

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. ("ALFM Peso" or the "Fund")**
3. **Philippines**
Province, country or other jurisdiction of incorporation or organization
4. SEC Identification Number **A1997-12806**
5. BIR Tax Identification Number **201-184-505-000**
6. **19/F BPI Buendia Center, Sen. Gill Puyat Ave., Makati City** **1209**
Address of principal office Postal Code
7. Registrant's telephone number, including area code **(632) 8580-0900**
8. Date, time and place of the meeting of security holders
July 14, 2023 11:00 a.m. via Zoom
9. Approximate date on which the Information Statement is first to be sent or given to security holders
June 23, 2023
10. Proxy Solicitation
Name of Person filing the Statement/Solicitor: **Tomas S. Chuidian**
Address and Telephone No.: **19/F, BPI Buendia Center, Sen. Gil J. Puyat Ave., Makati City**
(632) 8580-0900
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA
(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
(as of 15 May 2023) |
|----------------------|--|
| <u>Common Shares</u> | 100,813,316 |
12. Are any or all of registrant's securities listed in a Stock Exchange?
Yes _____ No **X**
- If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
The fund is not listed with Philippine Stock Exchange

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Please be informed that the Annual Meeting of the Stockholders of ALFM PESO BOND FUND, INC. (the "Company" or the "Fund") will be conducted virtually via **Zoom** on **July 14, 2023 at**

[\[https://us05web.zoom.us/j/81934636798?pwd=Y0NYaGh1eHZJS0cxdEoyOHpHVldFUT09\]](https://us05web.zoom.us/j/81934636798?pwd=Y0NYaGh1eHZJS0cxdEoyOHpHVldFUT09).

The agenda for the Annual Stockholders' Meeting shall be as follows:

1. Call to Order
2. Certification of Notice
3. Determination and Declaration of Quorum
4. Reading and approval of the minutes of the Annual Stockholders' Meeting held on 30 September 2022
5. Presentation and approval of 2022 Annual Report of the Fund Manager
6. Approval and confirmation of all acts of the board of directors and the fund manager, for 2022
7. Election of directors
8. Confirmation of BPI Wealth as Fund Manager (continuing term unless expressly terminated)
9. Confirmation of BPI Investment Management as principal distribution and transfer agent (continuing term unless expressly terminated)
10. Re-appointment of Isla Lipana and Co. as external auditor
11. Merging of ALFM Peso Bond Fund, Inc. to Philam Managed Income Fund, Inc. and Philam Bond Fund, Inc.
12. Amendments of Articles of Incorporation
13. Amendment of the Fund's By-Laws to reflect the following changes/provisions:
 - a. Revision of notice period for Meeting of the Stockholders
 - b. Participation of stockholders in the Stockholders' Meeting through remote communication
 - c. Right to vote of stockholders through remote communication or in absentia
 - d. Establishment of various committees to promote corporate governance
 - e. Inclusion of Compliance Officer
 - f. Inclusion of investment objectives
 - g. Alignment of definition of assets and liabilities
14. Other Business
15. Adjournment

The Board of Directors has fixed the **15 May 2023** (the "Record Date") as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting of the Stockholders. Only holders of shares of common stock as at the Record Date will be entitled to vote at the Annual Meeting of the Stockholders.

Given the restrictions posed by the community quarantine, stockholders may only attend the meeting through remote communication.


In order that your stock may be represented at the meeting, please accomplish the enclosed Proxy Form and return it via mail / email / fax on or before **04 July 2023** to the Office of the Corporate Secretary through the following:

Via Mail: 19/F BPI Buendia Center, Sen. Gil J. Puyat Ave., Makati City
 Via Email: alfm_asm@bpi.com.ph
 Via Fax: (02) 8580-4682

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 before **04 July 2023**. Registered Stockholders will receive an email confirmation containing the details about joining the webinar. Stockholders may exercise the right to vote through remote communication or *in absentia*, subject to validation.

(signature page follows)

Very truly yours,

A handwritten signature in black ink, appearing to read 'S. Padilla', with a stylized flourish at the end.

ATTY. SABINO B. PADILLA IV
Corporate Secretary

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

1. Date, time and place of meeting of security holders

Date: **14 July 2023**
 Time: **11:00AM**
 Place: **Virtual meeting via Zoom**
Registration for voting in absentia: <https://forms.office.com/r/34ECnTAKkz>

Registrant's Mailing Address: **19/F, BPI Buendia Center, Sen. Gil J. Puyat Ave., Makati City**

The date on which the Information Statement is first to be sent or given to stockholders is **23 June 2023.**

2. Dissenters' Right of Appraisal

As provided by Title X of the Revised Corporation Code of the Philippines (Republic Act No. 11232) ("Revised Corporation Code"), any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of his shares in the following instances:

- 2.1 In case an amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- 2.2 In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code;
- 2.3 In case of merger or consolidation; and
- 2.4 In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

In order for the stockholder to exercise the right, he or she must vote against any of the enumerated instances which the corporation will pursue. The procedures in the exercise of the right are the following:

- 2.5 Written demand on the corporation within 30 days after the date that the vote was taken.
- 2.6 Submission of the shares of the dissenting stockholder to the corporation for notation within 10 days from the written demand. The corporation has to pay the stockholder with the fair value of the shares within 30 days after demanding payment for his or her shares.
- 2.7 Failure to make the demand within 30 days after the date on which the vote was taken shall be deemed a waiver of the appraisal right.

Matters which may warrant the exercise of this right will be duly taken up at the meeting.

3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

There is no person who has been a director or officer of ALFM Peso Bond Fund Inc. at any time since the beginning of the last calendar year, or who is a nominee for election as director, who has a substantial interest in any matter to be acted upon at the Annual Stockholders' Meeting. No member of the Board of Directors (the "Board") has informed ALFM Peso Bond Fund Inc. that he intends to oppose any action to be taken by ALFM Peso Bond Fund Inc. at the Annual Stockholders' Meeting.

B. CONTROL AND COMPENSATION INFORMATION

4. Voting Securities and Principal Holders Thereof

(a) The total number of outstanding shares as of May 15, 2023 is 100,813,316 all of which are common and voting. Each share shall be entitled to one vote with respect to all matters to be taken up during the Annual Stockholders' Meeting.

A stockholder entitled to vote at the Annual Stockholders' Meeting shall have the right to vote in person or by proxy the number of shares registered in his name in the stock and transfer book of ALFM Peso Bond Fund Inc. as of the Record Date. With respect to the election of directors, said stockholder may vote such number of shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

(b) All stockholders of record as of May 15, 2023 are entitled to receive this Information Statement, and to receive notice of, and vote during the Annual Stockholders' Meeting. Stockholders are entitled to cumulative voting in the election of the members of the Board of Directors, as provided in the Revised Corporation Code. More

specifically, each stockholder shall be entitled to elect five members to the Board of ALFM Peso Bond Fund Inc. and he or she may vote the number of shares standing in his or her name in the books of ALFM Peso Bond Fund Inc. for each of the five persons whom he or she may choose from the list of nominees. Alternatively, he or she may cumulate said shares and give one candidate as many votes as the number of his or her shares multiplied by five shall equal, or he or she may distribute these votes on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him or her shall not exceed the number of shares owned by him or her multiplied by 5.

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.

(c)(i) Security Ownership of Management as of 31 March 2023

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Romeo L. Bernardo Unit 1603 A. Belvedere, San Miguel Avenue, Ortigas Center, Pasig City	20 (record,beneficial)	Filipino	0.00002%
Common	Adelbert A. Legasto 3 Building Ayala Avenue, Makati City /F, Makati Stock Exchange	24,840 (record,beneficial)	Filipino	0.02456%
Common	Simon R. Paterno 58 McKinley Road, Forbes Park, Makati City)	328 (record,beneficial)	Filipino	0.00032%
Common	Mario Antonio V. Paner 24 Winchester st. Hillsborough Alabang Village Cupang Muntinlupa City	20 (beneficial)	Filipino	0.00002%
Common	Raymund Martin T. Miranda 12 Evening News st. West Triangle Homes, West Triangle, Quezon City,	20 (beneficial)	Filipino	0.00002%
Common	Fernando J. Sison III 3 Jocson St., Xavierville 1, Loyola Heights, Quezon City (Treasurer)	12,184 (record)	Filipino	0.00933%
Common	Atty. Sabino Padilla IV 1678 Dasmariñas Ave., Dasmariñas Village, Quezon City (Corporate Secretary)	0	Filipino	0.0000%
Common	Meriza R. De Guzman Unit 2010 Kai Garden Residences M. Vicente St. Brgy Malamig Mandaluyong City (Compliance and Risk Officer)	0	Filipino	0.0000%
TOTAL		37,412	Filipino	0.03424%

(c)(iii) Voting Trust Holders of 5% or more

As of 15 May 2023, there is no voting trust or similar arrangement for 5% or more of ALFM Peso Bond Fund Inc. shares. There are no arrangements which may result in a change of control in ALFM Peso Bond Fund Inc.

(d) Change of Control

There was no change in control in ALFM Peso Bond Fund Inc. that occurred since the beginning of the last calendar year.

5. Directors and Executive Officers

The following are the current directors and officers of ALFM Peso Bond Fund Inc.:

Name	Age	Citizenship	Position	Term
Romeo L. Bernardo	68	Filipino	Chairman of the Board	1 year (2022-2023)

Simon R. Paterno	63	Filipino	President and Director	1 year (2022-2023)
Adelbert A. Legasto	75	Filipino	Director	1 year (2022-2023)
Mario Antonio V. Paner	64	Filipino	Independent Director	1 year (2022-2023)
Raymund Martin T. Miranda	60	Filipino	Independent Director	1 year (2022-2023)
Fernando J. Sison III	71	Filipino	Treasurer	1 year (2022-2023)
Atty. Sabino Padilla IV	62	Filipino	Corporate Secretary	1 year (2022-2023)
Meriza R. De Guzman	31	Filipino	Compliance and Risk Officer	1 year (2022-2023)

(a) The following are the names of the persons who are nominees for election for year 2023-2024:

BOARD OF DIRECTORS	AGE	CREDENTIALS
Romeo L. Bernardo (Incumbent Chairman of the Board)	68	Mr. Romeo L. Bernardo, Filipino, born in 1954, 68 years old, is the Chairman of the fund since 2009. He is also the Chairman of ALFM Peso Bond Fund, Inc. from 2003 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.
Simon R. Paterno (Incumbent Director and President)	63	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.
Raymund Martin T. Miranda (Incumbent Independent Director)	60	Mr. Raymund Martin T. Miranda, Filipino, born in 1962, 60 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 Media quest 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.
Adelbert A. Legasto (Incumbent Director)	75	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.
Mario Antonio V. Paner (Incumbent Independent Director)	64	<p>Filipino, 64 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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Mr Paner retired from BPI in 2019. Aside from ALFM, he is also presently an independent director of ACE Enxor Inc (ACEX).</p>

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

There is no person who is not an officer and is expected by ALFM Peso Bond Fund Inc. to make significant contribution to the Fund.

The Nomination Committee pre-screened candidates and came up with a shortlist of nominees to be presented to the shareholders. Candidates must have the following qualifications to become a member of the Board:

- Every director shall own at least one (1) share of the capital stock of ALFM Peso Bond Fund Inc., which share shall stand in his or her name in the books of ALFM Peso Bond Fund Inc.
- Be a college graduate;

- Have adequate competency and an understanding of the business of an open-end investment company;
- At least 21 years of age;
- Proven to possess integrity and probity; and
- Must be assiduous.

The Nomination Committee selected the independent directors in accordance with Rule 38 of the Securities Regulation Code (“SRC”) and the SEC Memorandum Circular No. 24, Series of 2019 Code of Corporate Governance for Public Companies and Registered Issuers.

- (c) ALFM Peso Bond Fund Inc. does not maintain any employees nor does it maintain any payroll. ALFM Peso Bond Fund Inc. does not expect in the foreseeable future to have any employees.
- (d) The incumbent directors, officers, and nominees for director are not related to each other up to the fourth civil degree either by consanguinity or affinity.
- (e) None of the directors, officers and nominees for director has been involved in the following legal proceedings within the past 5 years:
- Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
 - Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
 - Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
 - Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.
- (f) There was no transaction or proposed transaction during the last 2 years to which ALFM Peso Bond Fund Inc. was or is to be a party.

6. Compensation of Directors and Executive Officers

There is no existing Compensation Committee. ALFM Peso Bond Fund Inc. does not maintain any employees nor does it maintain any payroll. ALFM Peso Bond Fund Inc. does not expect in the foreseeable future to have any employees. Additionally, none of the directors or officers is given any compensation. However, the directors receive per diems and other reimbursements for their attendance at board meetings. There are no other arrangements, standard or otherwise, being paid to the directors. Directors are not compensated in any manner for committee participation, special assignments, or any other arrangements.

There are no compensatory plans or arrangements for any officer that will result in or will result from the resignation, retirement or any other termination of such officer in any amount.

For every board meeting attended by each director, he or she will receive a per diem of Php 100,000 and 120,000 for the funds President/per meeting. The directors received the following amounts:

EXECUTIVE COMPENSATION

Payment Period	Aggregate Amount Received (in Php)
2021	148,500
2022	579,283
2023 (estimate)	411,423

7. 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 2023, 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 and 2022 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.

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 T. Miranda as members.

8. Compensation Plans

No action is to be taken with respect to Item 8 during the Annual Stockholders' Meeting.

C. ISSUANCE AND EXCHANGE OF SECURITIES

9. Authorization or Issuance of Securities Other than for Exchange

No action is to be taken with respect to Item 9 during the Annual Stockholders' Meeting.

10. Modification or Exchange of Securities

ALFM Peso Bond Fund Inc. does not intend to modify any class of its securities, or issue or authorize the issuance of one class of securities in exchange for outstanding securities of another class.

11. Financial and Other Information

ALFM Peso Bond Fund Inc. has incorporated by reference the following as contained in the Management Report (attached as Annex A), SEC Form 17-A (Annual Report) (attached as Annex B), and SEC Form 17-Q (Quarterly Report) for the period ended March 31, 2023 (Quarterly Report) (attached as Annex C).

12. Mergers, Consolidations, Acquisitions and Similar Matters

ALFM Peso Bond Fund Inc. will merge with the Philam Managed Bond Fund, Inc. and Philam Bond Fund, Inc. in which the ALFM Pesos Bond Fund, Inc. is the surviving entity.

13. Acquisition or Disposition of Property

ALFM Peso Bond Fund Inc. does not own any real property and does not intend to acquire any real property.

14. Restatement of Accounts

ALFM Peso Bond Fund Inc. does not intend to restate any of its asset, capital or surplus accounts.

D. OTHER MATTERS

15. Action with Respect to Reports

The minutes of the previous Annual General Meeting of Stockholders held last 30 September 2022 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 2022, and confirmation of all acts of the Board of Directors and Fund Manager.

16. Matters Not Required to be Submitted

All matters or actions to be taken up in the Annual Stockholders' Meeting require the vote of the stockholders.

17. Amendment of Charter, Articles of Incorporation, By-laws or Other Documents

- a. 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 "7/F, BPI Buendia Center, Sen. Gil J. Puyat Ave., Makati City, Metro Manila, Philippines" in order to indicate the Fund's new location.

The Fund will submit below amendment of the funds' other pertinent documents related to the changes of the fund's address.

	Current	Proposed
Name	ALFM Peso Bond Fund, Inc.	ALFM Peso Bond Fund, Inc.
Address	19/F, BPI Buendia Center, Sen. Gil J. Puyat Ave., Makati City, Metro Manila, Philippines	7/F, BPI Buendia Center, Sen. Gil J. Puyat Ave., Makati City, Metro Manila, Philippines

- b. The stockholders shall vote to amend the Fund's By-Laws to reflect the following changes/provisions:
- a. Revision of notice period for Meeting of the Stockholders
 - b. Participation of stockholders in the Stockholders' Meeting through remote communication
 - c. Right to vote of stockholders through remote communication or in absentia
 - d. Establishment of various committees to promote corporate governance
 - e. Inclusion of Compliance Officer
 - f. Inclusion of investment objectives
 - g. Alignment of definition of assets and liabilities

18. Other Proposed Action

None

19. Voting Procedures

Unless otherwise provided by law, each stockholder shall, at every meeting of the stockholders, be entitled to one vote, in person or by proxy, for each share with voting rights held by such stockholder. Stockholders may also exercise the right to vote through remote communication or *in absentia* as authorized by resolution of the majority of the Board of Directors of the Fund.

All elections and all questions, except as otherwise provided by law, shall be decided, either by majority or 2/3 votes in accordance with the Revised Corporation Code, of the stockholders present in person or by proxy entitled to vote thereat, a quorum (majority of the issued and outstanding capital stock having voting powers) being present.

Unless required by law, or demanded by a stockholder present in person or by proxy at any meeting and entitled to vote thereat, the vote on any question will not be by ballot. In case of a vote by ballot, each ballot shall be signed by the stockholder voting in his name or by his proxy if there be such proxy, and shall state the number of shares voted by him. The Corporate Secretary of ALFM Peso Bond Fund Inc. will count and tabulate the votes.

UNDERTAKING

UPON WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. SUCH WRITTEN REQUEST SHOULD BE ADDRESSED TO:

BPI Wealth-A Trust Corporation
7/F, BPI Buendia Center, Sen. Gil J. Puyat Ave.
Makati City, Philippines

A copy of the Unaudited Interim Financial Statements (the "Unaudited Interim FS") of the Company as of and for the quarter ended [31 March 2023] with Management Discussion and Analysis will be provided to any requesting shareholder, as soon as said Unaudited Interim FS becomes available but in no case later than [23 June 2023]. Any request for a hard copy of the abovementioned Unaudited Interim FS should be sent to the abovegiven address.

PART II.

INFORMATION REQUIRED IN A PROXY FORM

1. Identification

The proxy solicitation is made by ALFM PESO BOND FUND, INC. (the "Company"), represented by Tomas S. Chuidian, the President of BPI Investment Management Inc. ("BIMI"). The proxy solicitation is in favor of Tomas S. Chuidian or in case of his non-attendance, the Chairman of the Annual Stockholders' Meeting chosen in accordance with the Company's By-Laws.

All costs and expenses incidental to the proxy solicitation will be borne, directly or indirectly, by the Company.

2. Instructions

- (a) The security holder is instructed to complete, and affix their signature on the attached form.
 - (i) If the securities are owned by two or more joint owners, the proxy form must be signed by all of the joint owners.
 - (ii) If the securities are owned in an "and/or" capacity, the proxy form must be signed by either one of the owners.
 - (iii) If the securities are owned by a corporation, association, partnership or unincorporated entity, the proxy form must be accompanied by a certification, signed by a duly authorized officer, partner or representative of such corporation, association, partnership or unincorporated entity, that designates and empowers an authorized signatory to sign the proxy form pursuant to the constitutive documents or duly approved policies of such corporation, association, partnership or unincorporated entity for this particular purpose.
- (b) The security holder appoints Tomas S. Chuidian, or in case of his non-attendance, the Chairman of the Annual Stockholders' Meeting, to represent and vote all shares registered in his or her name as proxy of the undersigned security holder.
- (c) The security holder shall clearly indicate the date of execution of the proxy form. A proxy form which is undated, post-dated, or which provides that it shall be deemed to be dated as of any date subsequent to the date on which it is signed by the security holder, shall not be valid.
- (d) The security holder shall sign the proxy form or have the form signed by a duly authorized representative, and file the same with the Corporate Secretary not later than 5:00 p.m. on July 04, 2023.
- (e) Retrieval and validation of all the proxy forms shall be administered by the Corporate Secretary and persons designated by the Corporate Secretary who shall be under his supervision and control from July 04, 2023.

3. Revocability and Validity of Proxy

The proxy form in favor of the Company shall be irrevocable and shall be effective and valid for a period of five (5) years from the date of its execution. There is no formal procedure or limitation for the right of revocation of a proxy before it is exercised.

4. Persons Making the Solicitation

Mr. Tomas S. Chuidian is not soliciting any votes. Neither is ALFM Peso Bond Fund Inc. aware of any director who intends to oppose any action intended to be taken by ALFM Peso Bond Fund Inc.

5. Interest of Certain Persons in Matters to be Acted Upon

There is no person who has been a director, independent director, or nominee for election as director, or independent director, or officer of the Company and, to the best knowledge of the Company, no associate of a director or independent director, or officer, or nominee for election as a director or independent director, or officer of the Company, at any time since the beginning of the last calendar year, has any substantial interest in any matter to be acted upon at the Annual Stockholders' Meeting.

PART III.

SIGNATURE PAGE

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 _____ 2023.

ALFM PESO BOND FUND, INC.


By: Sabino B. Padilla IV
Corporate Secretary

***PLEASE FILL UP AND SIGN THIS PROXY FORM AND RETURN OR FAX IMMEDIATELY TO:
 BPI WEALTH – A TRUST CORPORATION.
 19/F, BPI Buendia Center, Sen. Gil J. Puyat Ave., Makati City
 (02) 8580-0900
 Email: alfm_asm@bpi.com.ph
 Fax: (02) 8580-4682**

STOCKHOLDER PROXY

The undersigned stockholder (the "Stockholder") of ALFM PESO BOND FUND, INC. (the "Company"), hereby appoints Tomas S. Chuidian, with full power of substitution and delegation, or, in case of his non-attendance, the Chairman of the Annual Stockholders' Meeting of the Company, chosen in accordance with the Company's By-Laws, as the Stockholder's proxy to represent the Stockholder and vote all shares registered in the Stockholder's name in the books of the Company, at the Annual Meeting of the Stockholders to be conducted virtually via Zoom on 14 July 2023 at 11:00 am, and any adjournments and postponements thereof, as fully to all intents and purposes as the stockholder might or could do if present in person, hereby ratifying and confirming any and all actions to be taken during any said meetings and adjournments thereof for the purpose of acting on the following matters:

1. Approval of minutes of previous Annual Stockholders' Meeting held on September 30, 2022
 - For
 - Against
 - Abstain

2. Presentation and approval of 2022 Annual Report of the Fund Manager
 - For
 - Against
 - Abstain

3. Ratification and approval of the acts of the Board of Directors and Management since the last Annual Stockholders' Meeting
 - For
 - Against
 - Abstain

4. Election of Directors

The security holder may withhold authority to vote for any nominee by striking out the name of the nominee. Please only check the box opposite the nominee you wish to elect.

 - Romeo L. Bernardo
 - Simon R. Paterno
 - Raymund Martin T. Miranda*
 - Adelbert A. Legasto
 - Mario Antonio V. Paner*

*Independent Director

5. Confirmation of BPI Wealth as Fund Manager (continuing term unless expressly terminated)
 - For
 - Against
 - Abstain

6. Confirmation of BPI Investment Management as principal distribution and transfer agent (continuing term unless expressly terminated)
 - For
 - Against
 - Abstain

7. Re-appointment of Isla Lipana and Co. external auditor for 2023
 - For
 - Against
 - Abstain

8. Merging of ALFM Peso Bond Fund, Inc. to Philam Managed Income Fund, Inc. and Philam Bond Fund Inc.
- For
 - Against
 - Abstain
9. Amendments of Articles of incorporation to change the principal office address of the Fund to "7/F, BPI Buendia Center, Sen. Gil J. Puyat Ave., Makati City, Metro Manila, Philippines" .
- a. For
 - b. Against
 - c. Abstain
10. Amendment of the Fund's By-Laws to reflect the following changes/provisions:
- a. Revision of notice period for Meeting of the Stockholders
 - b. Participation of stockholders in the Stockholders' Meeting through remote communication
 - c. Right to vote of stockholders through remote communication or in absentia
 - d. Establishment of various committees to promote corporate governance
 - e. Inclusion of Compliance Officer
 - f. Inclusion of investment objectives
 - g. Alignment of definition of assets and liabilities
- a. For
 - b. Against
 - c. Abstain

This proxy revokes and supersedes any previously executed proxy or proxies. This proxy shall be valid for a period of five (5) years from the date of its execution.

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder. If no direction is made, this proxy will be voted "For" the approval of the matter stated above and for such other matters as may properly come before the meeting, including matters which the solicitors do not know a reasonable time before the solicitation are to be presented at the meeting, and those incidental to the conduct of the meeting, in the manner described in the information statement and/or as recommended by management or the board of directors.

Signed on this _____ day of _____, _____ in _____.

Annex A. MANAGEMENT REPORT

Financial and Other Information

Market Information

ALFM Peso Bond Fund, Inc. is not listed in the Philippine Stock Exchange. The shares are being sold by SEC Certified Investment Solicitors (CISols) thru the fund's authorized distributors.

Holders

As of March 31, 2023 there were a total of 24,750 holders of redeemable common stock (one class of shares only)

ALFM Peso Bond Fund Inc.					
Top 20 Shareholders As of March 31, 2023					
No	Title of Class	Shareholders Name	Number of Shares Held	Citizenship	Percentage of Class
1	Common	BPI-PHILAM PESO BOND FUND	25,363,397	Filipino	24.92%
2	Common	BPI INVESTMENT MANAGEMENT, INC.	5,570,870	Filipino	5.47%
3	Common	AMELITA C ESPANOLA ALONZO ESPANOLA MANUEL C ESPANOLA	504,604	Filipino	0.50%
4	Common	ORICA PHILIPPINES, INC.	459,527	Filipino	0.45%
5	Common	BPI SECURITIES CORP	434,681	Filipino	0.43%
6	Common	BIMI FAO COL FINANCIAL GROUP, INC	427,254	Filipino	0.42%
7	Common	RUFINO FAMILY (M)	407,230	Filipino	0.40%
8	Common	EILEEN S TAN KATHERINE S. TAN	381,057	Filipino	0.37%
9	Common	LATTICE SEMICON CORP	379,515	Filipino	0.37%
10	Common	RAMON R ANTONIO	306,328	Filipino	0.30%
11	Common	MIROLE DEVT CORP	301,655	Filipino	0.30%
12	Common	ANTONIO J MONTINOLA ASUNCION S MONTINOLA	294,561	Filipino	0.29%
13	Common	JAD HOLDINGS INC	257,630	Filipino	0.25%
14	Common	INTREPID HOLDINGS INC	253,287	Filipino	0.25%
15	Common	JICKY C CHUA EDUARDO CHUA ANASTACIA CU CHUA	245,492	Filipino	0.24%
16	Common	ST. MARY'S ACADEMY OF PASAY CITY	214,894	Filipino	0.21%
17	Common	REGINA A YULO JOSE LUIS GERARDO YULO JOSE YULO	198,639	Filipino	0.20%
18	Common	DSC INC	184,292	Filipino	0.18%
19	Common	FIELDCORE SERVICE (M)	182,734	Filipino	0.18%
20	Common	THERESITA SOLDIVILLO TIU LAURENCITO R TIU	165,901	Filipino	0.16%
ALFM Peso Bond Fund, Inc.					
Security Owners of more than 5%, As of March 31, 2023					
No	Title of Class	Shareholders Name	Number of Shares Held	Citizenship	Percentage of Class
1	Common	BPI-PHILAM PESO BOND FUND	25,363,397	Filipino	24.92%
2	Common	BPI INVESTMENT MANAGEMENT, INC.	5,570,870	Filipino	5.47%

Dividends

ALFM Peso Bond Fund Inc. has not declared any cash dividends for the last three (3) years. The Board ALFM Peso Bond Fund Inc. may decide to declare dividends, whether in the form of cash, property or stock, from the unrestricted retained earnings of the Fund at a time and percentage as the Board may deem proper and in accordance with the pertinent laws.

Under the Investment Company Act, the Fund shall not pay any dividend, or make any distribution in the nature of a dividend payment, wholly or partly from any source other than: (i) from the Fund's accumulated undistributed net income, determined in accordance with good accounting practices and including profits or losses realized upon the sale of securities or properties; or (ii) from the Fund's earned surplus so determined for the current or preceding fiscal year, unless such payment is accompanied by a written statement which adequately discloses the source or sources of such payment. The SEC may prescribe the form of such statement by rules or regulations or by order

in the public interest and for the protection of investors. The Fund shall also not advertise such dividends in terms of centavos or pesos per share without also stating the percentage they bear to the par value per share.

MANAGEMENT DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

AS OF March 31, 2023

In the first quarter of 2023, the average inflation rate in the Philippines was 8.3%, which was higher than the 7.9% average recorded in the fourth quarter of 2022. Although the average was higher, the March CPI print of 7.6% was the second month in a row that we saw a slowdown in inflation. The deceleration of inflation during the period was mostly due to lower food prices and fuel expenses. To address the surging inflation, the Bangko Sentral ng Pilipinas (BSP) increased interest rates to 6.25% in March, the highest rate since November 2008. However, the BSP has noted that its next policy decision will largely depend on how consumer prices behave in the coming months. As of March 31, 2023, PH BVAL rates ended mostly lower, except for the 1-year yield, which increased by about 82 basis points to 5.03%. Meanwhile, the 2- to 7-year yields averaged about 40 basis points lower, while the 10-year yields declined by 77 basis points to 6.22%.

The Philippine economy posted a robust 7.6% year-on-year growth in 2022 as post-pandemic reopening activities continued to drive consumer and business spending. The figure was higher than the government's target range of 6.5%-7.5% for the year. In 2022, the BSP raised rates by a total of 350 basis points.

Top Five Key Performance Indicators as of 31 March 2023

- 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 1Q 2023 was 0.85% net of fees and taxes, underperforming its benchmark by 30 basis points. Stability of return is prioritized to shelter the investors from 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-March 2023, ALFM Peso Bond Fund maintained its market dominance having majority (76.2%) of market share.
- c) **NAV Growth vis-à-vis Industry Growth** – The Fund's average daily NAV for the first quarter of 2023 was at PHP 379.66 Billion. The peso bond fund industry declined by 0.87% in terms of total net asset value or by PHP 444 Million. ALFM Peso's NAV also contracted by PHP 990 Million or -2.49% year-to-date, 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 2023 with 34.0% in government securities, 53.0% in corporate bonds and notes, 2.3% in preferred shares, 10.6% in cash and cash equivalents. We continue to look to participating in corporate issuances given the higher spread over government securities and for diversification purposes.
- e) **Performance vis-a-vis Competition** - The Fund's performance is usually compared against the performance of other players in the bond fund segment. As of end-March 2023, ALFM Peso Bond Fund ranked in last place out of ten mutual bond funds in terms of year-to-date returns.

Discussion and analysis of material events and/or 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 events 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.

Net Asset Value Per Share ("NAVPS") for the 1st Quarter of 2023:

QUARTER	DATE	NAVPS	
1st	03/01/23	377.73	LOW
	30/03/23	381.02	HIGH

AS OF DECEMBER 31, 2022

The Philippine economy posted a robust 7.6% year-on-year growth in 2022 as post-pandemic reopening activities continued to drive consumer and business spending. The figure was higher than the government's target range of 6.5%-7.5% for the year. On the other hand, local inflation continued to accelerate, clocking in as high as 8.1% year-on-year in December as supply-side pressures persisted. Elevated prices, along with various global monetary policy tightening actions, drove the Bangko Sentral ng Pilipinas (BSP) to announce an off-cycle 75-basis point hike mid-year. In 2022, the BSP raised rates by a total of 350 basis points.

The prospect of a prolonged high-inflation environment drove yields higher across the curve in 2022, particularly on the short-end. Year-on-year, the yield on the 1-year rose by about 355 basis points to 5.21%, the 5-year yield rose by about 227 basis points to 6.47%, while the yields on 6-10-year securities rose by about 208 basis points on average. 2022 was thus another challenging year for fixed income markets.

For 2023, we expect Philippine economic growth to moderate slightly as prolonged elevated price levels limit spending. The BSP will likely consider economic data, particularly inflation, and will continue to monitor for signs of over-heating. They have continuously reiterated that they are prepared to step in and utilize their monetary policy tools as needed.

Thus, for 2023 ALFM Peso Bond Fund will be positioned as slightly underweight versus neutral in terms of duration due to expectations of higher inflation. Since ALFM Peso Bond Fund is positioned as a medium-term bond fund, shareholders will get the full reward of investing for the long term and should be prepared to withstand some expected volatility.

Top Five Key Performance Indicators

- 1.) **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 2022 was recorded 0.91% net of fees and taxes, slightly behind its benchmark return of 0.94%.
- 2.) **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, Sun Life Prosperity Bond Fund and PhilAm Bond Fund. As of end-2022, ALFM Peso Bond Fund maintained its market dominance having majority (77.5%) of market share. Sunlife Prosperity Bond Fund was second at 8.7% while the balance is spread out amongst 9 other bond funds.
- 3.) **NAV Growth vis-à-vis Industry Growth** – The Fund's average daily NAV for 2022 was at PHP 41.856 Billion. The peso bond fund industry declined by 16% in terms of total net asset value or PHP 9.8 Billion. ALFM Peso Bond Fund's NAV also declined for the period by PHP 4.3 Billion.

- 4.) **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 2022 with 30.4% of the Fund’s portfolio invested in government securities, 53.8% in corporate securities, 2.2% in preferred shares, 2.0% in fixed income funds, 11.6% in cash and cash equivalents.
- 5.) **Performance vis-a-vis Competition** - The Fund’s performance is also compared against the performance of other players in the market. As of December 2022, ALFM Peso Bond Fund ranked first among eleven mutual bond fund competitors in terms of one year absolute returns.

NAVPS per quarter for the year 2022:

QUARTER	DATE	NAVPS	
1st	3/23/22	373.66	LOW
	1/12/22	374.79	HIGH
2nd	6/15/22	371.98	LOW
	4/11/22	373.87	HIGH
3rd	7/1/22	373.11	LOW
	8/16/22	375.89	HIGH
4th	10/6/22	375.04	LOW
	12/31/22	377.78	HIGH

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

- f) **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 return of 0.75%. Stability of return is prioritized to shelter the investors from any market volatility.
- 6.) **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.

- b) **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.
- 7.) **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.
- 8.) **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.

NAVPS per quarter for the year 2021:

QUARTER	DATE	NAVPS	
1st	3/26/21	369.69	LOW
	2/11/21	371.8	HIGH
2nd	4/8/21	369.88	LOW
	6/29/21	372.37	HIGH
3rd	7/14/21	372.32	LOW
	9/21/21	373.64	HIGH
4th	10/15/21	372.13	LOW
	12/23/21	374.56	HIGH

NAVPS per quarter for the year 2020:

QUARTER	DATE	NAVPS	
1st	1/6/2020	357.90	LOW
	3/11/2020	360.54	HIGH
2nd	4/2/2020	360.44	LOW
	6/30/2020	365.87	HIGH
3rd	7/1/2020	366.03	LOW
	8/24/2020	368.39	HIGH
4th	10/1/2020	368.33	LOW
	12/23/2020	371.23	HIGH

External Audit Fees

The following are the aggregate fees billed by the external auditors for each of the last two calendar years (in Php):

Year	Total
2021	PhP1,143,366.75
2022	Estimated PhP1,390,000.00.

Note:

No tax fees were paid since there were no professional services rendered by Isla Lipana for tax accounting compliance, advice, planning and any other form of tax service.

Similarly, no other fees were paid for products and services provided by Isla Lipana other than the regular annual audit report.

The following are the ALFM Peso Bond Fund Inc. Committee's approval policies & procedures for the external auditor:

- Recommend to the Board the selection of the external auditor, who will be accountable to the Board and to the Audit Committee as representatives of the shareholders. The Board and the Audit Committee will consider the external auditor's independence, effectiveness, and the approval of the fees and other compensation to be paid to the external auditor. The Audit Committee should review

and discuss with the accountants on an annual basis all significant relationships the accountants have with ALFM Peso Bond Fund Inc. to determine the accountants' independence.

- Review the performance of the external auditor and approve any proposed discharge of the external auditor when circumstances warrant.
- Periodically consult with the external auditor regarding internal controls and the fullness and accuracy of ALFM Peso Bond Fund Inc. financial statements.
- The Audit Committee will actively engage the external auditor in dialogues regarding independence.
- Adhere to the following procedures for the approval of services by the external auditor:
 - The Audit Committee will annually approve the scope of, and fees payable for, the year-end audit to be performed by ALFM Peso Bond Fund Inc. external auditor for the next calendar year.
 - ALFM Peso Bond Fund Inc. may not engage the external auditor for any services unless they are approved by the Audit Committee in advance of the engagement.
 - If ALFM Peso Bond Fund Inc. wishes to engage the external auditor for any services, ALFM Peso Bond Fund Inc. will define and present to the Audit Committee specific projects and categories of the services to be provided, and fee estimates, for which the advance approval of the Audit Committee is required. The Audit Committee will review these requests and determine whether to pre-approve the engagement of the external auditor for the specific projects and categories of service.
 - ALFM Peso Bond Fund Inc. will report to the Audit Committee regarding the actual spending for these projects and services, compared to the approved amounts on a quarterly basis.
 - The Audit Committee Chairperson will report to the Audit Committee at each regularly scheduled meeting the nature and amount of any non-audit services that he has approved.

Corporate Governance

The evaluation system adopted by ALFM Peso Bond Fund Inc. to determine the level of compliance of the Board and top level management with its Manual of Corporate Governance is based primarily on the SEC Corporate Governance Self-Rating Form (CG-SRF).

ALFM Peso Bond Fund Inc. has undertaken the following measures to fully comply with the adopted leading practices on good corporate governance:

- Consider changes, improvements, or additions to current corporate disclosure procedures
- Implement processes for identifying items where timely corporate disclosure is necessary

Except for the required changes mandated by SEC, ALFM Peso Bond Fund Inc. has no material deviations from its Manual of Corporate Governance since it filed its CG-SRF with the SEC.

Apart from the foregoing changes or improvements being considered for corporate disclosures, there are no plans to improve the current corporate governance of ALFM Peso Bond Fund Inc.

Other Disclosures

- There were no disagreements with the former accountant, on any matter of accounting any financial disclosure.
- There were no known trends, events or uncertainties with material impact on liquidity and sales. Neither were there events that would trigger direct or contingent financial obligations that are material to the Fund, including any default or acceleration of an obligation.
- There were no material off-balance sheet transactions, arrangements or obligations (including contingent obligations) and other relationships of the Fund with unconsolidated entities or other persons created during the reporting period.
- There were no material commitments for capital expenditures. The realized and unrealized gains on stock and fixed income investments brought by market appreciation represent the significant element of income from continuing operations.