAV per Share any time before Cut-Off, plus the applicable sales load, if any. Shares applied for after the Cut-off Time shall be considered as applied for on the next valuation day.

Stated below are the NAV per Share of the Fund at the end of the quarters from 2007 to 2019.

Market Price (NAVPS in Pesos)	2011	2010	2009	2008	2007
Quarter ending March 31	264.41	246.01	235.35	225.02	213.60
Quarter ending June 30	267.18	249.35	237.93	225.67	215.00
Quarter ending September 30	272.61	259.20	240.61	227.94	217.94
Quarter ending December 31	283.25	265.21	243.26	232.27	222.83

Market Price (NAVPS in Pesos)	2018	2017	2016	2015	2014	2013	2012
Quarter ending March 31	337.83	331.33	326.04	321.80	313.51	315.95	286.81
Quarter ending June 30	338.54	333.89	330.15	322.67	314.06	316.65	288.22
Quarter ending September 30	341.64	336.54	331.09	323.91	316.74	313.97	293.93
Quarter ending December 31	343.47	337.11	329.84	322.84	319.25	313.86	299.89

Market Price (NAVPS in Pesos)		2019
Quarter ending March 31		347.15
Quarter ending June 30		350.30
Quarter ending September 30		354.50
Quarter ending December 31		-

Stated below are the High and Low Net Asset Value Per Share (NAVPS) for the indicated quarters:

		2013		2012		2011		2010		2009	
Jan-Mar	high	3/31/13	315.95	2/19/12	289.09	01/05/11	265.64	03/31/10	246.01	03/27/09	235.46
	low	1/1/13	299.92	1/3/12	282.40	02/17/11	262.49	01/04/10	243.26	01/05/09	232.39
Apr-Jun	high	5/26/13	322.69	6/30/12	288.22	6/30/11	267.18	6/29/10	249.32	06/01/09	237.89
	low	4/11/13	315.81	5/20/12	285.51	4/1/11	264.41	4/6/10	246.08	04/01/09	235.36
Jul-Sep	high	8/15/13	317.34	9/30/12	293.93	9/13/11	273.30	9/30/10	259.20	09/30/09	240.58
	low	9/27/13	313.50	7/1/12	288.25	7/2/11	266.84	7/1/10	249.40	07/01/09	237.93
Oct-Dec	high	11/7/13	316.17	12/10/12	300.07	12/21/11	283.44	12/29/10	265.31	12/21/09	243.01
	low	12/17/13	313.00	10/9/12	293.59	10/5/11	272.49	10/1/10	259.19	10/06/09	239.74

		2018		2017		2016		2015		2014	
Jan-Mar	high	03/28/18	337.75	3/21/17	331.58	3/30/16	326.30	2/5/15	321.96	3/18/14	313.98
	low	01/08/18	336.99	1/3/17	329.40	1/4/16	322.39	1/5/15	319.30	2/13/14	310.35
Apr-Jun	high	05/31/18	338.74	6/30/17	333.89	6/29/16	330.38	6/24/15 and 6/29/15	322.79	5/30/14	314.63
	low	04/02/18	337.74	4/4/17	331.18	4/12/16	325.70	5/4/15	320.81	5/5/14	312.57
Jul-Sep	high	09/28/18	341.58	9/29/17	336.52	9/9/16	331.57	8/11/15	324.16	9/30/14	316.74
	low	07/03/18	338.67	7/3/17 & 7/3/17	333.70	7/1/16	329.93	7/2/15	322.50	7/2/14	313.93
Oct-Dec	high	12/26/18 to 12/28/18	343.38	12/29/17	337.07	10/3/16	331.45	10/28/15	324.10	12/31/14	319.25
	low	10/19/18	341.24	11/10/17	335.74	11/25/16	328.12	12/10/15	322.18	10/1/14	316.83

		2019	
Jan-Mar	high	03/29/19	347.08
	low	01/02/19	343.48
Apr-Jun	high	06/28/19	350.24
	low	04/02/19	347.24
Jul-Sep	high	09/30/19	354.49
	low	07/01/19 and 07/03/19	350.32
Oct-Dec	high	-	-
	low	-	-

Number of Shareholders

The table below shows the Fund's total number of shareholders as of September 30, 2019:

Name of Fund	Number of Shareholders
ALFM Peso Bond Fund	25,536

Share Options and Treasury Shares

None of the Shares of the Fund are covered by options.

Issue of Shares

The Fund may issue additional Shares to any person, subject to the restrictions as may be stated in their Articles of Incorporation and/or By-Laws, and for a consideration based on Net Asset Value per Share.

Stock Certificates

In the interest of economy and convenience, definitive stock certificates representing the Fund's Shares shall not be issued unless requested by a Shareholder in writing addressed directly to the Fund through the Fund's Sales Agents. In lieu of stock certificates, the Fund shall issue Transaction Advice to Shareholders.

In case a stock certificate is issued, such certificate shall be returned to the Fund in the event of full or partial redemption by the holder thereof. The stock certificate shall be cancelled and no new certificate shall be issued until the cancelled certificate shall have been returned to its original place in the stock certificate transfer book. The necessary expenses for each certificate of stock issued or transferred shall be borne by the Shareholder who requested such issuance or transfer.

Share Register

The Fund's official share register shall be maintained by the Corporate Secretary, through the Fund's Service Administrator, who shall likewise be principally responsible for the maintenance of the official stock and transfer book of the Fund, the issuance of Transaction Advice to shareholders, and payment of dividends, *if any*.

Recent Sales of Unregistered or Exempt Securities Including Recent Issuances of Securities Constituting an Exempt Transaction

Not applicable. The shares of the Fund are registered under the Investment Company Act (ICA) and the Securities Regulation Code (SRC).

DIRECTORS, OFFICERS, AND SIGNIFICANT SHAREHOLDERS

The following, who are all Filipino citizens, are the Fund's Directors and Officers as of the date of this Prospectus:

1. **Romeo L. Bernardo, Chairman / Independent Director**

Mr. Bernardo, Filipino, born in 1954, 65 years old, is the Chairman of the fund since 2003. He is also the Chairman of ALFM Money Market Fund, Inc. from 2009 to present, ALFM Growth Fund, Inc. from 2007 to present, ALFM Dollar Bond Fund, Inc. from 2003 to present, ALFM Euro Bond Fund, Inc. from 2005 to present, Philippine Stock Index Fund, Corp. from 2007 to present, and ALFM Global Multi-Asset Income Fund, Inc. from 2018 to present. He is currently the Managing Director of Lazaro Bernardo Tiu & Associates, Inc. and GlobalSource economist in the Philippines. Mr. Bernardo is likewise a director of several companies and organizations including Aboitiz Power, BPI, Globe Telecom Inc., RFM Corporation, Philippine Investment Management, Inc. (PHINMA), BPI-Philam Life Assurance Corporation, National Reinsurance Corporation of the Philippines, Financial Executives Institute of the Philippines (FINEX) Foundation. Mr. Bernardo was an Alternate Executive director of the Asian Development Bank from 1997 to 1998 and Undersecretary for International Finance, Privatization & Treasury Operations of the Department of Finance of the Republic of the Philippines from 1990 to 1996. Mr. Bernardo received a Bachelor of Science degree in Business Economics (magna cum laude) from the University of the Philippines and a Masters in Development Economics degree from Williams College in Williamstown, Massachusetts.

2. **Simon R. Paterno, Vice Chairperson / Regular Director**

Mr. Simon R. Paterno, Filipino, born in 1959, 60 years old, served as Head of the Financial Products and Services Group of the Bank of the Philippine Islands. He was responsible for managing the product businesses of the Bank, including Investment Banking, Corporate Loans, Transaction Banking, Retail Lending, Cards and Payments, Asset Management and Trust, Electronic Channels, and Deposits. He also supervised subsidiaries and affiliates in insurance, leasing, and merchant acquiring. He was a member of the Management Committee of BPI. Mr. Paterno is the former President and CEO of the Development Bank of the Philippines, serving from 2002-2004. He worked for 18 years at the New York, Hong Kong, and Manila offices of J.P. Morgan, serving finally as Managing Director in charge of sovereign clients during the Asian Financial Crisis of 1997-98, and as Country Manager for the Philippines until 2002. He also worked for 8 years at Credit Suisse as Managing Director and Country Manager for the Philippines. Mr. Paterno obtained his MBA from Stanford University in 1984. He was awarded his A.B., cum laude, Honors Program in Economics from Ateneo de Manila University in 1980. In 2005, he was elected President of the Management Association of the Philippines. He serves on the boards of the Foundation for Economic Freedom and Ateneo Scholarship Foundation. He was named a TOYM awardee for Investment Banking in 1999.

3. **Sherisa P. Nuesa, President / Regular Director**

Sherisa P. Nuesa, Filipino, born in 1954, 65 years old, is a former Managing Director of conglomerate Ayala Corporation until her retirement in 2011. Currently, she is a member of the Boards of Directors/Trustees of: Manila Water Company, the ALFM Mutual Funds, Far Eastern University, Inc., the Generika group of companies, FERN Realty Corp. and East Asia Computer Center. She also serves as a Board Trustee of The Institute of Corporate Directors (ICD), Judicial Reform Initiative and Financial Executives Institute of the Phils (FINEX). She is also a Senior Board Adviser of Metro Retail Stores Group Inc. (MRSGI) and Board Adviser/Consultant of VICSAL Development Corporation. As a Managing Director of Ayala Corp., she served in various senior management positions: 1) Chief Finance Officer and Chief Administrative Officer, Integrated Micro-Electronics, Inc. - IMI (January 2009 to July 2010); 2) Chief Finance Officer, Manila Water Company Inc. - MWC (January 2000 to December 2008); 3) Group Controller and later Vice President for Commercial Centers, Ayala Land, Inc. - ALI (January 1989 to March 1999); and 4) member of the boards of various subsidiaries of ALI, MWC and IMI. Ms. Nuesa attended the Advanced Management Program of the Harvard Business School in the US in June 1999 and completed her Master in Business Administration (MBA) degree from the Ateneo-Regis Graduate School of Business in 2011. She also attended the Financial Management Program of the Stanford University in 1991 and Audit Committee Seminar for Directors at Harvard Business School in 2016. A Certified Public Accountant, she holds a BS in Commerce degree (Summa cum Laude, 1974) from the Far Eastern University. She is the ING-FINEX CFO of the Year awardee for the year 2008.

4. John Philip S. Orbeta, Independent Director

Mr. John Philip S. Orbeta, Filipino, born in 1961, 58 years old, is currently the Managing Director, Chief Human Resources Officer and Group Head for Corporate Resources at Ayala Corporation, covering Strategic Human Resources, Information & Communications Technology, AC Synergy, Knowledge Management, and Corporate Support Services. He has served as a member of the Ayala Corporation Management Committee since May 2005 and the Ayala Group Management Committee since April 2009. He is currently the Chairman of Ayala Aviation Corporation, Ayala Group HR Council, Ayala Group Corporate Security Council and Ayala Business Clubs; Chairman and President of HCX Technology Partners, Inc.; and Vice Chairman of Ayala Group Club, Inc. Mr. Orbeta also serves as a Board Director of AG Counselors Corporation, AC Industrial Technology Holdings, Inc., Ayala Foundation Inc., Ayala Healthcare Holdings, Inc., Ayala Retirement Fund Holdings, Inc., ZapFam Inc., BPI Family Bank, Inc., ALFM Growth Fund, Inc., ALFM Money Market Fund, Inc., ALFM Dollar Bond Fund, Inc., ALFM Euro Bond Fund, Inc., ALFM Global Multi-Asset Income Fund, Inc. and the Philippine Stock Index Fund Corp. Mr. Orbeta previously served as the President and CEO of Ayala Automotive Holdings Corporation and Automobile Central Enterprise, Inc. (Philippine importer of Volkswagen) and the Chairman and CEO of Honda Cars Makati, Inc., Isuzu Automotive Dealership, Inc. and Iconic Dealership, Inc., and Board Director of Honda Cars Cebu, Inc and Isuzu Cebu Inc. Prior to joining Ayala Corporation, he was the Vice President and Global Practice Director of the Human Capital Consulting Group at Watson Wyatt Worldwide (now Willis Towers Watson), overseeing the firm's practices in executive compensation, strategic rewards, data services and organization effectiveness around the world. He was also a member of Watson Wyatt's Board of Directors. He graduated with a degree in A.B. Economics from the Ateneo de Manila University in 1982.

5. Adelbert A. Legasto, Regular Director

Mr. Adelbert A. Legasto, Filipino, born in 1947, 71 years old, is also a director of ALFM Dollar Bond Fund, Inc., ALFM Euro Bond Fund, Inc., ALFM Money Market Fund, Inc., ALFM Growth Fund, Inc., the Philippine Stock Index Fund, Corp., ALFM Global Multi-Asset Income Fund, Inc., and BPI Investment Management, Inc.. He has served as Governor of the Philippine Stock Exchange 1994-96, Governor of the Makati Stock Exchange 1994-97, was an incorporator of the Philippine Central Depository (PCD), and served as President of the Trust Officers Association of the Philippines in 1998-99. He graduated from the Ateneo de Manila University with an A.B. Economics degree and completed his M.B.A. academics at the Ateneo Graduate School of Business. He completed the Pension Funds and Money Management from the Wharton School of the University of Pennsylvania, and Investment Management at the CFA Institute at the Harvard Business School in Boston, Massachusetts.

Other Officers of the Fund

1. Fernando J. Sison III – Treasurer

Mr. Fernando J. Sison III, Filipino, born in 1952, 67 years old, is the Treasurer of the Fund since 2004. He used to be the President of BPI Investment Management, Inc. from May 2004 up to June 2012. He previously served as Vice President and head of many of BPI's divisions, including AMTG Retail Trust Division, AMTG Portfolio Management Division, SDG Retail Funds Distribution, and Private Banking Unit. He was assigned to BPI International Finance Ltd. (HK) as Head of Investment Management Division and to BPI Capital Corporation – Corporate Finance Group as Vice President and Head of Syndications and Underwriting. He completed the corporate finance module of JP Morgan in New York and underwent on-the-job training in corporate finance with JP Morgan in Hong Kong. He previously served as President of the Investment Company Association of the Philippines (ICAP) for 3 terms up to 2006 and as Chairman of the Board of the Philippine Investment Funds Association (PIFA), formerly ICAP, for 5 terms up to 2012-2013. He served as Industry Governor of the Market Governance Board of the Philippine Dealing and Exchange Corp. in 2008 and 2011 and as Alternate Governor for 5 terms. He is a SEC-licensed Certified Investment Solicitor from 2001 to 2012. He is currently the Investments Administrator and the Director for Business Affairs of the Ateneo de Manila University. He is a member of the Retirement Commission and the Investment Committee of the CEAP Retirement Fund. He is also a member of the Board of Senior Advisers of PIFA. Mr. Sison graduated from the Ateneo de Manila University in 1974 with the degree A.B. General Studies (Honorable Mention). He obtained his M.B.A. degree in 1976 from the University of the Philippines (Diliman).

2. Atty. Sabino B. Padilla IV, Corporate Secretary and Compliance Officer

Atty. Sabino B. Padilla IV, born in 1960, 59 years old, is the Corporate Secretary and Compliance Officer of the ALFM Mutual Funds. Atty. Padilla graduated with a degree in Bachelor of Laws from the University of the Philippines in 1985. He then received his Master of Laws from the Harvard University, USA in 1988. He is currently a partner of the Padilla Law Office which is legal counsel to BPI and its subsidiaries and to various religious orders, societies and congregations for men and women as well as educational institutions and hospitals operated by them. He is also the Corporate Secretary and Compliance Officer of other mutual funds such as the Solidaritas Fund and Ekklesia Mutual Fund.

3. Atty. Francis Lorenz E. Espiritu, Chief Data Protection Officer and Chief Risk Officer

Atty. Francis Lorenz E. Espiritu, born in 1987, 32 years old, is the Chief Data Protection Officer and Chief Risk Officer of the Fund. Atty. Espiritu graduated with a Juris Doctor degree from the Ateneo Law School in 2011 and became a member of the Philippine Bar in 2012. He is currently the Risk Management and Compliance Officer of BPI Investment Management, Inc., which is the Fund Manager, Principal Distributor, Investment Advisor and Transfer Agent of the ALFM Mutual Funds.

Significant employees

The ALFM Peso Bond Fund does not have employees of its own since the management of the Fund is already being handled by its Fund Manager, BPI Investment Management, Inc. The Fund (registrant) does not have a parent company.

Additional Information Required under Annex C of SRC Rule 12.1:

- The incorporators of the Fund are:

Mr. Manuel Q. Bengson, Mr. Ramon F.R. Medina, Mr. Ambrosio B. Mangilit, Jr., Mr. Jose R. Facundo, and Mr. Fernando Zobel de Ayala

- Each Director shall serve for a term of one (1) year from his appointment and until his successor has been duly elected and qualified, provided, however, that any Director may be removed from office at any time with or without cause by a 3/4 vote of the subscribed capital stock entitled to vote. Other than this, the Fund has no existing employment contract with any of the Fund's Directors.
- Mr. Romeo L. Bernardo and Mr. John Philip S. Orbeta are the Independent Directors of the Fund. An independent director is a person not having any relationship or position in the Fund, or in parties related to the Fund, the holding of which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, in compliance with Section 38 of the Securities Regulation Code.

- Security Ownership of Management, as of September 30, 2019:

Title of Class	Name of Owner	Position	Amount and Nature of Ownership	Citizenship	Percentage
Common	Romeo L. Bernardo	Chairman/ Independent Director	2,936 (record, beneficial)	Filipino	0.0023%
Common	Sherisa P. Nuesa	Director/President	20 (beneficial)	Filipino	0.0000%
Common	Adelbert A. Legasto	Director	53,212 (record, beneficial)	Filipino	0.0418%
Common	Simon R. Paterno	Director	328 (record, beneficial)	Filipino	0.0003%
Common	John Philip S. Orbeta	Independent Director	20 (beneficial)	Filipino	0.0000%
Common	Fernando J. Sison III	Treasurer	10,105 (record)	Filipino	0.0079%
Common	Sabino B. Padilla IV	Corp. Secretary/ Compliance Officer	0	Filipino	0.0000%
Common	Francis Lorenz E. Espiritu	Chief Data Protection Officer/ Chief Risk Officer	0	Filipino	0.0000%

- Each Director and Officer is compensated an amount for every Board meeting attended, as shown in the table below:

Director / Officer	Position	Year	Salary	Bonus	Other Salary
Romeo L. Bernardo	Chairman	2010	187,000.00	-	-
		2011	187,000.00	-	-
		2012	221,000.00	-	-
		2013	267,750.00	-	-
		2014	267,750.00	-	-
		2015	242,250.00	-	-
		2016	165,750.00	-	-
		2017	191,250.00	-	-
		2018	175,500.00	-	-
	2019 (estimated)	360,000.00	-	-	
Simon R. Paterno	Director (Starting March 23, 2015)	2010	-	-	-
		2011	-	-	-
		2012	-	-	-
		2013	-	-	-
		2014	-	-	-
		2015	-	-	-
		2016	-	-	-
		2017	-	-	-
		2018	-	-	-
	2019 (estimated)	180,000.00	-	-	
Sherisa P. Nuesa	Director (Starting April 2012)	2010	-	-	-
		2011	-	-	-
		2012	102,000.00	-	-
		2013	306,000.00	-	-
		2014	267,750.00	-	-
		2015	216,750.00	-	-
		2016	191,250.00	-	-
		2017	191,250.00	-	-
		2018	175,500.00	-	-
	2019 (estimated)	360,000.00	-	-	
John Philip S. Orbeta	Independent Director (Starting April 2012)	2010	-	-	-
		2011	-	-	-
		2012	102,000.00	-	-
		2013	216,750.00	-	-
		2014	178,500.00	-	-
		2015	178,500.00	-	-
		2016	153,000.00	-	-
		2017	153,000.00	-	-
		2018	127,500.00	-	-
	2019 (estimated)	360,000.00	-	-	
Adelbert A. Legasto	Director (Until December 2012)	2010	214,450.00	-	-
		2011	187,000.00	-	-
		2012	221,000.00	-	-
	(Starting June 2015)	2013	-	-	-
		2014	-	-	-
		2015	127,500.00	-	-
		2016	165,750.00	-	-
		2017	165,750.00	-	-
		2018	189,000.00	-	-
	2019 (estimated)	360,000.00	-	-	
Atty. Sabino B. Padilla IV	Corporate Secretary and Compliance Officer	2010	187,000.00	-	-
		2011	187,000.00	-	-
		2012	221,000.00	-	-

		2013	318,750.00	-	-
		2014	280,500.00	-	-
		2015	255,000.00	-	-
		2016	204,000.00	-	-
		2017	191,250.00	-	-
		2018	189,000.00	-	-
		2019 (estimated)	360,000.00	-	-
Fernando J. Sison III	Treasurer	2010	-	-	-
		2011	-	-	-
		2012	102,000.00	-	-
		2013	293,250.00	-	-
		2014	280,500.00	-	-
		2015	165,750.00	-	-
		2016	178,500.00	-	-
		2017	178,500.00	-	-
		2018	162,000.00	-	-
		2019 (estimated)	360,000.00	-	-
Atty. Francis Lorenz E. Espiritu	Chief Data Protection Officer and Chief Risk Officer	2017	-	-	-
		2018	-	-	-
		2019 (estimated)	-	-	-

- ❑ There are no other standard or consulting arrangements or any compensatory plan relating to resignation / retirement by which Directors and Officers are to be compensated other than that previously stated.
- ❑ No current Director of the ALFM Peso Bond Fund, or employees of the Fund Manager, or Investment Advisor, or any of the Distributors, is related to each other up to the fourth civil degree either by consanguinity or affinity. No Director of the ALFM Peso Bond Fund has been the subject of any legal or criminal proceedings during the past five (5) years.

Corporate Governance

The Fund has adopted a Manual of Corporate Governance to institutionalize the principles of good corporate governance in the entire organization. To measure or determine the level of compliance of the Board of Directors and Officers with the Fund's Manual of Corporate Governance, the Fund shall establish a review or evaluation system and shall submit the required Certification on the Fund's Compliance with its Manual of Corporate Governance. The company continuously evaluates the level of compliance of the Board of Directors and top level management with its Manual on Corporate Governance through a self-rating and peer evaluation system complemented by 180 degrees feedback mechanism. There has been no deviation from the Fund's Manual of Corporate Governance as of the date of this Prospectus. Other measures being undertaken by the Fund to fully comply with the adopted leading practices on good corporate governance are: (i) strict compliance on the appointment of Independent Directors; (ii) separation of the functions of the Chairman and the President; and (iii) the creation of an Audit Committee chaired by an Independent Director.

Anti-Money Laundering, FATCA and Counter-Terrorist Financing Policies

The Fund has adopted BPI Investment's Money Laundering and Terrorist Financing Prevention Program (MLPP). BPI Investment's MLPP is based on Republic Act No. 9160 or the "Anti-Money Laundering Act of 2011", as amended, and the Securities and Exchange Commission's ("SEC") Memorandum Circular No. 2 Series of 2010 on the Revised Guidelines in the Preparation of the Anti-Money Laundering Operating Manual for SEC Covered Institutions.

Investors of the Fund, including their beneficial owners, are required to undergo Customer Due Diligence (CDD), also known as Know-Your-Customer (KYC) for identity verification. In case of corporate and juridical entities, the legal existence and organizational structure, as well as the authority and identification of all persons purporting to act on their behalf, shall also be verified.

Investor transactions may be reported to the Anti-Money Laundering Council (AMLC) if they fall under the parameters provided by law or the MLPP.

The Fund has also adopted BPI Investment's policy on the Foreign Account Tax Compliance Act. Based on the information provided by the investor, BPI Investment will determine the FATCA status of the investor. The name, address, and U.S. TIN of identified U.S. Persons will be reported to the Bureau of Internal Revenue (BIR) or Internal Revenue Service (IRS) of the United States, as the case may be, including all other information required under the relevant FATCA regulations.

Procedures to Ensure Compliance with Relevant Laws and Regulation

To ensure the Fund's compliance with relevant laws and regulation, the Fund has appointed a Compliance Officer while the Fund Manager has its own Compliance Officer. The Compliance Officer is tasked to monitor and assess the overall implementation of the Compliance Program.

The Fund Manager's Compliance Program is designed to: (1) identify relevant laws and regulations affecting the Fund and the corresponding effects of non-compliance; (2) conduct periodic compliance testing and subsequent reporting of findings or exceptions noted to appropriate levels of management; and (3) provide for annual specific action plan or activities aimed at developing and maintaining a strong compliance culture and discipline within the entire organization.

The Compliance Officer, in coordination with management or the Board of Directors, shall take the initiative to update the Compliance Program to ensure compliance with new laws and regulations that are enacted or issued and to formulate new control processes in response to regulatory changes. To this end, the Fund Manager shall develop and maintain a constructive working relationship with various regulatory agencies through continuing dialogues and/or consultations geared towards a uniform understanding of laws and regulations, prompt resolution of issues and concerns.

Certain Relationships and Related Transactions

There were no transactions (or series of similar transactions) with or involving the company in which a director, executive officer, or stockholder owning ten percent (10%) or more of the Fund's total outstanding shares and members of their immediate family had or is to have a direct or indirect material interest.

Notwithstanding the above, Mr. Adelbert A. Legasto is a Director of the Fund and is also a Director of BPI Investment Management, Inc. (BIMI).

Dealings with related parties such as deposit or investment products of BPI are done on an arm's length basis and in accordance with the best execution requirements set in the established internal guidelines.

BPI Investment was designated as fund manager and investment advisor of the Fund.

As fund manager, BPI Investment shall formulate and implement the investment strategy, provide and render management, technical, and administrative services, whereby authorizing BPI Investment to purchase and sell investment securities for the account of the Fund. As investment advisor, it is tasked to render services which include investment research and advice; the preparation of economic, industry, market, corporate, and security analyses; and assistance and recommendations in the formulation of investment guidelines. For its services, the Fund pays BPI Investment a fee of not more than 1.00% p.a. of the Fund's average daily trading NAV.

The Fund has distribution agreements with subsidiaries of BPI, namely, BPI Investment and BPI Capital Corporation (BPI Capital). Under the terms of the agreement, BPI Investment and BPI Capital are appointed as co-distributors to perform principally all related daily functions in connection with the marketing and the growth of the level of assets of the Fund for a fee of 0.50% p.a. based on the outstanding daily balance of the Fund's shares distributed. Such agreements are effective year after year unless terminated by each parties. BPI and its thrift bank subsidiary, BPI Family Savings Bank, Inc., act as the receiving banks for the contributions and withdrawals related to the Fund as transacted by the distributors and shareholders.

Voting Trust Holders of More Than 5%

There is no existing voting trust or similar agreement entered into by Shareholders owning more than 5% of the Shares.

Legal Proceedings

The Fund is not party to any material pending legal proceedings.

Involvement in Certain Legal Proceedings

During the last five (5) years and material to evaluation, none of the Directors or Officers of the Fund were involved in any bankruptcy petition filed by or against any business of which any Director or Officer was a General Partner or Executive Officer either at the time of the bankruptcy or within two (2) years prior to that time; none were convicted by final judgment in a criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses; none were subject to any Order, judgment or decree not subsequently reversed, suspended or vacated, of any Court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities, or banking activities; and none were found by a domestic or foreign Court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or a self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended or vacated.

Changes in Control

There is no existing arrangement which is known to the Fund which may result in the change of control in the Fund.

External Audit Fees

Audit and Audit Fees

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Isla Lipana & Co. is the appointed external auditor of the Fund's financial statements for the year then ending with the objective of expressing an opinion on them. The audit shall be made in accordance with the Philippine Standards on Auditing and accordingly includes such tests of the accounting records and other auditing procedures as they would consider necessary. There are no other related services that the external auditor performed aside from the services mentioned above and no other fees billed related to tax services.

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Audit fees paid for the years 2018 and 2017:

	2018	2017
Audit fees	PhP 2,146,140.06	PhP 2,499,500.06

Audit Policies

The Audit Committee approves any engagement 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.

Changes in and Disagreements with Account on Accounting and Financial Disclosure

Ms. Blesida A. Pestaño was the signing partner for the external auditor from fiscal year 2009 to 2013. For the Fund's Financial Statements as of December 31, 2014, December 31, 2015, December 31, 2016, December 31, 2017 and December 31, 2018, the signing partner is Mr. John-John Patrick V. Lim. The corporation is compliant with SRC Rule 68, as amended Part 1(3)(b)(ix) re: 5-year rotation of external auditor. In taking this action, the members of the Board of Directors considered carefully Isla Lipana and Co.'s performance, its independence with respect to the services to be performed and its general reputation for adherence to professional auditing standards.

In the recent fiscal year external audit done by Isla Lipana & Co., there were no material disagreements with regard to accounting procedures and financial disclosures.

PRINCIPAL PARTIES

THE FUND MANAGER

BPI Investment Management, Inc. (“BPI Investment”), a wholly-owned subsidiary of the Bank of the Philippine Islands, is the Fund’s Investment Manager. It is tasked to formulate and implement the investment strategy of the Fund, and to provide and render management, technical, and administrative services to the Fund. BPI Investment was incorporated as Ayala Investment Management, Inc. on July 30, 1974 to principally engage in the business of managing an investment company. On March 5, 1991, the SEC approved the change in corporate name to the present name. BPI Investment is licensed by the SEC to act as Investment Company Adviser of mutual funds.

The Fund Manager does not have any existing arrangement with the Fund for the right to designate or nominate the members of the Board of Directors.

BPI Investment is also the Principal Distributor, Service Administrator, Investment Advisor, and Transfer Agent of the Fund.

The members of the Board of Directors of BPI Investment as of the date of this Prospectus are as follows:

1. Mercedita S. Nollo, Chairman

Ms. Nollo, Filipino, born in 1941, 78 years old, is the Chairman of BPI Investment Management, Inc. She has also been a member of the Board of Directors of BPI since 1991. She is also the Chairman of the Bank’s Retirement & Pension and Trust Committees and a member of the Bank’s Executive and Corporate Governance Committees. Ms. Nollo is also a Director of the following BPI subsidiaries and affiliates: BPI Family Savings Bank, Inc. and BPI Capital Corporation. Ms. Nollo serves as Director of the following companies: Ayala Land Commercial REIT, Inc., Michigan Holdings, Inc., Anvaya Cove Beach and Nature Club, Inc., Ayala Automotive Holdings Corporation, Honda Cars Cebu, Inc., Honda Cars Makati, Inc., Isuzu Automotive Dealership, Inc., Isuzu Cebu, Inc., Prime Initiatives, Inc., and Xurpas, Inc. She is also a member of the Board of Trustees of Ayala Foundation, Inc. and BPI Foundation, Inc. as well as Vice-President of Sonoma Properties, Inc. She used to be a member of the Board of Directors of Ayala Corporation from 2004 until September 2010. She became a Director of D&L Industries, Inc. starting in 2016. Ms. Nollo graduated with the degree of Bachelor of Science in Business Administration major in Accounting from the University of the Philippines in 1960 and placed second at the Certified Public Accountant Licensure Board Examination administered in the same year. In 1965, she obtained her Bachelor of Laws degree also from the University of the Philippines where she also placed second at the Bar Examination held in the same year.

2. Roberto Martin S. Enrile, President

Mr. Enrile, Filipino, born in 1969, 50 years old, is the President of BPI Investment Management, Inc. He served as head of Equities department of BPI Asset Management and Trust Corporation. With over 20 years of experience, Mr. Enrile has been in the banking and trust industry particularly in the capital markets. Prior to joining BPI, he was the head of Investments at Security Bank AMG and was with the Research, Investment Banking and Asset Management of ATR Kim Eng, now Maybank-ATR. Mr. Enrile was a graduate of FW Olin Graduate School of Business at Babson College where he earned a degree in Finance, minor in Entrepreneurship. He is also an alumnus of the Ateneo de Manila University with a Bachelor’s Degree in Business Management.

3. Ma. Ysabel P. Sylianteng, Independent Director

Ms. Sylianteng, Filipino, born in 1951, 67 years old, was Executive Vice-President of the Bank of the Philippine Islands, and Head of the Card Banking Division and Customer Relationship Management Group from 2005 to 2012. She joined BPI in 1983 with the rank of Assistant Vice-President. Her past directorships include Santiago Land Development Corporation, First Far East Development Corporation, FEB Speed International, Inc., BPI Direct Savings Bank, Inc., Prudential Bank and Pilipinas Savings Bank. She currently serves as an independent director of BPI Family Savings Bank, Inc. She graduated with AB-BSC major in Accounting from the Assumption College in 1973 and obtained her MBA from the Stanford University in 1977. She is a Certified Public Accountant.

4. Jesus V. Razon, Jr., Independent Director

Mr. Razon, Filipino, born in 1946, 73 years old, served as Senior Vice President of BPI and Head of the Human Resources Group. He also served as Head of the Consumer Banking Group – Metro Manila Branches. He serves as an independent director of BPI Family Savings Bank, Inc. and BPI Direct BankKO Inc., A Savings Bank (formerly known as BPI Direct Savings Bank, Inc.). His past directorships include BPI Operations Management Corp.; BPI Paseo de Roxas Condominium Corp.; Ayala Life Assurance, Inc.; FGU Insurance Corp.; BPI Forex Corp.; and Premiere Development Bank. Mr. Razon graduated from the Ateneo de Manila University with an A.B. Economics degree and earned his Master in Management degree from the Asian Institute of Management.

5. Adelbert A. Legasto, Regular Director

Mr. Legasto, Filipino, born in 1947, 71 years old, is also a director of ALFM Money Market Fund, Inc., ALFM Peso Bond Fund, Inc., ALFM Dollar Bond Fund, Inc., ALFM Euro Bond Fund, Inc., ALFM Growth Fund, Inc., ALFM Global Multi-Asset Income Fund, Inc., and the Philippine Stock Index Fund, Corp. He has served as Governor of the Philippine Stock Exchange 1994-96, Governor of the Makati Stock Exchange 1994-97, was an incorporator of the Philippine Central Depository (PCD), and served as President of the Trust Officers Association of the Philippines in 1998-99. He graduated from the Ateneo de Manila University with an A.B. Economics degree and completed his M.B.A. academics at the Ateneo Graduate School of Business. He completed the Pension Funds and Money Management from the Wharton School of the University of Pennsylvania, and Investment Management at the CFA Institute at the Harvard Business School in Boston, Massachusetts.

LIABILITY OF BPI INVESTMENT

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. BPI Investment shall not be liable for any loss or depreciation in the value of the FUND or in the value of INVESTOR's shareholdings unless attributable to BPI Investment'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 BPI Investment, not covered by the Philippine Deposit Insurance Corporation, and that losses, if any, are for the sole account of the INVESTOR/s.

MANAGEMENT AND DISTRIBUTION CONTRACT

The Fund vests upon the Fund Manager the authority, without need of prior approval or prior notification to the Fund, to purchase and sell securities and otherwise make or dispose of investments for the account of the Fund, within the limits of the guidelines set by law, the regulations set by the SEC, and the investment policies of the Fund.

The Fund Manager is further authorized to take charge of the collection of dividends, interests or other payments due on all securities owned by the Fund and shall, on behalf of and for the benefit of the Fund, exercise any and all rights of the Fund appurtenant to such securities such as the exercise of any preemptive rights, redemption rights, options, and others. The Fund Manager shall use voting rights for quorum purposes only. Nonetheless, in the event of unusual circumstances, the Fund Manager may request the Fund in writing for permission to exercise voting rights for other specified purposes.

The Fund Manager shall also provide transfer agency services including the maintenance of the official stock and transfer book of the Fund, the issuance of shareholders' Transaction Advice, and payment of dividends, if any.

BPI Investment shall also act as the Fund's Investment Advisor and is tasked to render services which include investment research and advice; the preparation of economic, industry, market, corporate, and security analyses; and assistance and recommendations in the formulation of investment guidelines.

For its services, the Fund Manager is entitled to charge a management, distribution, advisory and transfer agent fee based on the average daily trading Net Asset Value of the Fund, in such rates as are stipulated on page 6 of this Prospectus.

PLAN OF DISTRIBUTION

There are no Shares designated to be sold to specified persons. There is no plan to apply for listing in any exchange the Shares of the registrants. Consequently, none of the registrant's Shares are to be allocated to an exchange and/or to its members.

The Distributors of the Fund are BPI Capital Corporation; BPI Investment Management, Inc.; COL Financial Group, Inc.; First Metro Securities Brokerage Corporation; Wealth Securities, Inc.; and Unicapital Securities, Inc. All are distributors licensed by the Securities and Exchange Commission. Shares of the fund will be sold through SEC Certified Investment Solicitor (CISol) or via online facility of a CISol licensed institution. Distributors, through their CISol/s, shall comply with the Suitability Rule.

Institutions who wish to distribute the Fund's shares shall enter into an agreement with the principal distributor and the Fund. The said agreement shall contain all commercial and operational terms in the distribution and processing of the Fund's shares. Prior to distributing the shares of the Fund, the appointed third-party distributor shall secure a mutual fund distribution license from the Securities and Exchange Commission and shall be renewed as per the requirement of the regulatory body. Shares distributed by a third-party distributor shall have the same right with the shares distributed by the principal distributor.

The Distributors shall be entitled to collect a Sales Load based on each amount invested by an applicant or Shareholder in the Fund, in such maximum percentages as are stipulated on page 7 of this Prospectus, and shall have the discretion to establish the sharing of such Sales Load that is entitled to be received by its Sales Agents.

THE CUSTODIAN BANK

Citibank, N.A. is the Fund's Custodian Bank. Under the Custodianship Agreement, Citibank, N.A. shall be responsible for the safekeeping of appropriate monies and securities of the Fund as Custodian. Citibank, N.A. shall be entitled to collect a fee which shall be negotiated between the Fund and Citibank, N.A.

THE RECEIVING BANKS

The Bank of the Philippine Islands and BPI Family Savings Bank shall serve as the Fund's receiving banks (the "Receiving Banks"). Payments for Shares purchased by applicants or existing Shareholders shall be deposited by the Servicing Agents into the Fund's settlement account maintained with the Receiving Banks. The proceeds of Shares redeemed from Shareholders shall be debited from the Fund's settlement account maintained with the Receiving Banks.

OTHER INFORMATION REQUIRED

The Fund has no independent counsel or expert hired on a contingent basis.

HANDLING CUSTOMERS' COMPLAINT

For any concerns, investors can contact BPI Investment thru (02) 8580-0900. Investors may also send an e-mail at bpi_investment@bpi.com.ph.

The fund manager will acknowledge the receipt of the concern/complaints within three (3) business days and log the same to "Complaints Log". Clients will be informed on the resolution within fourteen (14) calendar days for simple issues/request and sixty (60) calendar days for complex issues/request.

In case of improper handling, investors may refer their concerns to the SEC at <http://imessagemo.sec.gov.ph/login.php>.

POLICIES ON CONFLICT OF INTEREST AND MANAGEMENT AND PROCEDURES IN MONITORING AND RESOLVING CONFLICTS OF INTEREST

The directors and officers of the Fund are expected to act in the best interest of the Fund in a manner characterized by transparency, accountability and fairness. Directors and officers of the Fund should conduct fair business transactions with the Fund, and ensure that his or her personal interest does not conflict with the interests of the Fund.

The basic principle to be observed is that a director or officer should not use his or her position to profit or gain some benefit or advantage for himself or herself and/or his or her related interests. A director or officer should avoid situations that may compromise his or her impartiality.

To avoid or minimize future conflict of interest situations, the Nomination Committee of the Fund shall consider the possibility for such occurrences when determining potential nominees for directorships of the Fund. The Board of Directors shall likewise consider the same standard when appointing officers of the Fund.

If an actual or potential conflict of interest may arise 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.

MECHANICS OF THE FUND

The Fund's Shares shall be offered through the accredited Distributors of the Fund. The Distributors shall be entitled to collect a front-end Sales Load based on each amount invested by an applicant or Shareholder in the Fund, in such percentages as are stipulated on page 7 of this Prospectus. The Distributors shall have the discretion to establish the sharing of such Sales Load that their Sales Agents are entitled to receive.

PURCHASE OF SHARES

Each new applicant shall fill out, either electronically or manually, a Customer Referral Sheet and a Payment Slip or Fund Order Form which may be obtained from, or provided by, any authorized Distributor. Applicant shall also fill out a Client Suitability Assessment Form to determine the client's understanding of the risks related to investing. Applicants undertake to sign all documents and/or perform such acts as may be necessary to enable them to be registered as holders of the Shares applied for and under their respective accepted Applications. In addition, if the applicant is a corporation, partnership or trust, the Application must be accompanied by the following documents: (1) a notarized Board Resolution covering the authority to invest in the Fund and designating the authorized signatories; (2) a certified true copy of the SEC Certificate of Registration, the Articles of Incorporation or other constitutive documents, the By-Laws, and General Information Sheet. For subsequent applications by a Shareholder, only a Payment Slip or Fund Order Form need be signed.

The Payment Slip or Fund Order Form shall indicate the gross amount of investment. The number of Shares that an investor will be able to buy will be determined as and when the Fund's NAVPS shall have been computed and accordingly made available at the end of the day. The investor's Settlement Account will be automatically debited at the end of the day for the amount of whole shares purchased, including the Sales Load, if any.

Subscription Orders received on or before 1:30 p.m. (the "Cut-off Time") on any valuation day will be processed at the NAVPS applicable on that day. Subscriptions Orders received after the Cut-off Time shall be deemed to have been received on the next valuation day and will be processed at the NAVPS applicable on that day.

REDEMPTION OF SHARES

The Fund agrees to purchase, and each Shareholder of the Fund shall be entitled to require the Fund to purchase, but not in the event and to the extent that the Fund has no assets legally available for such purpose whether arising out of capital, paid-in surplus or other surplus, net profits or otherwise, all or any part of the Shares outstanding in the name of such Shareholder in the books of the Fund, but only at the Redemption Price as of the valuation day on which a Redemption Order is made.

The applicable NAVPS, less the Redemption Fee, *if any*, shall be called the "Redemption Price." Any such request for redemption shall be evidenced by a duly-signed Redemption Slip or Fund Order Form, submitted to the Fund through the Distributor's Sales Agent or Receiving Bank. Redemption Orders received on or before 1:30 p.m. (the "Cut-off Time") on any valuation day will be processed at the Redemption Price applicable on that day. Redemption Orders received after the Cut-off Time shall be deemed to have been received on the next valuation day and will be processed at the Redemption Price applicable on that day. The payment for Shares so redeemed shall be credited to the Shareholder's Settlement Account with the Receiving Bank within the period stipulated by existing SEC rules, currently set at no longer than seven (7) days reckoned from the date the Redemption Order is received by the Fund. The Fund shall be entitled to collect an Early Redemption Fee based on the amount redeemed, in accordance with the following schedule:

Name of Fund	Holding Period	Early Redemption Fee
ALFM Peso Bond Fund	90 days or less	1.00% flat
	more than 90 days	none

The Fund may suspend redemptions or postpone the date of payment for redemptions in cases when (i) normal trading is suspended on the Philippine Stock Exchange, or (ii) the BSP suspends clearing operations for the day, or (iii) with the consent of the SEC. The SEC may, whenever necessary or appropriate in the interest of the Fund's Shareholders, suspend the redemption of securities of open-end companies.

SPECIAL CONSIDERATIONS

The Fund shall not suspend the right of redemption nor not postpone the date of payment or satisfaction upon redemption of any redeemable security for more than seven (7) banking days after the tender of such security to the Fund, except in the following cases:

- (1) for any period during which banks are closed other than customary weekend and holiday closings;
- (2) for any period during which an emergency exists as a result of which (a) disposal by the Funds of securities owned by them are not reasonably practicable, or (b) it is not reasonably practicable for the Fund to determine the value of its net assets; or
- (3) for such other periods as the SEC may, by order, permit for the protection of security holders of the Fund.

PRICE DETERMINATION OF THE FUND'S ASSETS

The Calculation Agent obtains closing prices of underlying securities each day from Philippine Dealing & Exchange Corp. (PDEX) used for calculation of the Fund's assets.

DETERMINATION OF THE FUND'S NET ASSET VALUE

The Net Asset Value per Share of the Fund, as of the close of any valuation day (the "Close"), shall be obtained by dividing the value of the assets of the Fund less the value of its liabilities, reserves for expenses and adjustments for market risk, by the total number of Shares outstanding at such Close, all to be determined as follows:

1. The assets of the Fund shall be deemed to include:

(i) all cash on hand, on deposit, or on call; (ii) all bills and notes and accounts receivable; (iii) all shares of stock and subscription rights and other securities owned or contracted for by the Fund, other than its own capital stock; (iv) all stock dividends to be received by the Fund and not yet received by it but declared to stockholders of record, on a date on or before the date as of which the Net Asset Value is being determined; (v) all interest accrued on any interest bearing securities owned by the Fund; (vi) all real properties or interest therein; and (vii) all other properties of every kind and nature including prepaid expenses.

2. The liabilities of the Fund shall be deemed to include:

(i) all bills and notes and accounts payable; (ii) all administrative expenses payable and/or accrued (including management fees and custody expenses); (iii) all contractual obligations for the payment of money or property; (iv) all reserves for expenses and adjustments for market risk; and (v) all the other liabilities of the Fund of any kind and nature whatsoever, except liabilities represented by the outstanding capital stock and surplus of the Fund.

3. For the purposes thereof:

(i) capital stock subscribed for shall be deemed to be outstanding as of the time of acceptance of any subscription and the entry thereof in the books of the Fund, and the net proceeds thereof shall be deemed to be an asset of the Fund; and (ii) capital stock surrendered for purchase by the Fund pursuant to the provisions of its Articles of Incorporation or By-Laws shall be deemed to be outstanding until the close of business on the business day as of which such Net Asset Value is being determined and, thereupon and until paid, the price thereof shall be deemed to be a liability of the Fund.

On every valuation day, the Fund Manager shall compute the NAV per Share and shall provide the same to the Fund's Distributors. The Fund Manager shall cause the regular publication of the Fund's NAV per Share on the Fund's website, the Distributor's website, and premises.

To estimate its exposure to market risk, the Fund Manager computes the statistical “value at risk” (VAR) of its investments. The VAR measurement estimates the maximum loss due to adverse market movements that could be incurred by the portfolio during a given holding period with a given level of confidence. The Fund Manager uses a one month holding period, estimated as the number of days required to liquidate the investment portfolio, and a 99% degree of confidence in the computation of VAR. As such, there remains a 1% statistical probability that the portfolio’s actual loss could be greater than the VAR estimate.

TAXATION

Section 32 of Republic Act 8424 excludes the gains from redemption of shares in mutual funds from the computation of gross taxable income. However, investors are advised to consult their own professional advisers as to the tax implications of subscribing for, purchasing, holding and redeeming shares of the Fund. Tax rulings and other investment factors are subject to rapid change.

INVESTMENT OBJECTIVES AND RESTRICTIONS OF THE FUND

The primary investment objective of ALFM Peso is to generate a steady stream of fixed income through investments in a diversified portfolio composed of high-grade investment instruments and securities.

In line with its primary investment objective, the Fund may invest and re-invest in, or sell, transfer or otherwise dispose of, depending on prevailing and anticipated market conditions, selected instruments and securities such as, but not limited to, government securities and reverse repurchase agreements, term deposits, deposit substitutes, commercial paper, corporate bonds, private debt-paper, promissory notes, preferred shares, asset-backed securities, asset-participation certificates, receivables, cash, as well other viable financial derivatives, and other types of fixed-income generating instruments, equity, real estate instruments or in any property or assets created or issued by any and all persons, firms, corporations, associations, partnerships, syndicates, entities, governments and their subdivisions, agencies or instrumentalities, domestic or foreign, or such other similar instruments, denominated in any currency, and securities of all kinds as may be approved by the Securities and Exchange Commission which can provide the Fund with a stream of interest income; and acquire, invest and re-invest in, sell, transfer or otherwise dispose of, real properties of all kinds; and, generally, carry on the business of an open-end investment company insofar as may be permitted by and subject to existing laws.

SEC Memorandum Circular # 7, Series of 2005, which was amended by SEC Memorandum Circular # 10, Series of 2006, allows mutual funds to invest up to 100% of their net assets in bonds and other evidences of indebtedness registered and traded in an organized market in a foreign country, subject to the standards set by the Commission and provided that the issuers thereof have a long-term foreign currency rating of at least BBB from a reputable credit rating agency.

CHANGE IN INVESTMENT OBJECTIVES

The investment objectives of the Fund may not be changed without the approval of the Shareholders owning at least a majority of the respective Fund's outstanding capital stock, present in person or by proxy at a meeting called for such purpose.

INVESTMENT LIMITATIONS

In investing the assets of an Investment Company, the Fund Manager shall comply with the following limitations:

- a. The maximum investment of an Investment Company in any single enterprise or issuer shall not exceed an amount equivalent to fifteen percent (15%) of its net assets, nor shall the total investment of the fund exceed ten percent (10%) of the outstanding securities of the investee company.
- b. The Investment Company must not invest, in aggregate, more than twenty percent (20%) of its net assets in transferrable securities, money market securities, deposits and financial derivatives issued by a single entity or issuer.
- c. Deposits shall not exceed twenty percent (20%) of its net assets in a single bank/non-bank with quasi bank license excluding monies for liquidation of a revoked Investment Company.
- d. The investments in the following shall not exceed five percent (5%) of the net assets of the Investment Company:
 - i. Deposits placed with a non-investment grade or unrated deposit taking institution;
 - ii. Debt securities or money market instruments not dealt in an organized market or issued by an unrated or non-investment grade issuing body; and
 - iii. Over-the-counter financial derivatives with non-investment grade or unrated counterparty, unless the derivatives are used for efficient portfolio management which the investment aggregate shall not exceed more than twenty percent (20%) of the assets of the Investment Company;
 - iv. Unlisted shares issued by a related party.

The aggregate investments shall not exceed ten percent (10%).

- e. Investment in foreign government debt securities or money markets where the issuer or the guarantor is a government, sovereign or central bank with an international long-term issuer rating of investment grade may be increased to a maximum of thirty five percent (35%) of the net assets of the Investment Company;
- f. A maximum of five percent (5%) of the net assets of the Investment Company may be invested in government debt securities issued or guaranteed by a government, sovereign or central bank with an international long-term issuer rating that is non-investment grade;
- g. In investing in financial derivative instruments for the Investment Company, the Fund Manager shall see to it that it employs a risk-management process which captures the risks associated with the use of financial derivatives and satisfies all the following requirements:
 - 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.
- h. The MFC shall be prohibited from investing in the securities it is issuing.
- i. No Investment Company shall purchase from or sell to any of its officers or directors or the officers or directors of its investment advisor/s, manager or distributor/s or firm/s of which any of them are members, any securities other than the capital stock of the Investment Company.
- j. The Investment Company shall not engage in short selling;
- k. Unless the Commission shall provide otherwise, the Investment Company shall not invest in any of the following:
 - i. margin purchase of securities (investment in partly paid shares are excluded);
 - ii. commodity futures contracts;
 - iii. precious metals; and
 - iv. unlimited liability investments.

Liquidity Requirements

For liquidity purposes, unless otherwise prescribed by the Commission, at least ten percent (10%) of the assets of an Investment Company shall be invested in liquid/semi-liquid assets.

- a. Such liquid/semi-liquid assets shall refer to, but not limited to the following:
 - i. Treasury notes or bills, Certificates of Indebtedness issued by the Bangko Sentral ng Pilipinas which are short term, and other government securities or bonds and such other evidence of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines;
 - ii. Tradable Long-Term Negotiable Certificate of Time Deposits (LTNCTD)
 - iii. Government debt securities where the issuer or the guarantor is a foreign government, sovereign or central bank with an international long-term issuer rating of investment grade;
 - iv. Savings or time deposits with government-owned banks or commercial banks, provided that in no case shall any such savings or time deposit accounts be accepted or allowed under a "bearer", "numbered" account or other similar arrangement.
 - v. Money market instruments issued by Philippine regulated qualified buyers or those issued by an investment grade issuing body;
 - vi. Other collective schemes wholly invested in liquid/semi-liquid assets.
- b. The MFC may implement a decreased investment of less than ten percent (10%) but not less than five percent (5%) of its assets in liquid/semi-liquid assets, provided, however, that it shall submit a notarized liquidity contingency plan, signed by the President of the Fund and its Fund Manager.

Other Limitations

Operational expenses

The total operating expenses of an Investment Company shall not exceed ten percent (10%) of its average investment fund or net worth as shown in its previous Audited Financial Statements covering the immediately preceding fiscal year.

The formula shall be as follows: $\text{Expense Ratio \%} = (\text{Total Operating Expenses} / \text{Average Net Asset Value}) \times 100$.

Borrowing limit

An Investment Company may borrow, on a temporary basis, for the purpose of meeting redemptions and bridging requirements provided that:

- a. The borrowing period should not exceed one month; and
- b. The aggregate borrowings shall not exceed ten percent (10%) of the net assets of the Investment Company.

The Investment Company shall not incur any further debt or borrowing unless at the time of its incurrence or immediately thereafter there is an asset coverage of at least three hundred percent (300%) for all borrowings of the Investment Company. Provided, however, that in the event that such asset coverage shall at any time fall below three hundred percent (300%), the Investment Company shall within three (3) days thereafter, reduce the amount of its borrowings to an extent that the asset coverage of such borrowings shall be at least three hundred percent (300%).

PHILIPPINE LAWS APPLICABLE TO THE COMPANY

INVESTMENT COMPANY ACT OF 1960

- The Investment Company Act of 1960 primarily regulates the business of investment companies. Subject to the exceptions under the law, an investment company is any issuer, which is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, re-investing, or trading in securities. An investment company is either (a) an open-end company; or (b) a closed-end company. An open-end company is an investment company, which is offering for sale or has outstanding, redeemable securities of which it is the issuer. A closed-end company, on the other hand, is an investment company other than an open-end company. The Investment Company Act provides for separate rules for each kind of investment company.

To be incorporated as an investment company, the following requirements should be complied with:

1. Minimum subscribed and paid-in capital of PhP 50.0 Million.
2. All shares of stock should be common and voting shares.
3. In the case of open-end companies, the Articles of Incorporation thereof should expressly waive the preemptive rights of stockholders.
4. All Filipino membership in the Board of Directors.

The Investment Company Act requires the registration of the investment company under said Act. The shares of the investment company are required to be registered under the Securities Regulation Code. The Investment Company Act also requires an investment company to place and maintain its securities and similar investments in the custody of a duly organized local commercial bank of good repute, duly authorized by the BSP to perform trust functions.

DIVIDENDS

A corporation may declare dividends only out of its unrestricted retained earnings. These represent the net accumulated earnings of the corporation, with its capital unimpaired, which are not appropriated for any other purpose. The corporation may satisfy dividends in cash, by the distribution of property, or by the issue of shares of stock. Dividends satisfied by the issuance of shares may be paid only with the approval of shareholders representing at least two-thirds (2/3) of the outstanding capital stock at a shareholders' meeting called for such purpose.

The declaration of dividends is generally discretionary with the Board of Directors. However, corporations with surplus profits in excess of 100% of their paid-up capital are required to declare and distribute the amount of such profits and dividends, except when the retention is justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the consent of creditors is required under any loan agreement or when it can be clearly shown that such retention is necessary under special circumstances.

RIGHTS OF SHAREHOLDERS

The right of shareholders to institute proceedings on behalf of the corporation in a derivative suit is recognized in Philippine jurisdiction. Derivative suits may be filed where the corporation itself is unable or unwilling to institute the necessary proceedings to redress a wrong committed against the corporation or to vindicate corporate rights. Derivative suits as a rule are filed with the SEC. Jurisdiction over intra-corporate disputes is transferred to the regular Courts.

A shareholder has a right to dissent and demand payment of the fair value of his shares in the following instances: any amendment of the Articles of Incorporation which has the effect of changing or restricting rights attached to his shares, or of extending or shortening the term of corporate existence, the sale/lease or other disposition of all or substantially all of the assets of the corporation, or a merger or consolidation of the

corporation with another corporation. The fair value at which the shares of a dissenting shareholder may be sold to the corporation may be agreed upon by the parties. If they cannot reach agreement, it shall be determined by an independent committee. Payment of the shares of a dissenting shareholder may be made only if the corporation has unrestricted retained earnings to purchase the shares.

MANAGEMENT

Corporate powers are exercised, and all business of a corporation is conducted, by the Board of Directors. However, the powers of the Board of Directors are not unlimited. Certain corporate acts may be effected only with the approval of shareholders representing at least two-thirds (2/3) of the outstanding capital stock at a shareholders meeting convened for the purpose. Matters requiring such shareholders' approval include the amendment of the Articles of Incorporation, removal of directors, the sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the assets of the corporation, and the investment of corporate funds in another corporation or business or for any purpose other than the primary purpose for which the corporation was organized.

GOVERNMENT POLICIES AND REGULATIONS

The Fund falls under the category of Investment Company which is regulated by the Philippine Government through the Securities and Exchange Commission and several laws. Investment companies are required to be incorporated pursuant to the Corporation Code of the Philippines or *Batas Pambansa Blg. 68* (the “Corporation Code”). Aside from the incorporation requirements, investment companies are required to be registered either as an open-end or a closed-end investment company following the rules found under the Investment Company Act. Securities issued by an investment company are required to be registered following the rules of the Securities Regulation Code. The regulating body tasked with the implementation of the aforementioned laws is the SEC.

THE SECURITIES AND EXCHANGE COMMISSION

Under the Securities Regulation Code, the SEC is responsible for regulating the securities market. The SEC is a quasi-judicial government agency under the administrative supervision of the Department of Finance.

The SEC is headed by a chairperson and four (4) associate commissioners who are appointed by the President of the Philippines for a term of seven (7) years. The SEC is responsible for the registration of securities proposed to be listed on the PSE, the registration of securities proposed to be offered to the public, the regulation of the securities markets, the licensing of securities brokers and dealers, the promulgation of rules and regulations on securities trading, and the issuance of opinions and rulings pertaining to the proper application of the Corporation Code, the Securities Regulation Code, the Investment Company Act, and certain other statutes.

The SEC’s departments that regulate investment companies are the Company Registration and Monitoring Department, the Corporation Finance Department, and the Market Regulation Department.

THE INVESTMENT COMPANY ACT OF 1960

The Investment Company Act (Republic Act No. 2629) contains the various rules and regulations for corporations which may wish to engage in the business of primarily investing, re-investing, or trading in securities. The Act, however, excludes from its broad definition of “investment companies” such entities as banks, insurance companies, employees’ stock bonus plans, pension plans, and profit-sharing plans.

For purposes of the Act, investment companies are divided into open-end and closed-end companies, defined as follows: (i) “open-end company” means an investment company which is offering for sale, or has outstanding, any redeemable security of which it is the issuer; and (ii) “closed-end company” means any investment company other than an open-end company.

The Act provides for several rules relative to the incorporation of investment companies, the most basic of which are as follows: (i) the subscribed and paid-up capital of the investment company must be at least PhP 50.0 Million; (ii) all shares of capital stock must be common and voting shares, and, in the case of open-end companies, the Articles of Incorporation must waive the preemptive rights of shareholders; and (iii) all members of the Board of Directors must be Filipino citizens.

THE SECURITIES REGULATION CODE

The Securities Regulation Code (Republic Act No. 8799) provides that securities which are to be offered or sold to the public in the Philippines must first be registered with the SEC (except for certain securities exempt from the registration requirements and securities to be sold in certain exempt transactions). The Securities Regulation Code also requires companies listed in the stock exchange and companies whose securities are registered under the said law to submit periodically corporate information and financial statements.

MANAGEMENT DISCUSSION OR ANALYSIS ON PLAN OF OPERATIONS

During the Stockholders' meeting on November 16, 2006, the Stockholders approved the proposed increase in Authorized Capital Stock from PhP 34 Billion (divided into 340 Million shares of PhP 100.00 par each) to PhP 100 Billion (divided into 1 Billion shares of PhP 100.00 par each).

On August 15, 2014, the SEC approved the increase in ACS from PhP 34 Billion (divided into 340 Million shares of PhP 100.00 par each) to PhP 40 Billion (divided into 400 Million shares of PhP 100.00 par each).

AS OF MARCH 31, 2019

ALFM Peso Bond Fund's net asset attributable to shareholders continues to shrink; in 2019 as it shrank by 6.96% or ~PHP 3.75 Billion pesos. The lower NAV was due to continues withdrawals from investors on the back of bullish outlook for equities and persistent high rates of alternative investments.

For the 1Q, the local government yield curve declined on average of 40 basis points across the yield curve on the back of lower inflation outlook for the whole year and, at the same time, market anticipation of BSP's action in aggressively cutting down its Reserve Ratio Requirement which the new BSP Governor Diokno was quoted saying that he is keen to "cut 1 bp every quarter". The view was treated quite aggressive by the market and as a pseudo monetary policy cut. Due to the bullish outlook for the bond market, the Fund gave a 1.07% net return for the quarter and booked a realized and unrealized gain worth PHP 161 Million.

Investment securities in amortized cost remains a high percentage of the Fund's asset since the fund's main objective is to give its investors a stable return over time. Cash and cash equivalents is seen to be much lower compared to year-end as the Fund used it to fund the withdrawals. Despite the lower percentage in cash and cash equivalents, current liquidity ratio remains high. Earnings per share is also noted to be better for this quarter at PHP 4.18 per share.

No other notable item to discuss.

Top Five Key Performance Indicators

- a) *Performance vis-à-vis the Benchmark* - ALFM Peso Bond Fund is a managed bond fund whose objective is long-term capital appreciation through investments in a diversified portfolio composed of high-grade fixed-income investment instruments. The Fund aims to outperform its benchmark consistently on a year-on-year basis. ALFM Peso Bond Fund posted a year to date return of 1.07% as of end 1Q 2019 based on its trading NAV per share; lagging behind its blended benchmark of 75% 91-day Philippine treasury Bill- net of tax and 25% of the BPI 1-5 Year Index by 69 basis point.
- b) *Market Share in the Industry* - The Fund is expected to continue to strengthen its presence in the industry. The Peso Mutual Fund industry has three major players in terms of Net Asset Value- ALFM Peso Bond Fund, PHILAM Bond Fund and Sun Life Prosperity Bond Fund. As of end 1Q 2019, ALFM Peso Bond Fund maintained its market dominance having majority (77.1%) of the Peso-denominated bond market share. Philam Bond Fund remains a far second with 9.8% share and Sunlife Prosperity Bond Fund at third with 5.9% market share.
- c) *NAV Growth vis-à-vis Industry Growth* - The Fund's average daily NAV for first quarter of 2019 was at PHP 52.96 Billion. The peso-denominated bond industry continued to shrink, declining 5.79% in 1Q while the ALFM Peso Bond Fund's net asset value also shrank by 6.96%.
- d) *Portfolio Quality* - The Fund's portfolio should at all times, adhere to the investment parameters as indicated in the Fund's prospectus. As of the end of 1Q 2019, 13.75% of the Fund's portfolio was invested in government securities, 68.96% in corporate securities, 5.49% in short term investments, 0.59% in cash/cash equivalents, 4.24% in loans and other net receivables, 6.77% in preferred shares and 0.20% in fixed income funds.
- e) *Performance vis-à-vis Competition* - The Fund's performance is also compared against the performance of other players in the market. As of end 1Q 2019, ALFM Peso Bond Fund is at the second half of the peso-denominated bond funds category in terms of year-to-date returns.

AS OF DECEMBER 31, 2018

Philippines GDP continues to remain one of the top-performing emerging economies in Asia despite a slowdown to 6.2% from 2017's 6.7%. This is actually the seventh straight year that the Philippines grew more than 6.0%. Despite the slower-than-expected growth, the firm finish of the Philippines is still considered on a high growth trajectory and remains to be among the fastest-growing economies behind India, Vietnam and China.

Inflation print buckled away from the government's range of 2% to 4% and rose to as high as 6.7% in September and October, which became one of the main detractor to the economic growth as it tempered consumption and investment spending. Full year 2018 printed at 5.20% vs 2.90% in 2017. The inflation brunt was felt mostly on the food prices due to supply issue. The agriculture sector suffered from strings of typhoons (from 4% in 2017 to 0.8% in 2018), as well as, the poor timing in food importation fanned the inflationary pressure.

As for the BSP, it hiked its rates five times throughout the year to anchor inflation and played catch-up with the US Federal Reserve who hiked four times (from 1.25% - 1.50% to 2.25% - 2.50%). Philippine overnight reverse repurchase agreement rate rose from 3.00% to 4.75%. BSP also trimmed its reserve requirement ration twice from 20% to 18%.

Despite the strong economic performance of the country, it was another tumultuous year for the Philippine local yield curve where the market saw the yield curve rise across the curve as high as 242.50 basis points, on average, as inflation crept up on the back of food supply, non-alcoholic beverages and energy prices. Relief rally on the bond was seen in the last two months of the year as inflation started to ease on the back of lower global prices and ease on rice importation.

For the year, the ALFM Peso Bond Fund gave a net return on investment of 1.89% or an increase in the NAV per share of PHP 6.36; thus, ending the year at PHP 343.47. The Fund's volatility was also kept low at 0.36% due to the erratic yield movement in the second half of the year, much lower from 2017's 0.74%.

Despite the decline in the Fund's NAV of 12.05%, the income tax expense is slightly higher by PHP 5.40 Million than prior year which was mainly led in increase of interest income from the held-to-maturity securities. Total expenses declined by 37% much due to lower management fee of 1.50% to 1.00% for 2018. Earnings Per Share (EPS) slightly slid to PHP 5.36 versus 2017's PHP 5.83 despite a tough year for the bond market where all the bond indexes sans the money market returning in red.

The Fund continued to remain well diversified in 2018 with 12.32% of the Fund's portfolio invested in government securities, 70.24% in corporate bonds/notes/loans, 6.17% in preferred shares, 1.80% in fixed income funds, 3.99% in cash/cash equivalents net of receivables/liabilities/allowances, and 5.48% in short term investments. Corporate bonds/notes/loans will continue to be a major investment of the Fund as we look to participate in corporate issuances given the higher spread over government security and diversification. The Fund continues to maintain portfolio quality through active duration management, yield curve positioning, and yield-enhancing credit investments. As of year-end 2018, portfolio duration of the fund was even lowered to 2.58, lower than previous year's 3.29, to shield the investors from the spike in yields.

For 2019, we expect Philippine inflation to ease on the back of expected lower global oil prices and easing food supply which will be a good news for the bond market. At the same time, we will also expect a higher domestic consumption as an effect of personal tax breaks for low and middle income earners, additional one-off election spending in the first half of the year and sustainable government infrastructure spending. Philippine economic growth will remain robust and within the range of 6% to 7%. RRR cut will remain on the table as a BSP's structural change to be within its ASEAN peers who have RRR less than 10%.

Some risks for the bond market will be the abundant supply of debt both from the government and private sector to fund the massive infrastructure plans of the current administration. At the same time, there is an on-going geopolitical risk abroad with the US- China rhetoric trade war and the possible global growth slowdown in relation to it. The US Fed is expected to hike one to two times in 2019 on its path to normalization. Notwithstanding these external factors, one thing to bear in mind that the Philippine bond market is not shielded from the price of global oil which the low inflation expectation is pegged on. As long as the oil price doesn't rise to above US\$60/barrel, we don't foresee the inflation to spike as high as it did in 2018. Apart from the rosy picture of the Philippine market, cautious and selective investing is still paramount.

Thus, for 2019, expect ALFM Peso’s priority to give our investors a consistent positive stable return that is true to its investment objective. The Fund will be opportunistic in extending its duration from the current low to capture the low inflation expectation of the market but cautious at the same time to shield the investors from any yield reversals that we have seen in 2018. Long-term investment in the fund is highly recommended to get the full reward of investing and investors should be prepared to withstand short term volatility.

Top Five Key Performance Indicators

- a) *Performance vis-à-vis the Benchmark* – ALFM Peso Bond Fund is an actively managed bond fund whose objective is long-term capital appreciation through investments in a diversified portfolio composed of high-grade fixed-income investment instruments. The Fund has to outperform its benchmark consistently on a year-on-year basis. The Fund’s return on investment (ROI) for full year 2018 was recorded 1.89% net of fees and taxes, slightly behind its benchmark return of 2.04%. Stability of returns were prioritized to shelter the investors from the market volatility.
- b) *Market Share in the Industry* – The Fund is expected to continue to strengthen its presence in the industry. The Peso Bond Mutual Fund industry has three major players in terms of Net Asset Value: ALFM Peso Bond Fund, PHILAM Bond Fund and Sun Life Prosperity Bond Fund. As of end -2018, ALFM Peso Bond Fund maintained its market dominance having majority (78.10%) of the market share. PHILAM Bond Fund was a far second with 9.30% and Sun Life Prosperity Bond Fund remains at third with 5.4% market share.
- c) *NAV Growth vis-à-vis Industry Growth* – The Fund's average daily NAV for 2018 was at PHP 58.36 Billion. The peso bond fund industry shrank by 13.87% in terms of total net asset value or PHP 11.10 Billion. ALFM Peso’s NAV declined by PHP 7.38 Billion or declined by 12.05% year-on-year, shrinking slightly slower than the industry but still maintaining its leadership position in the mutual fund industry.
- d) *Portfolio Quality* – The Fund’s portfolio should, at all times, adhere to the investment parameters as indicated in the Fund’s prospectus. The Fund continued to remain well diversified in 2018 with 12.32% of the Fund’s portfolio invested in government securities, 70.24% in corporate bonds/notes/loans, 6.17% in preferred shares, 1.80% in fixed income funds, 3.99% in cash/cash equivalents net of receivables/liabilities/allowances, and 5.48% in short term investments, in terms of the Fund's trading NAV. Corporate bonds/notes/loans will continue to be a major investment of the Fund as we look to participate in corporate issuances given the higher spread over government security and diversification.
- e) *Performance vis-a-vis Competition* - The Fund’s performance is also compared against the performance of other players in the market. As of December 2018, ALFM Peso Bond Fund ranked second among eleven mutual bond fund competitors in terms of one year absolute returns.

Finding of SEC’s Office of the General Accountant (OGA) upon review of the Fund’s Unaudited Interim Financial Statements (UIFS) for the period ended March 31, 2018

Notes to Financial Statements (Related Party Transactions)

The amount of management fee payable indicated in the Statements of Financial Position is not consistent with the amount of outstanding management fee payable disclosed in Note 12.

Response of Company

Total management fee payable consisted of the following:

	In Thousands of Philippine Peso	
	March 31, 2018	December 31, 2017
Management fee payable to Related Parties (consistent with Note 12)	46,211	61,170
Service fee payable to Non-related Parties	4,184	6,161
Total (agreed with Statement of Financial Position)	50,395	67,331

AS OF DECEMBER 31, 2017

Philippines GDP continues to remain one of the top-performing emerging economies in Asia despite being a post-election year, behind China (6.9%) and Vietnam (6.8%), ending 2017 at 6.7%, just a shy away from 2016's growth of 6.9%. The strong growth was mainly driven by the service sector which contributed to 3.9 percentage points to the total GDP and the recovering various industries.

Inflation print remained subdued throughout the year between the government's range of 2 to 4%. BSP also held their rates steady throughout the year with the overnight lending rate at 3.5% and overnight deposit at 2.5%.

Despite the strong economic performance of the country, the Philippine local yield curve was quite tumultuous especially on the last quarter of the year where the market saw all the yields rose across the curve on average of 53 basis points for the liquid tenors as inflation fears crept in amidst the newly appointed TRAIN law which we will see a broad increase in taxes for goods and services. It was only on the second quarter where the bond yields rallied across the curve, seeing a decline of 19.75 basis points on average. This was the only breather in the bond market where local investors were soothed as the new BSP Governor was named and policies of Former BSP Governor Tetangco will be carried over. The appointment of the new BSP Governor Nestor Espenilla Jr, a long serving technocrat in Bangko Sentral ng Pilipinas, means that the pillars of the central bank – price stability, financial stability and a reliable and efficient system for payments and settlements- will be preserved. The appointment was also seen that BSP will remain independent as a someone from within the institution was named instead of an outsider

For the year, the ALFM Peso Bond Fund gave a net return on investment of 2.20% or an increase in the NAV per share of PHP 7.27; thus, ending the year at PHP 337.11. The Fund's volatility was also kept low at 0.74% despite the movement in the yields, much lower from 2016's 1.36%.

Despite the decline in the Fund's NAV of 11.54%, the income before tax is PHP 132.97 Million higher than prior year which was mainly lead in increase of interest income from the held-to-maturity securities. Total expenses remained flat as the lower management fees, custody fees and taxes were offset by slightly higher expense in brand awareness for the Fund. Earnings Per Share (EPS) grew PHP 5.83 versus 2016's PHP 4.92.

The Fund continued to remain well diversified in 2017 with 29.08% of the Fund's portfolio invested in government securities, 44.06% in corporate bonds/notes/loans, 6.85% in preferred shares, 1.07% in fixed income funds, 11.58% in cash/cash equivalents net of receivables, and 7.36% in other securities and debt instruments. Corporate bonds/notes/loans will continue to be a major investment of the Fund as we look to participate in corporate issuances given the higher spread over government security and diversification.

The Fund continues to maintain portfolio quality through active duration management, yield curve positioning, and yield-enhancing credit investments. As of year-end 2017, portfolio duration of the fund was 3.29, lower than previous year's 3.66.

For 2018, we expect Philippine inflation to pick up on the back of the newly implemented Tax Reform for Acceleration and Inclusion (TRAIN) law which will see an overhaul of the tax system. The new law will include more goods and services, increase in fuel costs, higher excise tax on vehicles and higher tax on sugar products. On the other hand, we will also expect a higher domestic consumption as an effect of personal tax breaks for low and middle income earners. In addition to the new TRAIN law which will take effect on January 1 of 2018, the government has a massive infrastructure agenda worth US\$170 billion to be spent in six years with 75 flagship projects to be rolled out all over the country and has already allocated 5.4% of GDP for it in 2018. Which will mean that the government will be in need of funding for the several projects lined up, thus, they will be borrowing more than previous years. With expectations of higher inflation coupled with more debt supply, expect that the bond yields, especially the front-end of the curve, to be under pressure. On the positive side, overall, expect GDP to print within 7% to 8% from 2018 to 2022 on the back of the new tax system and massive government spending.

Thus, expect ALFM Peso to be positioned defensively with lower duration in 2018. Long-term investment in the fund is highly recommended to get the full reward of investing and investors should be prepared to withstand short term volatility.

Top Five Key Performance Indicators

- a) *Performance vis-à-vis the Benchmark* – ALFM Peso Bond Fund is an actively managed bond fund whose objective is long-term capital appreciation through investments in a diversified portfolio composed of high-grade fixed-income investment instruments. The Fund has to outperform its benchmark consistently on a year-on-year basis. The Fund's return on investment (ROI) for full year 2017 was recorded at 2.20% net of fees and taxes, higher than its benchmark return of 2.04%. Stability of returns were prioritized to shelter the investors from the market volatility.
- b) *Market Share in the Industry* – The Fund is expected to continue to strengthen its presence in the industry. The Peso Bond Mutual Fund industry has three major players in terms of Net Asset Value: ALFM Peso Bond Fund, Philam Bond Fund and Sunlife Prosperity Bond Fund. As of December 31, 2017, ALFM Peso Bond Fund maintained its market dominance having majority (76.50%) of the market share. Philam Bond Fund was second with 11.40% and Sun Life Prosperity Bond Fund remains at third with 5.4% market share.
- c) *NAV Growth vis-à-vis Industry Growth* – The Fund's average daily NAV for 2017 was at PHP 65.04 Billion. The peso bond fund industry shrank by 8.24% in terms of total net asset value or PHP 7.19 Billion. ALFM Peso's NAV declined by PHP 7.99 Billion or declined by 11.54% year-on-year, shrinking faster than the industry but still maintaining its leadership position in the mutual fund industry.
- d) *Portfolio Quality* – The Fund's portfolio should, at all times, adhere to the investment parameters as indicated in the Fund's prospectus. The Fund continued to remain well diversified in 2017 with 29.08% of the Fund's portfolio invested in government securities, 44.06% in corporate bonds/notes/loans, 6.85% in preferred shares, 1.07% in fixed income funds, 11.58% in cash/cash equivalents net of receivables, and 7.36% in other securities and debt instruments. Corporate bonds/notes/loans will continue to be a major investment of the Fund as we look to participate in corporate issuances given the higher spread over government security and diversification.
- e) *Performance vis-a-vis Competition* - The Fund's performance is also compared against the performance of other players in the market. As of December 2017, ALFM Peso Bond Fund ranked five among eleven mutual bond fund competitors in terms of one year absolute returns.

Discussion and analysis of material event/s and uncertainties known to the management that would address the past and would have an impact on future operations

Any known trends, demands, commitments, events or uncertainties that will have material impact on the issuer's liquidity:

Liquidity of the fund may be affected by the market's depth or the existence of readily available buyers and sellers in the market.

The fund in particular, has greater exposure to funding liquidity risk in the event that fund redemption is substantial than the average and deemed to continue in the near term. This risk is heightened during adverse market conditions or crisis situations as the fund becomes vulnerable to massive and simultaneous client redemptions, which may make it difficult for fund manager to liquidate investments fast enough to keep pace with withdrawals. Liquidity risk also arises from the difficulty of liquidating or converting the fund's investments to cash within a reasonable period of time within a reasonable price due to inadequate market liquidity caused by market disruptions such as the occurrence of a financial crisis or credit squeeze. A liquidity contingency plan, which provides a framework for addressing liquidity crisis situations is in place.

Any event that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation:

None

All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period:

None

Any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures:

None

Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations:

None

Any significant elements of income or loss that did not arise from the issuer's continuing operations:

The Fund Manager is not aware of any significant element of income or loss that did not arise from the Fund's continuing operations.

Shown below are the corresponding maturity dates of the Fund's Held-to-Maturity Securities and Loans and Receivables as of December 31, 2017:

CLASSIFICATION	SECURITY	MATURITY DATE
HTM	AC-BOND 20230707	07/07/23
HTM	AEV-BOND 20220806	08/06/22
HTM	AEV-BOND 20270806	08/06/27
HTM	FXTN10-52 20201216	12/16/20
HTM	FXTN10-54 20220119	01/19/22
HTM	FXTN10-60 20250909	09/09/25
HTM	FXTN1050 20200218	02/18/20
HTM	FXTN20-16 20300527	05/27/30
HTM	FXTN2005 20230529	05/29/23
HTM	FXTN2011 20251020	10/20/25
HTM	FXTN2014 20270906	09/06/27
HTM	FXTN25-01 20251129	11/29/25
HTM	FXTN25-02 20300728	07/28/30
HTM	FXTN25-03 20310126	01/26/31
HTM	FXTN25-04 20311005	10/05/31
HTM	FXTN25-11 20400909	09/09/40

CLASSIFICATION	SECURITY	MATURITY DATE
HTM	FXTN25-5 20321129	11/29/32
HTM	FXTN25-6 20341105	11/05/34
HTM	FXTN25-7 20350930	09/30/35
HTM	FXTN5-72 20180523	05/23/18
HTM	FXTN7-51 20180818	08/18/18
HTM	FXTN7-54 20190719	07/19/19
HTM	GTCAP-BND 20191107	11/07/19
HTM	ROP-GPN 20210115	01/15/21
HTM	ROP-GPN 20210115	01/15/21
HTM	ROP-GPN 20221126	11/26/22
HTM	RTBOND 20260920	09/20/26
HTM	RTBOND151 20261020	10/20/26
HTM	SMIC-BOND 20231209	12/09/23
HTM	SMPH-BOND 20210225	02/25/21
HTM	SMPH-BOND 20260726	07/26/26

CLASSIFICATION	SECURITY	MATURITY DATE
LOANS	ABS-BOND 20210210	02/10/21
LOANS	AC-BOND 20210512	05/12/21
LOANS	AC-BOND 20210512	05/12/21
LOANS	AC-BOND 20250210	02/10/25
LOANS	AC-BOND 20250210	02/10/25
LOANS	AC-BOND 20270511	05/11/27
LOANS	AEV-BOND 20201121	11/21/20
LOANS	ALI-BOND 20190427	04/27/19
LOANS	ALI-BOND 20201010	10/10/20
LOANS	ALI-BOND 20240130	01/30/24
LOANS	ALI-BOND 20250425	04/25/25
LOANS	ALI-BOND 20331010	10/10/33
LOANS	ALI-FXCN 20210119	01/19/21
LOANS	APC-BOND 20210910	09/10/21
LOANS	APC-BOND 20260910	09/10/26
LOANS	APC-BOND 20270703	07/03/27
LOANS	BDOLF-CP 20180109	01/09/18
LOANS	BNP-NOTE 20180103	01/03/18
LOANS	BNP-NOTE 20180116	01/16/18
LOANS	BNP-NOTE 20180205	02/05/18

CLASSIFICATION	SECURITY	MATURITY DATE
LOANS	DMCH-FXNH 20210129	01/29/21
LOANS	DMCH-FXNI 20230129	01/29/23
LOANS	DMCH-FXNJ 20220228	02/28/22
LOANS	DMCH-FXNK 20240228	02/28/24
LOANS	DMCH-FXN1 20191031	10/31/19
LOANS	DMCH-FXN2 20200410	04/10/20
LOANS	DMCH-FXN3 20200730	07/30/20
LOANS	EDC-BOND 20200503	05/03/20
LOANS	EDC-BOND 20200503	05/03/20
LOANS	FLI-BOND 20190608	06/08/19
LOANS	FLI-BOND 20201108	11/08/20
LOANS	FLI-BOND 20220820	08/20/22
LOANS	GLO-BOND 20190601	06/01/19
LOANS	GLO-BOND 20200717	07/17/20
LOANS	GLO-BOND 20230717	07/17/23
LOANS	GTCAP-BND 20200227	02/27/20
LOANS	GTCAP-BND 20210807	08/07/21
LOANS	GTCAP-BND 20230227	02/27/23
LOANS	GTCAP-BND 20240807	08/07/24
LOANS	JGS-BOND 20190827	08/27/19

LOANS	BNP-NOTE 20180207	02/07/18
LOANS	BNP-NOTE 20180220	02/20/18
LOANS	BNP-NOTE 20180328	03/28/18
LOANS	BNP-NOTE 20180403	04/03/18
LOANS	BNP-NOTE 20180628	06/28/18
LOANS	BNP-NOTE220180205	02/05/18
LOANS	BNP-NOTE220180212	02/12/18
LOANS	BNP-NOTE220180220	02/20/18
LOANS	CITI-GPN 20180131	01/31/18
LOANS	CITI-NOTE 20180116	01/16/18
LOANS	CITI-NOTE 20180327	03/27/18
LOANS	CITI-NOTE 20180531	05/31/18
LOANS	CITI-NOTE 20180628	06/28/18
LOANS	CPI-BOND 20230107	01/07/23
LOANS	DMCH-FXNF 20201218	12/18/20
LOANS	DMCH-FXNG 20221218	12/18/22

LOANS	MER-BOND 20201212	12/12/20
LOANS	MNTC-BOND 20210331	03/31/21
LOANS	MNTC-BOND 20240331	03/31/24
LOANS	PLDT-BOND 20210206	02/06/21
LOANS	PLDT-FXCN 20190727	07/27/19
LOANS	PLDT-FXCN 20190921	09/21/19
LOANS	RLC-BOND 20220223	02/23/22
LOANS	SCB-NOTE 20180201	02/01/18
LOANS	SMB-BOND 20210402	04/02/21
LOANS	SMB-BOND 20220402	04/02/22
LOANS	SMIC-BOND 20190716	07/16/19
LOANS	SMIC-BOND 20210519	05/19/21
LOANS	SMIC-BOND 20220716	07/16/22
LOANS	SMIC-BOND 20240519	05/19/24
LOANS	SMPH-BOND 20200301	03/01/20
LOANS	SMPH-BOND 20240901	09/01/24