

**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 20-IS**

**Information Statement Pursuant to Section 20  
of the Securities Regulation Code**

1. Check the appropriate box:

Preliminary Information Statement  
 **Definitive Information Statement**

2. Name of Registrant as specified in its charter

**ALFM PESO BOND FUND, INC.**

3. Country of Incorporation

**METRO MANILA, PHILIPPINES**

4. SEC Identification Number

**A1997-12806**

5. BIR Tax Identification Code

**201-184-505-000**

6. Address of Principal Office

**19/F, BPI BUENDIA CENTER, SEN. GIL J. PUYAT AVE., MAKATI CITY 1209**

7. Registrant's telephone number, including area code

**(632) 8580-0900**

8. Date, time and place of the meeting of security holders

**30 September 2022, 11:00 a.m. via Zoom.**

<https://us02web.zoom.us/j/86331225040?pwd=SFRPT2lzWXVaTmdSVjFHZ1VrZm9UZz09>

9. Approximate date on which the information statement will be sent or given to security holders

**09 September 2022**

10. Securities registered pursuant to Sections 8 and 12 of the Securities Regulation Code (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class

Number of Shares of Common Stock  
Outstanding or Amount of Debt Outstanding

(01 August 2022)

**Common Shares**

110,669,328

11. Are any or all of registrant's securities listed on a Stock Exchange?

Yes \_\_\_\_\_ No   **X**  

**PART I. GENERAL INFORMATION**

## **INFORMATION REQUIRED BY ITEMS OF SEC FORM 20 - IS**

Date, time, and place of meeting of security holders

Date	-	30 September 2022
Time	-	11:00 am
Website Address	-	<a href="https://us02web.zoom.us/j/86331225040?pwd=SFRPT2lzWXVaTmdSVjFHZlVrZm9UZz09">https://us02web.zoom.us/j/86331225040?pwd=SFRPT2lzWXVaTmdSVjFHZlVrZm9UZz09</a>
Principal Office	-	19/F, BPI Buendia Center Sen. Gil J. Puyat Ave. Makati City

The approximate date on which the Information Statement will be sent or given to security holders is on 09 September 2022.

### **STATEMENT THAT PROXIES ARE NOT SOLICITED WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY**

#### **DISSENTERS' RIGHT OF APPRAISAL**

There are no matters or proposed corporate actions which may give rise to a possible exercise by security holders of their appraisal rights under Title X of the Corporation Code of the Philippines.

In any instance where the appraisal rights of any stockholder may be relevant, the stockholder who shall have voted against the proposed Company's action shall make a written demand on the latter within thirty days after the date on which the vote was taken for payment of the fair value of his shares. Failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed Company's action is implemented or affected, the Company shall pay to such stockholder the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such Company's action. If within a period of sixty days from the date the Company's action was approved by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by the three disinterested persons. One of whom shall be named by the stockholder, another by the Company, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final and their award shall be paid by the Company within thirty days after such award is made: Provided, that no payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment: and Provided, further that upon payment by the Company of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Company.

#### **INTEREST OF CERTAIN PERSONS IN OPPOSITION TO MATTERS TO BE ACTED UPON**

The Company is not aware of any person(s) who may have substantial interest, direct or indirect, by security holdings in any matter to be acted upon during the shareholders meeting except for the nominee directors for election.

No Director or Officer of the registrant or Associate of the foregoing persons has informed the Company of his opposition to any matter to be acted upon.

**PART II. CONTROL AND COMPENSATION INFORMATION**

**VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

Number of shares outstanding as of (01 August 2022): 110,669,328 **common shares**

Number of Votes Entitled: **One (1) vote per share**

All stockholders as of record date (01 August 2022) are entitled to notice and to vote at the Annual General Meeting of Stockholders.

The fund has no Voting Trust Agreement.

**MANNER OF VOTING.** The holders of common stock are entitled to one vote per share, but in connection with the cumulative voting feature applicable to the election of directors, each stockholder is entitled to as many votes as shall equal the number of shares held by such person at the close of business on the record date, multiplied by the number of directors to be elected. A stockholder may cast all of such votes for a single nominee or may apportion such votes among any two or more nominees. For example, when five directors are to be elected, a holder of 100 shares may cast 500 votes for a single nominee, apportion 250 votes each to two nominees, or apportion 500 votes in any other manner by so noting in the space provided on the accompanying Voting Ticket.

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

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

On June 5, 2014, the SEC en banc approved the confidential treatment of the Fund's list of top 20 shareholders and/or beneficial owners of more than five percent (5%) of the Fund's outstanding securities, which is submitted separately to SEC. This is for the security of the shareholders and for the protection of their privacy.

### **Security Ownership of Management**

- As of 30 June 2022

<b>Title of Class</b>	<b>Name of Owner</b>	<b>Address</b>	<b>Position</b>	<b>Amount &amp; Nature of Ownership</b>	<b>Citizenship</b>	<b>Percent of Class</b>
Common	Romeo L. Bernardo	Unit 1603 A. Belvedere, San Miguel Avenue, Ortigas Center, Pasig City	Chairman/Regular Director	20 (beneficial)	Filipino	0.0000%
Common	Simon R. Paterno	58 McKinley Road, Forbes Park, Makati City	President/Regular Director	328 (record, beneficial)	Filipino	0.0003%

Common	Adelbert A. Legasto	3/F, Makati Stock Exchange Building Ayala Avenue, Makati City	Regular Director	24,840 (record, beneficial)	Filipino	0.0223%
Common	Raymund Martin Miranda	12 Evening News st. West Triangle Homes, West Triangle, Quezon City,	Independent/Director	20 (beneficial)	Filipino	0.0000%
Common	Mario Antonio V. Paner	24 Winchester st. Hillsborough Alabang Village Cupang Muntinlupa City	Independent/Director	20 (beneficial)	Filipino	0.0000%
Common	Fernando J. Sison III	3 Jocson St., Xavierville 1, Loyola Heights, Quezon City	Treasurer	10,136 (record)	Filipino	0.0091%
Common	Sabino Padilla IV	1678 Dasmaringas Ave., Dasmaringas Village, Quezon City	Corp. Secretary	0	Filipino	0.0000%
Common	Karl Kelvin D. Arcilla	938 Dr. Gonzales St., Sabang Baliuag Bulacan 3006	Compliance Officer, Chief Data Protection Officer and Chief Risk Officer	0	Filipino	0.0000%

## CHANGE IN CONTROL

There is no existing arrangement which is known to the Company which may result in the change of control of ALFM Peso Bond Fund, Inc.

## DIRECTORS AND EXECUTIVE OFFICERS

The Nomination Committee is in charge of reviewing and evaluating the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board and provide assessment on the Board's effectiveness in directing the process of renewing and replacing Board members. The Head of the Committee is Mr. Simon R. Paterno with Mr. Adelbert A. Legasto and Mr. Romeo L. Bernardo as members. Mr. Adelbert A. Legasto, as Director, nominated Mr. Miranda as an Independent Director. Mr. Legasto and Mr. Miranda are not related to each other. Mr. Legasto and Mr. Miranda nominated Mr. Mario Antonio V. Paner as Independent Director. Mr. Legasto and Mr. Miranda are not related to Mr. Paner. Independent Directors are nominated and elected in the process prescribed by SRC Rule 38 and in accordance with the Company's manual of corporate governance.

Five Directors are to be elected at the annual general meeting of stockholders for a full one-year term. The Board's nominees are Mr. Romeo L. Bernardo, Mr. Simon R. Paterno, Mr. Raymund Martin Miranda, Mr. Mario Antonio V. Paner, and Mr. Adelbert A. Legasto.

The Audit Committee which oversees the corporation's external audits is headed by Mr. Mario Antonio V. Paner with Mr. Adelbert A. Legasto and Mr. Raymund Martin Miranda as members.

The following, who are all Filipino citizens, are the Fund's Directors and Officers:

### 1. Romeo L. Bernardo, Chairman /Regular Director

Mr. Bernardo, Filipino, born in 1954, 68 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 also a director of ALFM Retail Corporate Fixed Income Fund, Inc. and ALFM Principal Preservation Fund, Inc. since 2019. He is currently the Managing Director of Lazaro Bernardo Tiu & Associates, Inc. and Global Source 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), Foundation for Economic Freedom, and 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, President / Regular Director**

Mr. Simon R. Paterno, Filipino, born in 1959, 63 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. Adelbert A. Legasto, Regular Director**

Mr. Adelbert A. Legasto, Filipino, born in 1947, 75 years old, is a director of ALFM Peso Bond Fund, Inc., 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., ALFM Retail Corporate Fixed Income Fund, Inc., ALFM Principal Preservation 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.

## **4. Raymund Martin T. Miranda, Independent Director**

Mr. Raymund Martin T. Miranda, Filipino, born in 1969, 53 years old, and has been an Asia-Pacific media executive and strategist for more than 37 years. He is currently the Chief Strategy Officer, Chief Risk Management Officer, Compliance Officer of ABS-CBN Corporation, having served as Chief Strategy Officer since 2012. Before his appointment with ABS-CBN, Mr. Miranda formed a consulting firm and served as co-founder of the Dolphin Fire Group Asia. Previously, he was the Managing Director, Global Networks Asia-Pacific of NBC Universal from 2007 to 2011, based in Singapore, heading the entertainment channels division of NBC Universal across 33 countries. Before that, Mr. Miranda spent a year in Manila as the President/CEO of Nation Broadcasting Corporation (92.3x FM) and Head of Strategy and Content for Mediaquest Holdings, Inc. From 1998 to 2006, he was with The Walt Disney Company in Singapore and Manila as Managing Director South East Asia for Walt Disney International, Managing Director for South East Asia/Korea for Walt Disney Television International, and the Head of Radio Disney Asia. He started his career in FM radio before joining the GMA Network group in 1987. He was named Vice-President, Creative Services of GMA Network, Inc. in 1992. Mr. Miranda attended college at the University of the Philippines, Diliman, and is a grade school and high school alumni of the Ateneo de Manila.

## **5. Mario Antonio V. Paner, Independent Director**

Filipino, 62 years old, Mr. Paner served as Treasurer and head of BPI's Global Markets Segment. As such, he was responsible for managing the interest rate and liquidity gaps, as well as the fixed income and currency market-making, trading, and distribution activities of BPI and its subsidiaries and affiliates— in the Philippines and abroad. Before retirement, Mr. Paner was Chairman of the Bank's Asset & Liability Committee and was a member of the Management Committee and Asset Management Investment Council.

After working with Ayala Investments and Development Corporation (1979) and Family Savings Bank (1981), Mr. Paner joined BPI in 1985, when the Bank acquired Family Savings Bank and performed various Treasury and Trust positions until 1989. Between 1989 and 1996, he worked at Citytrust, then the consumer banking arm of Citibank in the Philippines, which BPI acquired in 1996. At BPI, he has been responsible for various businesses of the bank, including Risk Taking, Portfolio Management, Money Management, Asset Management, Remittance and Private Banking.

Mr. Paner served as President of the Money Market Association of the Philippines (MART) in 1998 and remains in its Board of Advisers up to now. He also served as Vice Chairman of the Bankers Association of the Philippines' (BAP) Open Market Committee and lecturer for the BAP/Ateneo School of Banking. He was also a member of the Makati Business Club, Management Association of the Philippines, British Chamber of Commerce, and the Philippine British Business Council. He was an Independent Director and member of the Corporate Governance and Audit Committees of Ayala Energy Phils from 2020 until 2021.

He obtained an A.B. Economics degree from Ateneo de Manila University in 1979 and completed various courses in Business and Finance, including Strategic Financial Management in 2006 and the Advanced Management Program in 2009, both at the Harvard Business School.

Mr Paner retired from BPI in 2019. Aside from ALFM, he is also presently an independent director of ACE Enexor Inc (ACEX).

## **Other Officers of the Fund**

### **1. Fernando J. Sison III – Treasurer**



Mr. Fernando J. Sison III, Filipino, born in 1952, 70 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**

Atty. Sabino B. Padilla IV, born in 1960, 62 years old, is the Corporate Secretary 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. Karl Kelvin D. Arcilla, Compliance Officer, Chief Data Protection Officer and Chief Risk Officer**

Mr. Arcilla born in 1986, 36 years old, has 14 years of combined experience in regulatory and control functions which he gained from different industries such as Banking, Telecommunications and Real Estate. He joined BPI Investment Management Inc. as Compliance Officer last January 2021. As such, he is primarily responsible for ensuring that BIMI has internal controls to adequately manage risks. He has also successfully passed the Treasury Certification Program last September 2021 and is currently enrolled in the Association of Certified Anti-Money Laundering Specialists certification program.

### **Additional Information required under Annex C of SRC Rule 12:**

- ❑ The incorporators of the Fund are: Mr. Manuel Q. Bengson, Mr. Jose R. Facundo, Mr. Fernando Zobel de Ayala, Mr. Ramon F.R. Medina and Mr. Ambrosio B. Mangilit, Jr.
- ❑ Mr. Miranda and Mr. Paner are independent directors of the fund. Mr. Adelbert A. Legasto, as Director, nominated Mr. Miranda as an Independent Director. Mr. Legasto and Mr

Miranda are not related to each other. Mr. Legasto and Mr. Miranda nominated Mr. Mario Antonio V. Paner as Independent Director. Mr. Legasto and Mr. Miranda are not related to Mr. Paner. 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.

- Each Director shall serve for a term of 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.
- None of the Directors or Executive Officers of the fund has been the subject of any legal/criminal proceedings, was involved in any bankruptcy petition, was convicted by final judgment, was subject to any Order, Judgment or Decree and did not violate any Securities or Commodities Law for the past 5 years.

### **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.

BIMI, as a fund manager, shall formulate and implement the investment strategy, provide and render management, technical, and administrative services, whereby authorizing BIMI to purchase and sell investment securities for the account of the Fund. As investment advisor, BIMI 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 BIMI 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, BIMI and BPI Capital Corporation (BPI Capital). Under the terms of the agreement, BIMI 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 party. BPI act as the receiving banks for the contributions and withdrawals related to the Fund as transacted by the distributors and shareholders.

### **SIGNIFICANT EMPLOYEES**

ALFM Peso Bond Fund does not have employees of its own since the management of the fund, which includes its administrative operations, is already being handled by its fund manager, BPI Investment Management, Inc.

The fund (registrant) does not have a parent company.

### **INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS**

None of the Directors or Executive Officers of the fund was involved in any bankruptcy petition, was convicted by final judgment, was subject to any Order, Judgment or Decree and did not violate any Securities or Commodities Law for the past 5 years.

#### **FAMILY RELATIONSHIPS**

No current member of the Board of Directors of ALFM Peso Bond Fund, its fund manager, or any one of its distributors is related to each other up to the fourth civil degree either by consanguinity or affinity.

#### **COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS**

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	175,500.00	-	-
		2020	121,500.00	-	-
		2021	67,500.00	-	-
2022 (estimated)	30,000.00	-	-		
Simon R. Paterno	President /.Director	2010	-	-	-
		2011	-	-	-
		2012	-	-	-
		2013	-	-	-
		2014	-	-	-
		2015	-	-	-
		2016	-	-	-
		2017	-	-	-
		2018	-	-	-
		2019	108,000.00	-	-
		2020	121,500.00	-	-
		2021	67,500.00	-	-
2022 (estimated)	30,000.00	-	-		
Adelbert A. Legasto	Director (Until December 2012) (Starting June 2015)	2010	214,450.00	-	-
		2011	187,000.00	-	-
		2012	221,000.00	-	-
		2013	-	-	-
		2014	-	-	-
		2015	127,500.00	-	-
		2016	165,750.00	-	-
		2017	165,750.00	-	-
		2018	189,000.00	-	-
		2019	189,000.00	-	-
		2020	121,500.00	-	-
		2021	2,700.00	-	-
2022 (estimated)	30,000.00	-	-		
Atty. Sabino B. Padilla IV	Corporate Secretary	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	189,000.00	-	-
		2020	121,500.00	-	-
		2021	67,500.00	-	-
2022 (estimated)	30,000.00	-	-		
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	162,000.00	-	-
		2020	121,500.00	-	-
		2021	67,500.00	-	-
		2022(estimated)	30,000.00	-	-
Mario Antonio V. Paner	Independent Director (starting January 30, 2022)	2022 (estimated)	30,000.00	-	-
Raymund Martin Mairanda	Independent Director (Starting 17 June 2021)	2022 (estimated)	30,000.00	-	-
Karl Kelvin D. Arcilla	Compliance Officer, Chief Data Protection Officer and Chief Risk Officer (Starting April 2020)	2022 (estimated)	-	-	-

Directors and Officers of the Fund are entitled to receive a per diem allowance in the amount of PhP30,000.00 for every Board meeting attended, effective May 18, 2012. Excluded in the payment of per diem allowances are Directors and Officers of the Fund who are also Officers of the Fund Manager or the Investment Advisor. The following amounts were paid for the years 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, and 2010, respectively, PhP272,700.00, PhP607,500.00, PhP823,500.00, PhP715,500.00, PhP726,750.00, PhP714,000.00, PhP790,500.00, PhP828,750.00, PhP879,750.00, PhP765,000.00, PhP561,000.00 and PhP588,450.00. For the year 2009, no fees were paid. The estimated aggregate Directors and Officers fee for the year 2022 is PhP210,000.00

There is no other standard or consulting arrangement or any compensatory plan relating to resignation/retirement by which directors and officers are to be compensated other than that previously stated.

The fund has no Compensation Committee.

## **INDEPENDENT PUBLIC ACCOUNTANTS**

The Board of Directors has appointed Isla Lipana & Co. (formerly Joaquin Cunanan & Co.), a member firm of PricewaterhouseCoopers, as independent public accountant of the company with respect to its operations for the year 2022, subject to ratification by the majority holders of Common Stock of the Company. Isla Lipana & Co. has been the external auditor of the company since 2001. Representatives of the firm will be present at the Annual Meeting to make a statement of the desire to do so and to answer appropriate questions that may be asked by stockholders. A proposal will be presented at the Annual Meeting for the ratification of this appointment, which the Board of Directors believe is advisable and in the best interests of the stockholders. If the appointment of Isla Lipana & Co. is not ratified, the matter of the appointment of the independent public accountants will be considered by the Board of Directors.

Ms. Blesilda 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, December 31, 2018, December 31, 2019, and December

31, 2020 the signing partner was John-John Patrick V. Lim. For the fund's Financial Statement as of December 31, 2021 the signing partner is Mr. Zaldy Aguirre. The corporation is compliant with Revised SRC Rule 68 Part 1(3)(B)(ix) re: rotation of external auditors. In taking this action, the members of the Board of Directors considered carefully Isla Lipana & Co.'s performance, its independence with respect to the services to be performed and its general reputation for adherence to professional auditing standards.

There is no disagreement in the past five (5) years on any matter of accounting principles and financial statement disclosures between the fund and the Accountant.

## **PART III. OTHER MATTERS**

### **ACTION WITH RESPECT TO REPORTS**

The minutes of the previous Annual General Meeting of Stockholders held last 20 August 2021 June shall be submitted to the stockholders for approval. Also to be submitted for approval and/or ratification is the Annual Report and the Audited Financial Statements for the year ended 31 December 2021.

### **OTHER PROPOSED CORPORATE ACTION**

Action is to be taken at the Annual General Meeting of Stockholders with respect to the confirmation of BPI Investment Management, Inc. as the Company's Fund Manager, Investment Advisor, Principal Distributor and Transfer Agent for the ensuing year (continuing term unless expressly terminated). Action is to be taken with respect to the re-appointment of Isla Lipana and Co. as external auditor of the Company for the year ending 31 December 2022.

As Fund Manager, BPI Investment shall exercise full control, direction, and management as general manager to the Company in accordance with the investment policies and limitations as may be set out in the Articles of Incorporation and By-Laws of the Company.

The stockholders shall vote to ratify the acts, proceedings, and resolutions of the Board of Directors and officers and the Fund Manager during the fiscal year 2021. Subject for ratification are the various investment instruments of ALFM Peso Bond Fund that were acquired in accordance with the fund's prospectus as well as the approval of the Board of Directors to set the date for the Annual General Meeting as 30 September 2022 via virtual meeting.

The stockholders shall also vote to amend Article II of the Fund's Articles of Incorporation to include the business of selling Unitized Mutual Fund (UMF). The Implementing Rules and Regulations of the Investment Company Act provides that a Mutual Fund Company that already registered its common shares for offer or sale may also be allowed to register units of participation. The italicized phrases will be added to Article II.

*“ x x x to establish and carry on the business of an open-ended investment company ('mutual fund') and/or a Unitized Mutual Fund ('UMF') insofar as may be permitted by and subjected to existing laws and regulations;”*

The stockholders shall also vote to amend Article III of the Fund's Articles of Incorporation to change the principal office address of the Fund to *“19/F, BPI Buendia Center, Sen. Gil J. Puyat Ave., Makati City, Metro Manila, Philippines”* in order to indicate the Fund's new location.

The stockholders shall also vote to amend the Fund's By-Laws to reflect the following changes/provisions:

1. Change in the period of sending out the Notice of Stockholders' Meeting to *at least twenty-one (21) calendar days prior to the date of the meeting*, in accordance with Section 49 of the Revised Corporation Code, Section 14 of SEC MC No. 6; s. 2020, and to allow the stockholders to plan their participation in the meeting under Recommendation 13.2 of SEC MC No. 24; s. 2019.
2. Participation of stockholders in the Stockholders' Meeting through remote communication

or other alternative modes of communication, in accordance with Sections 1 and 10 of SEC MC No. 6; s. 2020, to give the stockholders who cannot physically attend the meeting a reasonable opportunity to participate.

3. Right to vote of stockholders through remote communication or *in absentia*, pursuant to Sections 23 and 49 of the Revised Corporation Code and to allow the stockholders who cannot vote in person to still be able to exercise the right to vote.

Lastly, the stockholders shall also vote to delegate the authority to amend the Fund's By-laws to the Board of Directors in order to expedite the implementation of the changes in the By-laws, subject to the approval of the Securities and Exchange Commission.

## **VOTING PROCEDURES**

### **Vote Required for Approval or Election**

The matters to be acted upon by the stockholders as contained in the agenda would require the affirmative vote of at least two-thirds of the shares of the Company's common stock (for the amendment of Articles of Incorporation and delegation of authority to amend the Fund's By-laws to the Board of Directors) and the affirmative vote of at least a majority of the shares of the Company's common stock (for other proposals) present and/or represented and entitled to vote.

### **Method by which Votes will be Counted**

Votes shall be manually counted and tallied by the Corporate Secretary.

### **Participation of Stockholders through Remote Communication**

Given the restrictions posed by the enhanced community quarantine, stockholders may only attend the meeting remotely through

<https://us02web.zoom.us/j/86331225040?pwd=SFRPT2lzWXVaTmdSVjFHZ1VrZm9UZz09>.

As approved by the Board of directors, stockholders who intend to participate in the meeting through remote communication shall notify the Corporate Secretary by sending an email to [alfm\\_asm@bpi.com.ph](mailto:alfm_asm@bpi.com.ph) before 20 September 2022. Stockholders may exercise the right to vote through remote communication or *in absentia*, subject to validation.

Stockholders may pose questions prior to or during the meeting by sending an email to [alfm\\_asm@bpi.com.ph](mailto:alfm_asm@bpi.com.ph).

## **SEC FORM 17-A**

A COPY OF THE COMPANY'S 2021 ANNUAL REPORT ON SEC FORM 17-A WILL BE PROVIDED WITHOUT CHARGE TO EACH PERSON UPON WRITTEN REQUEST OF ANY SUCH PERSON ADDRESSED TO:

**ALFM PESO BOND FUND, INC.  
OFFICE OF THE CORPORATE SECRETARY  
19/F, BPI BUENDIA CENTER, SEN. GIL J. PUYAT AVE.  
MAKATI CITY, PHILIPPINES**



## **SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on 02 September 2022.



BY: ATTY. SABINO B. PADILLA IV  
*Corporate Secretary*  
Issuer: ALFM Peso Bond Fund, Inc.

## MANAGEMENT REPORT

### PART I - BUSINESS AND GENERAL INFORMATION

#### DESCRIPTION OF THE BUSINESS

##### 1. Business Development

ALFM Peso Bond Fund, Inc. (“ALFM” or the “Fund”) is an open-end investment company incorporated on 18 July 1997 (originally as Ayala Life Filipino Income Fund, Inc.) with an initial authorized capitalization of PhP200,000,000 consisting of 200,000,000 common and voting shares of par value PhP1.00 per share. It was registered with the Securities and Exchange Commission under the Investment Company Act of 1960 or Republic Act No. 2629 and the Revised Securities Act or Batas Pambansa Bldg. 178 on 8 May 1998. On 21 August 1998, the SEC approved the amendment in the Fund’s Articles of Incorporation which changed its name to Ayala Life Fixed Income Fund, Inc. and effected an increase in the Fund’s authorized capital stock to PhP1Bn. The Fund further increased its authorized capitalization to PhP2Bn and PhP5Bn in 1999 and 2000, respectively. In 2002, a total of 70 million additional shares was made available by the Fund bringing its total capitalization to PhP12Bn. With the SEC’s approval of an additional 50 million shares last 17 October 2003, the Fund’s authorized capital stock stood at PhP17Bn as of year-end 2003. The Fund increased authorized capital three times in 2005. The first increase was from PhP17Bn to PhP20Bn approved on 18 April 2005. The second was from PhP20Bn to PhP26.8Bn approved on 2 September 2005 and finally from PhP26.8Bn to PhP34Bn approved on 17 October 2005. 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), and to be implemented in tranches. Last February 26, 2007, the Securities and Exchange Commission, approved the change in corporate name of Ayala Life Fixed Income Fund, Inc. to ALFM Peso Bond Fund, Inc. 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).

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.

The Fund has entered into an Investment Management Agreement with BPI Investment Management, Inc., and as such, has authorized the Investment Manager to purchase and otherwise make or dispose of investments for the account of the Fund, within the limits of the guidelines set by law and the SEC regulations, and within the established investment policy of the Fund. With no business subsidiaries, the Fund’s risks are limited to its own operations. To mitigate these, the Fund follows strict compliance to its established Corporate Governance policies and procedures. Monthly reporting of the Fund’s operations to the Board of Directors is also being instituted to properly identify, assess and manage risk that may arise anytime during the Fund’s daily operations.

BPI Investment Management, Inc. (“BPI Investment”) shall act as the Fund’s Investment Manager and, as such, is tasked to formulate and implement the investment strategy of the Fund, and to provide and render management and technical services to prospective investors. BPI Investment, a wholly-owned subsidiary of the Bank of the Philippine Islands, was incorporated in 1974 to principally engage in the business of managing an investment company. BPI Investment is licensed by the SEC to act as fund manager (or “investment company adviser”) as well as a distributor of mutual funds. BPI Investment 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 shall charge a fee of not more than 1.00% per annum of the Fund's average daily trading NAV.

The date of the last renewal by the SEC of BPI Investment Management, Inc.'s license as investment company manager is November 2021.

The Fund's Shares shall be made available to the public primarily through the Fund's authorized distributors, AFFINITY CAPITAL CORP, BPI CAPITAL, BPI PHILAM LIFE ASSURANCE CORP, COL FINANCIAL GROUP, FIRST METRO SECURITIES BROKERAGE CORP, INVESTA FINANCIAL, UNICAPITAL SECURITIES INC, WEALTH 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.

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 1.50%.

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

Fund Manager and Investment Advisor: BPI Investment Management, Inc.

Fund Distributors:

AFFINITY CAPITAL CORP  
BPI CAPITAL  
BPI PHILAM LIFE ASSURANCE  
CORP  
COL FINANCIAL GROUP  
FIRST METRO SECURITIES  
BROKERAGE CORP  
INVESTA FINANCIAL  
UNICAPITAL SECURITIES INC  
WEALTH SECURITIES INC

## **Risk Factors and Investment Considerations**

The NAV of the Fund may fluctuate due to changes in the market values of the Fund's investments. Such changes in market value may be attributable to various 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 monitors 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 monitors 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 PDIC 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.

### **1. Distribution methods of the products or services**

ALFM Peso is being distributed by SEC Certified Investment Solicitors (CISols) of BPI Capital Corporation, BPI Investment, COL Financial Group, Inc., First Metro Securities Brokerage Corporation, Wealth Securities, Inc., Unicapital Securities, Inc., Affinity Capital Corp., and Rampver Financials. ALFM Peso is sold to a wide investor base composed of individuals and corporations, which seek a steady fixed-income stream from a portfolio of high quality fixed income securities.

### **2. Competition**

As of December 2021, the size of the local mutual fund industry stood at PhP 360.03 Billion as of Dec. 2021 in Net Assets. The ALFM Peso Bond Fund dominates other Peso denominated Bond Funds with 72.1% of the PhP 61.16 Billion industry. Its main competitors in the bond fund category are Philam Bond Fund and Sun Life Prosperity Bond Fund. ALFM is sold to a wide investor base composed of individuals and corporations who seek a steady stream of income through investments in a diversified portfolio of high-grade peso-denominated fixed income instruments.

Being managed by BPI Investment, ALFM can effectively compete with other investment companies as it is backed up by an investment philosophy anchored on prudence, conservatism, technical expertise and

know-how all aimed at providing a successful maximization of returns while minimizing associated risks. With unsurpassed financial perspective and investment experience, BPI Investment is positioned to provide ALFM with a well-balanced assessment of opportunities and risks. ALFM has been providing investors with competitive returns that outperform its benchmark without compromising asset quality, making it an attractive investment choice of its client base.

### **3. Effect of existing or probable governmental regulations on the business.**

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.

### **5. Number of employees**

ALFM Peso does not have employees of its own since management and administrative operations of the Fund are already being handled by its Investment Manager and Service Administrator, BPI Investment Management, Inc.

## **PROPERTIES**

ALFM Peso does not own any property described under Annex C of SRC Rule 12 such as real

estate, plant and equipment, mines, patents, etc.

### **LEGAL PROCEEDINGS**

The Fund is not aware of any pending legal proceedings to which it is a party.

### **SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

There were no matters submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the fourth quarter of the fiscal year covered by this report.

## **PART II - OPERATIONAL AND FINANCIAL INFORMATION**

### **MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS**

## 1. Market Information

Market Price (NAVPS in Pesos)	2015	2014	2013	2012
Quarter ending March 31	321.80	313.51	315.95	286.81
Quarter ending June 30	322.67	314.06	316.65	288.22
Quarter ending September 30	323.91	316.74	313.97	293.93
Quarter ending December 31	322.84	319.25	313.86	299.89

  

Market Price (NAVPS in Pesos)	2022	2019	2020	2021
Quarter ending March 31	373.87	347.15	360.52	369.89
Quarter ending June 30	373.04	350.30	365.87	372.37
Quarter ending September 30		354.50	368.13	373.11
Quarter ending December 31		357.94	371.12	374.34

*Source: Daily Price and NAVPS schedule*

Stated below are the High and Low Net Asset Value Per Share (NAVPS) for each quarter from 2016 to 2022.

		2018		2017		2016	
<b>Jan-Mar</b>	<b>high</b>	03/28/18	337.75	3/21/17	331.58	3/30/16	326.30
	<b>low</b>	01/08/18	336.99	1/3/17	329.40	1/4/16	322.39
<b>Apr-Jun</b>	<b>high</b>	05/31/18	338.74	6/30/17	333.89	6/29/16	330.38
	<b>low</b>	04/02/18	337.74	4/4/17	331.18	4/12/16	325.70
<b>Jul-Sep</b>	<b>high</b>	09/28/18	341.58	9/29/17	336.52	9/9/16	331.57
	<b>low</b>	07/03/18	338.67	7/3/17 & 7/3/17	333.70	7/1/16	329.93
<b>Oct-Dec</b>	<b>high</b>	12/26/18 to 12/28/18	343.38	12/29/17	337.07	10/3/16	331.45
	<b>low</b>	10/19/18	341.24	11/10/17	335.74	11/25/16	328.12

		2019		2020		2021		2022	
<b>Jan-Mar</b>	<b>high</b>	03/29/19	347.08	3/11/2020	360.54	2/11/21	371.8	01/19/22	374.79
	<b>low</b>	01/02/19	343.48	1/6/2020	357.90	3/26/21	369.69	03/23/22	373.66
<b>Apr-Jun</b>	<b>high</b>	06/28/19	350.24	6/30/2020	365.87	6/29/21	372.37	04/11/22	373.87
	<b>low</b>	04/02/19	347.24	4/2/2020	360.44	4/8/21	369.88	06/15/22	371.98
<b>Jul-Sep</b>	<b>high</b>	09/30/19	354.49	8/24/2020	368.39	9/21/21	373.64		
	<b>low</b>	07/01/19 and 07/03/19	350.32	7/1/2020	366.03	7/14/21	372.32		
<b>Oct-Dec</b>	<b>high</b>	12/26/19	357.83	12/23/2020	371.23	12/23/21	374.56		
	<b>low</b>	10/01/19	354.47	10/1/2020	368.33	10/15/21	372.13		

ALFM's shares are unlisted and as such are not traded in any exchange. The shares are being sold by SEC Certified Investment Solicitors (CISols) thru ALFM's authorized distributors enumerated under Distribution Methods of this report.

## 2. Dividends

- a. The Fund has not issued any cash dividends since inception.
- b. Declaration of cash dividends is limited to the declaration made by the Board of Directors subject to the restriction that no dividends will be declared that will impair the capital stock of the company.

## 3. Number of holders

ALFM Peso has a total of 26,216 security holders as of the 30 June 2022. The corporation has only one class of common stock.

## 4. Institutional and retail investors

The table below shows the Fund's total number of institutional and retail investors and the percentage of their investments as of 30 June 2022.

<b>ALFM Peso Bond Fund</b>	<b>Institutional</b>	<b>Retail</b>
Number of investors	566	25,650
Percentage of investments	2.16%	97.84%

## 5. Geographic concentration of investments

The geographic concentration of investments as 30 June 2022 is as follows: Luzon (98.85%), Visayas (0.62%), and Mindanao (0.53%).

## 6. Investment company return information

Stated below is the Fund's return in the last five (5) recently completed fiscal years.

<b>1 YR</b>	<b>2 YRS</b>	<b>3 YRS</b>	<b>4 YRS</b>	<b>5 YRS</b>
0.18	0.98	2.12	2.46	2.24

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

Not applicable.

## MANAGEMENT DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

### AS OF JUNE 30, 2022

The Philippine economy grew 7.4% in the second quarter of the year, falling behind the expected 8.4% growth for the period as rising inflation levels curbed consumer spending. The Philippines reported a balance of payments deficit of \$1.57 billion in June, more than five times the \$312 million deficit seen in the same month last year due to the settlement of the nation's foreign currency debt obligations. Due to the massive back-to-back shortfalls in May and June, the overall deficit increased by 60% to \$3.1 billion in the first half of 2022 from the \$1.94 billion reported in the first half of 2021.



Meanwhile, the BSP raised benchmark rates by 25 basis points in June, bringing policy rates to 2.5% to temper rising inflation. Inflation has been accelerating, coming in at 6.1% in June from the 5.4% recorded in May and 4.9% in April, marking the third consecutive month inflation breached the official 2-4% target band due to higher food prices, and transport and utilities costs. The central bank also reiterated gradual policy normalization despite the weakening of the Philippine peso against the US dollar to a more than 16-year low.

### **Top Five Key Performance Indicators as of 30 June 2022**

- 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’s aim is to outperform its benchmark. The Fund’s return on investment (ROI) for the 2Q 2022 was at -0.35% net of fees and taxes, underperforming its benchmark by 37 basis points. Stability of return is prioritized to shelter the investors from any market volatility.
- b) **Market Share in the Industry** – The Fund is expected to maintain its strong presence in the mutual fund 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-June 2022, ALFM Peso Bond Fund maintained its market dominance having majority (72.1%) of market share.
- c) **NAV Growth vis-à-vis Industry Growth** – The Fund's average daily NAV for the second quarter of 2022 was at PHP 41.56 Billion. The peso bond fund industry declined by 5.80% in terms of total net asset value or PHP 3.54 Billion. ALFM Peso’s NAV also contracted by PHP 2.53 Billion or -5.74% year-to-date, declining along with 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 2Q 2022 with 36.02% in government securities, 56.31% in corporate bonds and notes, 2.80% in preferred shares, 1.93% in fixed income funds and 6.94% in cash and cash equivalents. Corporate bonds, notes and 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 securities and for 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 end-June 2022, ALFM Peso Bond Fund ranked fourth out of eleven mutual bond fund competitors in terms of year-to-date returns.

### **AS OF DECEMBER 31, 2021**

#### **Peso Fixed Income**

Philippine GDP grew 5.6% in 2021 after posting a 7.7% growth in the fourth quarter as loosened pandemic-related restrictions lifted business activity. The annual performance slightly beat the adjusted target range of 5% to 5.5% and reversed a record 9.6% contraction in 2020, when the country imposed prolonged lockdowns to contain the spread of COVID-19. The Philippine economy also benefited from the loose monetary policy set by the Bangko Sentral ng Pilipinas, which kept policy rates at 2.0% since November 2020. Meanwhile, inflation in the country

accelerated from 2.6% in 2020 to 3.6% in 2021, rising to as high as 4.9% in August due to higher fuel and food prices arising from supply-side shocks.

Consequently, the elevated inflation rate pushed yields of government securities higher across the board in 2021. For the year, the yield on the 1-year rose by about 44 basis points to 2.0%, the 5-year yield rose by about 169 points to 4.20%, while the yields on 6-10-year securities rose by about 184 basis points on average. As a result, 2021 was a challenging year for the bond markets.

For the year, the ALFM Peso Bond Fund gave a net return on investment of 0.88% outperforming its benchmark by 13 bps. With this, the fund ended the year with a NAVPS at PHP 374.44.

The Fund continues to maintain portfolio quality through active duration management, yield curve positioning, and yield-enhancing credit investments. As of year-end 2021, portfolio duration of the fund is at 2.64, basically, flat versus 2020's 2.68.

For 2022, we expect Philippine economic growth to pick up as the economy opens up since the lockdowns are no longer in place and consumer's mobility is on the rise. As for the monetary policy, the BSP is expected to start raising policy rates in 2022 as it tries to fight inflation.

Thus, for 2022, expect ALFM Peso's priority to give investors a consistent, stable return that is true to its investment objective. The Fund will be cautiously positioning amidst higher inflation expectations. Long-term investors will get the full reward of investing and shareholders 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 aims to outperform its benchmark on a year-on-year basis. The Fund's return on investment (ROI) for full year 2021 was recorded 0.88% net of fees and taxes, ahead its benchmark returns of 0.75%. Stability of return is prioritized to shelter the investors from any 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 -2021, ALFM Peso Bond Fund maintained its market dominance having majority (72.1%) of market share. PhilAm Bond Fund was second at 11.1% and Sun Life Prosperity Bond Fund remains at third with 7.7% market share.

**c) NAV Growth vis-à-vis Industry Growth** – The Fund's average daily NAV for 2021 was at PHP 44,463,827 Billion. The peso bond fund industry declined by 2.57% in terms of total net asset value or PHP 1.6 Billion. ALFM Peso's NAV declined slightly by PHP 173 Million or declined by 0.27% year-on-year.

**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 2021 with 26.1% of the Fund's portfolio invested in government securities, 62.0% in corporate securities, 2.7% in preferred shares, 2.2% in fixed income funds, 6.7% in cash/cash equivalents and receivables. Corporate securities 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 for 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 2021, ALFM Peso Bond Fund ranked first among eleven mutual bond fund competitors in terms of one year absolute returns.

## **MANAGEMENT DISCUSSION AND ANALYSIS / MANAGEMENT REPORT**

a) Full fiscal years

1. Discussion of the Registrant's Financial Condition, Changes in Financial Condition and Results of Operations for each of the last 3 fiscal years.

Total assets of ALFM Peso Bond Fund as of yearend-2021 sits as 44.4B, slightly lower than 2020 and 2019 figures at 44.6B and 46B, respectively. Financial assets valued at FVTPL meanwhile increased to 10.3B in 2021 as compared to 9.56B in 2020 and 6.7B in 2019. Investment securities valued at amortized cost is at 31.2B while loans and other receivables is 1.5B as of December 31, 2021.

Total liabilities of the fund decreased by 10.3B to 38.4B as of yearend-2021. While management and distribution fee payable was relatively stable, other liabilities which comprised capital shares redeemed payable decreased by 11.3B in 2021. Total income for the period ending December 31, 2021 is much lower at 1B, from 2.6B in 2020 and 2.9B in 2019. The fund earned interest from bonds amounting to 1.5B and incurred net loss from financial assets valued at FVTPL at 116M. On the other hand, total expenses incurred by the fund slightly diminished to 484M for the year 2021.

Fund performance for 2021 amounted 331M, 81% lower than the 1.76B net profit in 2020.

2. If FS shows losses from operation, explain the causes underlying these losses and the steps the registrant has taken or is taking to address these cause.

*None to report.*

3. Past and future financial condition and results of operation, **with particular emphasis on the prospects for the future.**

Total income for the period ending December 31, 2021 is much lower at 1B, from 2.6B in 2020 and 2.9B in 2019. The fund earned interest from bonds amounting to 1.5B and incurred net loss from financial assets valued at FVTPL at 116M. On the other hand, total expenses incurred by the fund slightly diminished to 484M for the year 2021. Fund performance for 2021 amounted 331M, 81% lower than the 1.76B net profit in 2020.

The fund aims build up on liquidity to be able secure high-yielding corporate bond and government securities while being mindful of the weighted duration, to earn higher interest.

(b). Interim Periods: Comparable discussion to assess material changes (last fiscal year and comparable interim period in the preceding year). *Disclose the required information required under subparagraph (2)(a)(I) to (viii) above.*

Total assets of ALFM Peso Bond Fund decreased by 6% to 41.9B as of June 30, 2022. Financial assets valued at FVTPL and at amortized diminished by 18% and 7%, respectively. Securities at FVTPL are valued at 8.44B while securities at amortized cost amounted to 29B as of the 2Q 2022. Meanwhile, cash and cash equivalents upped to 2.9B, up by 107% from yearend-2021 figures.

Total liabilities, on the other hand, also decreased by 9% to 35M as of June 30, 2022. Other liabilities had an 88% reduction of 2Q 2022, which is partially due to the 5.8M reduction in withholding tax payable during the period.

The fund incurred a net loss of 125M for the period ending June 30, 2022, which is mainly due to the loss incurred from financial assets valued through profit or loss.

### **AS OF DECEMBER 31, 2020**

Philippines 1Q GDP contracted 0.2%, the first in 22 years. This is far from 4Q2019's 6.7% growth and 1Q2019's 5.60%. The last time the country's economic activities contracted was in 1998 Asian Financial Crisis coupled with one of the worst El Nino effect that the country experienced. The negative growth came in as a result of business closures and job losses amidst the Enhanced Community Quarantine or "ECQ" in major economic regions in the Philippines. Economists are still expecting contraction for the second and third quarter. Full year GDP has been revised down to 0% to 4%.

Inflation print remained benign and stayed within government range of 2%-4% for the first quarter as it averaged 2.60%. The lower inflation print came as a result when the brent oil dipped on the back of border closures and business closures of major countries in their race to contain the spread of the Covid-19 virus that have killed thousands of people. At the same time, the 2020 full-year government forecast has been revised down to 2.2% year-on-year from 3%.

In its bid to cushion the economic contraction, the government have started doling out cash to the poorest household to aid them in household consumption during the ECQ. At the same time, the BSP reduced its overnight rate by 125 bps to 2.75% from 4.00% and reduced the country's Reserve Requirement Ratio by 200bps to 12%; releasing liquidity in the financial system.

For the first quarter, the local bond market was a roller coaster ride. The year started with the bond yield curve inclining by an average of 20bps then down by 23 bps the following month. In the month of March, when there was a sudden spike of the population infected with Covid-19, the Philippine government announced a sudden "locked-down" on the National Capital Region and

placed it under ECQ. Business and constructions were halted for a minimum of 30 days with thousands of day-workers suddenly displaced and out of job. The anxiety of the situation spilled over to the bond market as there was a mad dash for cash since there was no precedent event and the virus has no known vaccine/cure. The yield curve rose as much as 40 bps across the curve and illiquidity havocked the market. In BSP's bid to provide liquidity in the bond market, it pledged to buy at least PHP 300billion worth of government securities in the secondary market. At the same time, BSP remains accommodative in its monetary and fiscal policy for the remainder of the year and is willing to act swiftly and do so outside scheduled regulatory meetings.

For the quarter, the ALFM Peso Bond Fund gave a net return on investment of 0.72% or an increase in the NAV per share of PHP 2.58. The Fund's volatility was still kept low at 0.46%.

For the quarter, we saw an increase in the Fund's Trading NAV by PHP 919 Mn or 2.00%. There was a notable increase in the cash and cash equivalent by end-March compared to previous quarter since the Fund received a redemption notice worth more than PHP 2 Billion prior to end-March. There was also a spike in unrealized losses for the quarter as the bond market experienced liquidity squeeze when ECQ was declared March 16, where investors' preference shifted to cash. Earnings Per Share (EPS) for the quarter slid to PHP 2.33 since the earned interest is lower compared to previous quarter since time deposit rates and issued rates by government and corporates have come down for the last five months.

The Fund continued to remain well diversified in the first quarter of 2020 with 14.31% of the Fund's portfolio invested in government securities, 69.58% in corporate bonds/notes/receivables, 3.32% in loans, 6.86% in preferred shares, 1.52% in fixed income funds, 3.34% in cash/cash equivalents and net of liabilities, and 1.07% 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 March, portfolio duration of the fund is at 2.45, slightly lower than previous quarter of 2.75, to smoothen the volatility of the market.

ALFM Peso's main priority is 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 to capture the low inflation expectation of the market but cautious at the same time for any yield reversals. 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 the 1Q is at 0.72% net of fees and taxes, outperforming its benchmark return by 37 bps. Stability of return is prioritized to shelter the investors from any 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 –March 2020, ALFM Peso Bond Fund maintained its market dominance having majority

(73.1%) of the market share. PHILAM Bond Fund was a far second with 10.7% and Sun Life Prosperity Bond Fund remains at third with 7.7% market share.

**c) NAV Growth vis-à-vis Industry Growth** – The Fund's average daily NAV for the first quarter of 2020 was at PHP 46.87 Billion. The peso bond fund industry grew by 3.51% in terms of total net asset value or PHP 2.16 Billion. ALFM Peso's NAV grew by PHP 919 Million or inclined by 2% year-to-date, growing slightly behind 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 1Q 2020 with 14.31% in government securities, 69.58% in corporate bonds/notes/receivables, 3.32% in loans, 6.86% in preferred shares, 1.52% in fixed income funds, 3.34% in cash/cash equivalents and net of liabilities, and 1.07% 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.

**e) Performance vis-a-vis Competition** - The Fund's performance is also compared against the performance of other players in the market. As of end-March 2020, ALFM Peso Bond Fund ranked second among twelve mutual bond fund competitors in terms of absolute returns.

### **AS OF DECEMBER 31, 2019**

Philippines GDP grew the slowest in 8 years as it averaged at 5.9%; short of government's target of 6% to 6.50%. The growth was slower than expected as it was impeded by the delayed passage of the 2019 budget in the first half of the year. As a result, it stalled the progress of the government's "Build, Build, Build" program which only had nine ongoing projects out of seventy-five for the year. It was also reported by the local media that the reenactment of the 2019 Budget led to the government underspending of PHP 1 billion per day for four months. In addition to the budget delay, election ban on implementation of government projects and programs added to the growing underspending of the first half of the year.

Full year inflation printed 2.5%, well within the government's target range of 2% to 4%, despite the effect of the El Nino and African swine flu on food prices. Notable spike is in the alcoholic beverages and tobacco at 18.4%. The heavily weighted food and non-alcoholic beverages rose 1.7%.

As for the BSP, it cut the benchmark rate three times in 2019 from 4.75% to 4.00%. At the same time, BSP trimmed its reserve requirement ratio (RRR) for the small-medium banks from 8% to 6% and the rural banks/cooperatives from 6% to 4%; releasing further liquidity in the market. Overall, the RRR for commercial banks was slashed 400 bps to 14% in government's plight to boost liquidity and support growth.

2019 was a stellar year for the local bond market as it more than reversed the hike in yields in 2018. Local government bond indices returned double digit, the best since the 90s, even surpassing equity asset class return for the year. For the year, the yield declined by an average of 283 bps. Price return attributed to majority of the year's roi.

For the year, the ALFM Peso Bond Fund gave a net return on investment of 4.21% or an increase in the NAV per share of PHP 14.47; thus, ending the year at PHP 357.94. The Fund's volatility was also kept low at 0.35%; similar to prior year's.

Despite the decline in the Fund's Trading NAV by 14.95%, the Fund's income even increased by 42.73% or PHP 879 Million on the back of net unrealized gains of PHP 350 Million and the interest income earned from securities at amortized cost was maintained at PHP 2 Billion level. Earnings Per Share (EPS) for the year jumped to PHP 14.52 versus 2018's PHP 5.36 despite the steep decline of the Fund's NAV from large withdrawals in the first half of the year.

The Fund continued to remain well diversified in 2019 with 16.26% of the Fund's portfolio invested in government securities, 68.12% in corporate bonds/notes/receivables, 3.39% in loans, 7.02% in preferred shares, 1.58% in fixed income funds, 2.54% in cash/cash equivalents and receivables, and 1.09% 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 2019, portfolio duration of the fund is at 2.73, higher than previous year's 2.58% in anticipation of further rate cuts in 2020.

For 2020, we expect Philippine inflation to be within range of government target 2% to 4%. Growth will remain on the strong side as the government have learned to pass its budget as early as possible as to not impede any projects/programs. The "Build, Build, Build" program will remain the anchor project of the government for the year. Both RRP and RRR cut are expected for the year between 25bps to 50bps and 10%- 12% respectively.

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 pause for the year 2020. 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 2020, 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 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 or any black swan event. 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 2019 was recorded 4.21% net of fees and taxes, behind its benchmark return of 5.43%. Stability of return is prioritized to shelter the investors from any 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 -2019, ALFM Peso Bond Fund maintained its market dominance having majority (74.2%) of the market share. PHILAM Bond Fund was a far second with 11.1% and Sun Life Prosperity Bond Fund remains at third with 7.8% market share.

**c) NAV Growth vis-à-vis Industry Growth** – The Fund's average daily NAV for 2019 was at PHP 47.86 Billion. The peso bond fund industry shrank by 10.46% in terms of total net asset value or PHP 11.10 Billion. ALFM Peso's NAV declined by PHP 8.04 Billion or declined by 14.95% year-on-year, shrinking higher 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 2019 with 16.26% of the Fund's portfolio invested in government securities, 68.12% in corporate bonds/notes/receivables, 3.39% in loans, 7.02% in preferred shares, 1.58% in fixed income funds, 2.54% in cash/cash equivalents and receivables, and 1.09% 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.

**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 2019, ALFM Peso Bond Fund ranked ninth 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.

**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.

BPI Investment Management, Inc. (BIMI) has registered under the Foreign Account Tax Compliance Act (FATCA) as a sponsoring entity for the Funds it manages. These Funds include the ALFM Mutual Funds, Ekklesia Mutual Fund, and Solidaritas Fund. As a sponsoring entity, BIMI will perform the due diligence, withholding, and reporting obligations of the sponsored entities.

In accordance with this, investors who make initial subscriptions to the Fund from July 1, 2014 onwards have been asked to submit the necessary documents if they are identified as US citizens, or if they fall under any of the US indicia categories.

**FINANCIAL STATEMENTS**

Audited Financial Statements attached herewith.

**CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

There are no disagreements with the external auditors on the accounting and financial disclosures of the Fund.

**EXTERNAL AUDIT FEES**

The fund paid a total of PhP1,575,000.00 in audit fees for the 2019 Audited Financial Statement paid in 2020.

The fund engaged the external auditor to audit the 2021 financial statements. No final billing has been made for the year 2021 as of the date of filing. However, an estimate of the amount is at PhP1,289,600.00.

The fund did not engage the external auditor for other services apart from those mentioned above.

The audit committee approves any engagement for the services of the external auditor. After reviewing the need for the services of the auditor, the audit committee reviews the engagement proposal submitted. The committee then agrees on the fees to be charged by the external auditors.

## **PART III - CONTROL AND COMPENSATION INFORMATION**

### **DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER**

The Nomination Committee is in charge of reviewing and evaluating the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board and provide assessment on the Board's effectiveness in directing the process of renewing and replacing Board members. The Head of the Committee is Mr. Simon R. Paterno with Mr. Adelbert A. Legasto and Mr. Romeo L. Bernardo as members. Mr. Adelbert A. Legasto,

as Director, nominated Mr. Miranda as an Independent Director. Mr. Legasto and Mr. Miranda are not related to each other. Mr. Legasto and Mr. Miranda nominated Mr. Mario Antonio V. Paner as Independent Director. Mr. Legasto and Mr. Miranda are not related to Mr. Paner. Independent Directors are nominated and elected in the process prescribed by SRC Rule 38 and in accordance with the Company's manual of corporate governance.

Five Directors are to be elected at the annual general meeting of stockholders for a full one-year term. The Board's nominees are Mr. Romeo L. Bernardo, Mr. Simon R. Paterno, Mr. Raymund Martin Miranda, Mr. Mario Antonio V. Paner, and Mr. Adelbert A. Legasto.

The Audit Committee which oversees the corporation's external audits is headed by Mr. Mario Antonio V. Paner with Mr. Adelbert A. Legasto and Mr. Raymund Martin Miranda as members.

The following, who are all Filipino citizens, are the Fund's Directors and Officers:

### **1. Romeo L. Bernardo, Chairman / Regular Director**

Mr. Bernardo, Filipino, born in 1954, 68 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 also a director of ALFM Retail Corporate Fixed Income Fund, Inc. and ALFM Principal Preservation Fund, Inc. since 2019. He is currently the Managing Director of Lazaro Bernardo Tiu & Associates, Inc. and Global Source 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), Foundation for Economic Freedom, and 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, President / Regular Director**

Mr. Simon R. Paterno, Filipino, born in 1959, 63 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. Adelbert A. Legasto, Regular Director**

Mr. Adelbert A. Legasto, Filipino, born in 1947, 75 years old, is a director of ALFM Peso Bond Fund, Inc., 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., ALFM Retail Corporate Fixed Income Fund, Inc., ALFM Principal Preservation 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.

### **4. Raymund Martin T. Miranda, Independent Director**

Mr. Raymund Martin T. Miranda, Filipino, born in 1969, 53 years old, and has been an Asia-Pacific media executive and strategist for more than 37 years. He is currently the Chief Strategy Officer, Chief Risk Management Officer, Compliance Officer of ABS-CBN Corporation, having served as Chief Strategy Officer since 2012. Before his appointment with ABS-CBN, Mr. Miranda formed a consulting firm and served as co-founder of the Dolphin Fire Group Asia. Previously, he was the Managing Director, Global Networks Asia-Pacific of NBC Universal from 2007 to 2011, based in Singapore, heading the entertainment channels division of NBC Universal across 33 countries. Before that, Mr. Miranda spent a year in Manila as the President/CEO of Nation Broadcasting Corporation (92.3xFM) and Head of Strategy and Content for Mediaquest Holdings, Inc. From 1998 to 2006, he was with The Walt Disney Company in Singapore and Manila as Managing Director South East Asia for Walt Disney International, Managing Director for South East Asia/Korea for Walt Disney Television International, and the Head of Radio Disney Asia. He started his career in FM radio before joining the GMA Network group in 1987. He was named Vice-President, Creative Services of GMA Network, Inc. in 1992. Mr. Miranda attended college at the University of the Philippines, Diliman, and is a grade school and high school alumni of the Ateneo de Manila.

### **5. Mario Antonio V. Paner, Independent Director**

Filipino, 62 years old, Mr. Paner served as Treasurer and head of BPI's Global Markets Segment. As such, he was responsible for managing the interest rate and liquidity gaps, as well as the fixed income and currency market-making, trading, and distribution activities of BPI and its subsidiaries and affiliates– in the Philippines and abroad. Before retirement, Mr. Paner was Chairman of the Bank's Asset & Liability Committee and was a member of the Management Committee and Asset Management Investment Council.

After working with Ayala Investments and Development Corporation (1979) and Family Savings Bank (1981), Mr. Paner joined BPI in 1985, when the Bank acquired Family Savings Bank and performed various Treasury and Trust positions until 1989. Between 1989 and 1996, he worked at Citytrust, then the consumer banking arm of Citibank in the Philippines, which BPI acquired in 1996. At BPI, he has been responsible for various businesses of the bank, including Risk Taking,

Portfolio Management, Money Management, Asset Management, Remittance and Private Banking.

Mr. Paner served as President of the Money Market Association of the Philippines (MART) in 1998 and remains in its Board of Advisers up to now. He also served as Vice Chairman of the Bankers Association of the Philippines' (BAP) Open Market Committee and lecturer for the BAP/Ateneo School of Banking. He was also a member of the Makati Business Club, Management Association of the Philippines, British Chamber of Commerce, and the Philippine British Business Council. He was an Independent Director and member of the Corporate Governance and Audit Committees of Ayala Energy Phils from 2020 until 2021.

He obtained an A.B. Economics degree from Ateneo de Manila University in 1979 and completed various courses in Business and Finance, including Strategic Financial Management in 2006 and the Advanced Management Program in 2009, both at the Harvard Business School.

Mr Paner retired from BPI in 2019. Aside from ALFM, he is also presently an independent director of ACE Enexor Inc (ACEX).

## **Other Officers of the Fund**

### **1. Fernando J. Sison III – Treasurer**

Mr. Fernando J. Sison III, Filipino, born in 1952, 70 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**

Atty. Sabino B. Padilla IV, born in 1960, 62 years old, is the Corporate Secretary 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. Karl Kelvin D. Arcilla, Compliance Officer, Chief Data Protection Officer and Chief Risk Officer

Mr. Arcilla born in 1986, 36 years old, has 14 years of combined experience in regulatory and control functions which he gained from different industries such as Banking, Telecommunications and Real Estate. He joined BPI Investment Management Inc. as Compliance Officer last January 2021. As such, he is primarily responsible for ensuring that BIMI has internal controls to adequately manage risks. He has also successfully passed the Treasury Certification Program last September 2021 and is currently enrolled in the Association of Certified Anti-Money Laundering Specialists certification program.

#### Additional Information required under Annex C of SRC Rule 12:

The incorporators of the Fund are: Mr. Manuel Q. Bengson, Mr. Jose R. Facundo, Mr. Fernando Zobel de Ayala, Mr. Ramon F.R. Medina and Mr. Ambrosio B. Mangilit, Jr.

- Mr. Miranda and Mr. Paner are independent directors of the fund. Mr. Adelbert A. Legasto, as Director, nominated Mr. Miranda as an Independent Director. Mr. Legasto and Mr. Miranda are not related to each other. Mr. Legasto and Mr. Miranda nominated Mr. Mario Antonio V. Paner as Independent Director. Mr. Legasto and Mr. Miranda are not related to Mr. Paner. 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.
- Each Director shall serve for a term of 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.
- None of the Directors or Executive Officers of the fund has been the subject of any legal/criminal proceedings, was involved in any bankruptcy petition, was convicted by final judgment, was subject to any Order, Judgment or Decree and did not violate any Securities or Commodities Law for the past 5 years.

#### EXECUTIVE COMPENSATION

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	175,500.00	-	-
		2020	121,500.00	-	-

		2021	67,500.00	-	-
		2022 (estimated)	30,000.00	-	-
Simon R. Paterno	President /.Director	2010	-	-	-
		2011	-	-	-
		2012	-	-	-
		2013	-	-	-
		2014	-	-	-
		2015	-	-	-
		2016	-	-	-
		2017	-	-	-
		2018	-	-	-
		2019	108,000.00	-	-
		2020	121,500.00	-	-
		2021	67,500.00	-	-
		2022 (estimated)	30,000.00	-	-
		Adelbert A. Legasto	Director (Until December 2012) (Starting June 2015)	2010	214,450.00
2011	187,000.00			-	-
2012	221,000.00			-	-
2013	-			-	-
2014	-			-	-
2015	127,500.00			-	-
2016	165,750.00			-	-
2017	165,750.00			-	-
2018	189,000.00			-	-
2019	189,000.00			-	-
2020	121,500.00			-	-
2021	2,700.00			-	-
2022 (estimated)	30,000.00			-	-
Atty. Sabino B. Padilla IV	Corporate Secretary	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	189,000.00	-	-
		2020	121,500.00	-	-
		2021	67,500.00	-	-
		2022 (estimated)	30,000.00	-	-
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	162,000.00	-	-
		2020	121,500.00	-	-
		2021	67,500.00	-	-
2022(estimated)	30,000.00	-	-		
Mario Antonio V. Paner	Independent Director (starting Jaunary 30, 2022)	2022 (estimated)	30,000.00	-	-
Raymund Martin Mairanda	Independent Director (Starting 17 June	2022 (estimated)	30,000.00	-	-

	2021				
Karl Kelvin D. Arcilla	Compliance Officer, Chief Data Protection Officer and Chief Risk Officer (Starting April 2020)	2022 (estimated)	-	-	-

Directors and Officers of the Fund are entitled to receive a per diem allowance in the amount of PhP30,000.00 for every Board meeting attended, effective May 18, 2012. Excluded in the payment of per diem allowances are Directors and Officers of the Fund who are also Officers of the Fund Manager or the Investment Advisor. The following amounts were paid for the years 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, and 2010, respectively, PhP272,700.00, PhP607,500.00, PhP823,500.00, PhP715,500.00, PhP726,750.00, PhP714,000.00, PhP790,500.00, PhP828,750.00, PhP879,750.00, PhP765,000.00, PhP561,000.00 and PhP588,450.00. For the year 2009, no fees were paid. The estimated aggregate Directors and Officers fee for the year 2022 is PhP210,000.00

There is no other standard or consulting arrangement or any compensatory plan relating to resignation/retirement by which directors and officers are to be compensated other than that previously stated.

The fund has no Compensation Committee.

## SECURITY OWNERSHIP OF MANAGEMENT

- As of 30 June 2022

Title of Class	Name of Owner	Address	Position	Amount & Nature of Ownership	Citizenship	Percent of Class
Common	Romeo L. Bernardo	Unit 1603 A. Belvedere, San Miguel Avenue, Ortigas Center, Pasig City	Chairman/Regular Director	20 (beneficial)	Filipino	0.0000%
Common	Simon R. Paterno	58 McKinley Road, Forbes Park, Makati City	President/Regular Director	328 (record, beneficial)	Filipino	0.0003%
Common	Adelbert A. Legasto	3/F, Makati Stock Exchange Building Ayala Avenue, Makati City	Regular Director	24,840 (record, beneficial)	Filipino	0.0223%
Common	Raymund Martin Miranda	12 Evening News st. West Triangle Homes, West Triangle, Quezon City,	Independent/Director	20 (beneficial)	Filipino	0.0000%
Common	Mario Antonio V. Paner	24 Winchester st. Hillsborough Alabang Village Cupang Muntinlupa City	Independent/Director	20 (beneficial)	Filipino	0.0000%
Common	Fernando J. Sison III	3 Jocson St., Xavierville 1, Loyola Heights, Quezon City	Treasurer	10,136 (record)	Filipino	0.0091%
Common	Sabino Padilla IV	1678 Dasmariñas Ave., Dasmariñas Village, Quezon City	Corp. Secretary	0	Filipino	0.0000%
Common	Karl Kelvin D. Arcilla	938 Dr. Gonzales St., Sabang Baliuag Bulacan 3006	Compliance Officer, Chief Data Protection Officer and Chief Risk Officer	0	Filipino	0.0000%



The fund has no Voting Trust Agreement.

## **CHANGE IN CONTROL**

There is no existing arrangement which is known to the Company which may result in the change of control of ALFM Peso Bond Fund, Inc.

## **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.

BIMI, as a fund manager, shall formulate and implement the investment strategy, provide and render management, technical, and administrative services, whereby authorizing BIMI to purchase and sell investment securities for the account of the Fund. As investment advisor, BIMI 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. In consideration for the above management, distribution, administration and advisory services, the Fund pays BIMI a fee of not more than 1.00% p.a. (2018 - 1.00% p.a.; 2017 - 1.50% p.a. of the Fund's average daily trading NAV.

The Fund has distribution agreements with subsidiaries of BPI, namely, BIMI and BPI Capital Corporation (BPI Capital). Under the terms of the agreement, BIMI 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. (2018 - 0.50% p.a.; 2017 - 0.75% 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 party. BPI act as the receiving banks for the contributions and withdrawals related to the Fund as transacted by the distributors and shareholders.

## **PART IV - CORPORATE GOVERNANCE**

### **COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE**

The company continuously evaluates 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. To ensure that no deviation is committed from the company's manual, such evaluation is performed at least once every quarter.

There has been no deviation from the company's Manual of Corporate Governance as of the date of this report.

## **PART V - EXHIBITS AND SCHEDULES**

### **EXHIBITS AND REPORTS ON SEC FORM 17-C**

1. Exhibits NONE
2. Reports on SEC Form 17-C

<b>Items Reported</b>	<b>Date Filed</b>
Item taken up and approved during the Special Board of Directors Meeting held on August 17, 2021	20-Aug-21

Items taken up and approved during the Organizational Meeting of the Board of Directors held on August 20, 2021	25-Aug-21
Items taken up and approved during the Special Board of Directors Meeting held on August 23, 2021	27-Aug-21
Item taken up and approved during the Special Board of Directors Meeting held on December 16, 2021	21-Dec-21