

01 July 2024

SECURITIES AND EXCHANGE COMMISSION

8/F SEC Headquarters, 7907 Makati Avenue

Bel-Air, Makati City 1209

Attention: **Director Rachel Esther J. Guntang-Remalante**
Corporate Governance and Finance Department

Re: **Annual Corporate Governance Report for 2023**

Ladies / Gentlemen:

In accordance with SEC Memorandum Circular No. 13, Series of 2021, we hereby submit the Annual Corporate Governance Report (ACGR) of ALFM Dollar Bond Fund, Inc. for the year 2023.

The attached ACGR provides an accurate and comprehensive overview of our company's corporate governance practices throughout the year 2023, with all other required directors' and officers' signatures included as mandated.

Thank you.



ATTY. SABINO B. PADILLA IV

Corporate Secretary



SEC FORM-ACGR (FOR PC/RI)

ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC COMPANIES AND REGISTERED ISSUERS

1. For the fiscal year ended **December 31, 2023**
2. SEC Registration Number **AS093-008439**
3. BIR Tax Identification Number **003-977-203**
4. Exact Name of the Issuer as specified in its charter **ALFM DOLLAR BOND FUND, INC.**
5. Province, Country or other jurisdiction of incorporation or organization **Metro Manila, Philippines**
6. Address of Principal Office **7/F, BPI BUENDIA CENTER, SEN. GIL J. PUYAT AVE., MAKATI CITY**
7. Postal Code **1209**
8. Issuer's telephone number, including area code **(632) 8580-0900**
9. Former name, former address, and former fiscal year, if changed since last report **N/A**
10. Industry Classification Code (For SEC's use only) _____

ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC COMPANIES AND REGISTERED ISSUERS

RECOMMENDATION

COMPLIANT/ NON-COMPLIANT

ADDITIONAL INFORMATION

EXPLANATION

THE BOARD'S GOVERNANCE RESPONSIBILITIES

Principle 1. ESTABLISHING A COMPETENT BOARD

The company should be headed by a competent, working Board to foster the long-term success of the corporation, and to sustain its competitiveness and growth in a manner consistent with its corporate objectives and the long-term best interests of its shareholders/members and other stakeholders.

Recommendation 1.1

1	The Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	<i>Provide information or link/reference to a document containing information on the following:</i> <i>1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors.</i>	
2	The Board has an appropriate mix of competence and expertise.	Compliant	<i>2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance.</i>	
3	Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant	<p>As of December 31, 2023, the Directors are the following:</p> <ol style="list-style-type: none"> 1. Jose Teodoro K. Limcaoco 2. Simon R. Paterno 3. Adelbert A. Legasto 4. Raymund Martin T. Miranda 5. Mario Antonio V. Paner (resigned last March 2024, replaced by David G. Sarmiento, Jr.) <p>For the detailed profile of the Directors, including academic qualifications, industry, knowledge, professional experience, expertise, and relevant training. Please refer to pages 11 to 14 of SEC Form 17-A filed on April 13, 2024 ("SEC Form 17-A"), and in the Company's website:</p> <p>https://www.alfmmutualfunds.com/about/board-of-directors</p> <p>Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.</p>	

Recommendation 1.2

1	The Board is headed by a competent and qualified Chairperson.	Compliant	<p><i>Provide information or reference to a document containing information of the Chairperson, including his/her name, qualifications, and expertise.</i></p> <p>The chairperson during the 2023 term was Jose Teodoro K. Limcaoco.</p> <p>The Board is headed by a competent and qualified Chairperson. His qualification showing his competence is detailed in:</p> <ul style="list-style-type: none">Annex 1 – SEC 17-A, Page 11 <p>https://www.alfmmutualfunds.com/about/board-of-directors</p>	
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Recommendation 1.3

1	The company provides a policy on training of directors.	Compliant	<p><i>Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors.</i></p> <p>Please refer to:</p> <ul style="list-style-type: none">Annex 2 – MOCG, Page 12	
2	The company has an orientation program for first-time directors.	Compliant	<p><i>Provide information or link/reference to a document containing information of the orientation program and trainings of directors for the covered year, including the number of hours attended and topics covered.</i></p>	
3	The company has relevant annual continuing training for all directors.	Compliant	<p>For the orientation program, please refer to:</p> <ul style="list-style-type: none">Annex 2 – MOCG, Page 5 <p>For the annual continuing training for the directors, please refer to:</p> <ul style="list-style-type: none">Annex 2 – MOCG, Page 12	

Recommendation 1.4

1	The Board has a policy on board diversity.	Compliant	<p><i>Provide information or link/reference to a document containing the company's board diversity policy.</i></p> <p><i>Indicate gender, age and competence composition of the board.</i></p> <p>Please refer to:</p> <ul style="list-style-type: none">Annex 2 – MOCG, Page 4 to 5	
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Recommendation 1.5

1	The Board is assisted by a Corporate Secretary.	Compliant	Provide information or link/reference to a document containing information of the Corporate Secretary, including his/her name, qualifications, duties and functions.	
2	The Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		
3	The Corporate Secretary is not a member of the Board of Directors.	Compliant	Provide information or link/reference to a document containing information of the corporate governance training/s attended, including the date of training, number of hours and topics covered.	
4	The Corporate Secretary attends annual training/s on corporate governance.	Non-compliant	<p>The Board is assisted by Atty. Sabino B. Padilla IV, as Corporate Secretary, who is a separate individual from the Compliance Officer, and is not a member of the Board of Directors. Please refer to:</p> <ul style="list-style-type: none"> Annex 1 – SEC 17-A, Page 13 Annex 2 – MOCG, Page 23 to 24 	The Corporate Secretary, Atty. Padilla, will attend the required training this June 2024.

Recommendation 1.6

1	The Board is assisted by a Compliance Officer.	Compliant	Provide information or link/reference to a document containing information of the Compliance Officer, including his/her name, position, qualifications, duties and functions.	
2	The Compliance Officer has a rank of Senior Vice-President or an equivalent position with adequate stature and authority in the corporation.	Non-Compliant	The Compliance Officer of 2023 was Glenn Noel L. Llaneta. Please refer to Annex 1 – SEC 17-A, Page 13.	Considering the size and limited scope of operations of the company, the Manager/Senior Manager officer rank of the Compliance Officer gives him adequate stature and authority.
3	The Compliance Officer is not a member of the board.	Compliant	Hany Mae V. Dureza assumed the function of the Compliance Officer for the Fund last March 2024.	
4	The Compliance Officer attends annual training/s on corporate governance.	Compliant	<p>The Compliance Officer is not a member of the Board.</p> <p>Provide information or link/reference to a document containing information of the corporate governance training/s attended, including the date of the training, number of hours and topics covered.</p> <p>In 2023, the Compliance Officer attended the 2023 Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit training.</p>	

Principle 2. ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD

The fiduciary roles, responsibilities, and accountabilities of the Board, as provided under the law, the company's articles of incorporation and bylaws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to shareholders/members and other stakeholders.

Recommendation 2.1

1	The Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company, shareholders and stakeholders.	Compliant	<p><i>Provide information or reference to a document containing information on how the directors performed their duties (this can include board resolutions and minutes of meetings).</i></p> <p>This is one of the responsibilities, duties, and functions of the Board. Please refer to:</p> <ul style="list-style-type: none"> Annex 2 – MOCG, Pages 4 and 10. 	
Recommendation 2.2				
1	The Board oversees the development and approval of the company's business objectives and strategy.	Compliant	<p><i>Provide information or link/reference to a document containing information on how the directors performed this function (this can include board resolutions and minutes of meetings).</i></p>	
2	The Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant	<p><i>Indicate frequency of development of business objectives and strategy.</i></p> <p>This is one of the responsibilities, duties, and functions of the Board. Please refer to:</p> <ul style="list-style-type: none"> Annex 2 – MOCG, Pages 10 	
Recommendation 2.3				
1	The Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	<p><i>Disclose and provide information or link/reference to a document containing the company's succession planning policies and programs and its implementation.</i></p>	
2	The Board adopts a policy for the retirement of directors and key officers.	Compliant	<p>This is one of the responsibilities, duties, and functions of the Corporate Governance Committee. Please refer to:</p> <ul style="list-style-type: none"> Annex 2 – MOCG, Pages 17 to 18 <p>The Nomination Process is also detailed in the MOCG.</p> <ul style="list-style-type: none"> Annex 2 – MOCG, Pages 9 to 10 <p>Included in the Shareholders' Rights and Protection in the MOCG are the details of the Voting Rights and the process of these shall be executed during Shareholders' Meetings.</p> <ul style="list-style-type: none"> Annex 2 – MOCG, Page 26 	
Recommendation 2.4				
1	The Board aligns the remuneration of key officers and board members with the long-term interests of the company.	Compliant	<p><i>Provide information or link/reference to a document containing the company's remuneration policy and its implementation, including the relationship between remuneration and performance.</i></p>	
2	The Board adopts a policy specifying the relationship between remuneration and performance.	Compliant		
3	The Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	<p>The recommendations are reflected in the MOCG. Please refer to:</p> <ul style="list-style-type: none"> Annex 2 – MOCG, Page 13 to 14 	

Recommendation 2.5

1	The Board has a formal and transparent board nomination and election policy.	Compliant	<i>Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the candidates are shortlisted and how it encourages nominations from shareholders.</i>	
2	The Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		
3	The Board nomination and election policy includes how the company accepted nominations from shareholders/members.	Compliant	<i>Provide proof if minority shareholders have a right to nominate candidates to the board.</i>	
4	The Board nomination and election policy includes how the board reviews the qualifications of nominated candidates.	Compliant	<i>Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.</i>	
5	The Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement/removal of a director.	Compliant	For the Board nomination and election policy, please refer to: <ul style="list-style-type: none"> Annex 2 – MOCG, Pages 9, 26, 27 and 28 	
6	The Board has a process for identifying the quality of directors/trustees that is aligned with the strategic direction of the company.	Compliant	The above policy outlines the process for accepting nominations from shareholders and conducting a board review of the qualifications of nominees. Additionally, the policy includes an assessment of the effectiveness of relevant Board processes, with a focus on ensuring the quality of directors aligns with the company's strategic direction.	

Recommendation 2.6

1	The Board has overall responsibility in ensuring that there is a policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	<i>Provide information or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs.</i>	
2	The RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	<i>Identify transactions that were approved pursuant to the policy.</i> The policy on Related Policy Transactions (RPT) can be found on: <ul style="list-style-type: none"> Annex 2, MOCG, Page 20 	

Recommendation 2.7

1	The Board is primarily responsible for approving the selection of Management, led by the Chief Executive Officer (CEO) or his/her equivalent, and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive, as may be applicable).	Compliant	<i>Provide information or reference to a document containing the Board's policy on approving the selection of management.</i> <i>Identify the Management team appointed.</i> The Board's responsibility to approve the selection of the management is found in the following:	
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			<ul style="list-style-type: none"> Annex 2 – MOCG, Page 12 to 13 	
2	The Board is primarily responsible for assessing the performance of Management, led by the CEO or his/her equivalent and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive, as may be applicable).	Compliant	<p><i>Provide information or reference to a document containing the Board's policy on assessing the performance of management.</i></p> <p><i>Provide information on the assessment process and indicate frequency of assessment of performance.</i></p> <p>The Board's responsibility to assess the performance of the management is found in the following:</p> <ul style="list-style-type: none"> Annex 2 – MOCG, Page 12 to 13 	
Recommendation 2.8				
1	The Board establishes an effective performance evaluation framework that includes a standard or criteria for assessment and ensures that Management's performance is on par with the standards set by the Board and Senior Management.	Compliant	<p><i>Provide information or link/reference to a document containing the Board's performance evaluation framework for management and personnel.</i></p>	
2	The Board establishes an effective performance evaluation framework that includes a standard or criteria for assessment and ensures that personnel's performance is on par with the standards set by the Board and Senior Management.	Compliant	<p>Attached is a copy of the Board Self-Assessment Form which is made available to the members of the Board and the relevant Board-level committees annually.</p> <ul style="list-style-type: none"> Annex 4 – Self-Assessment Form 	
Recommendation 2.9				
1	The Board ensures that an appropriate internal control system is in place.	Compliant	<p><i>Provide information or link/reference to a document showing the Board's responsibility in ensuring that an appropriate internal control system is in place, and what comprises the internal control system</i></p>	
2	The internal control system includes a mechanism for monitoring and managing potential/actual conflicts of interest of the board members/trustees, management and shareholders/members.	Compliant	<p>The responsibility of the Board to ensure that internal control system is in place and include a mechanism for monitoring and managing conflicts of interest of the Board members, management, and shareholders is in the following:</p> <ul style="list-style-type: none"> Annex 2 – MOCG, Page 13. 	
3	The Board adopts an Internal Audit Charter.	Compliant	<p><i>Provide reference or link to the company's Internal Audit Charter.</i></p> <p>Attached (Annex 5) is a copy of the Board-approved Audit Committee Charter.</p>	
Recommendation 2.10				

1	The Board ensures that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	<i>Provide information or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.</i>	
2	The risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant	<i>Provide proof of effectiveness of risk management strategies, if any.</i> The MOCG specifies that the Board is responsible for implementing an Enterprise Risk Management (ERM) framework that enables the identification of risk exposures at both the unit and enterprise level, as well as the evaluation of risk management strategies for their effectiveness. Please refer to: <ul style="list-style-type: none"> Annex 2 – MOCG, Page 19 	

Recommendation 2.11

1	The Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.	Compliant	<i>Provide link to the company's website where the Board Charter is disclosed and/or other proof that it is publicly available.</i>	
2	The Board Charter serves as a guide to the directors/trustees in the performance of their functions.	Compliant	Statement on the compliance to the Corporate Governance Manual forms part of the disclosures in the Fund's Prospectus, which is made available in the Fund's website.	
3	The Board Charter is publicly available.	Compliant	<ul style="list-style-type: none"> https://www.alfmmutualfunds.com/file-library Annex 3 - Prospectus-ALFM-Dollar-Bond-Fund 	

Principle 3. ESTABLISHING BOARD COMMITTEES

The board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, compliance and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all the board committees should be contained in their respective board committee charters.

Recommendation 3.1

1	The Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	<i>Provide information or link/reference to a document containing information of all board committees established by the company.</i> Please refer to: <ul style="list-style-type: none"> Annex 2 – MOCG, Page 14 	
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Recommendation 3.2

1	The Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	<p><i>Provide information or link/reference to a document containing information of the Audit Committee, including its functions.</i></p> <p><i>Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.</i></p> <p>The responsibilities, duties, and functions of the Audit Committee are set out in the following:</p> <ul style="list-style-type: none"> Annex 2 – MOCG, Page 15 to 16 	
2	The Audit Committee is composed of at least three (3) qualified non-executive directors, the majority of whom, including the Chairperson, are independent directors.	Compliant	<p><i>Provide information or link/reference to a document containing information of the members of the Audit Committee, including their qualifications and type of directorship.</i></p> <p>Please refer to:</p> <ul style="list-style-type: none"> Annex 1 – SEC 17-A, Page 10 	
3	All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	<p><i>Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.</i></p> <p>Members of the Audit Committee as of December 31, 2023:</p> <p>Chairman:</p> <ul style="list-style-type: none"> Mario Antonio V. Paner (ID, NED) <p>Members:</p> <ul style="list-style-type: none"> Simon R. Paterno (ED) Raymund T. Miranda (ID, NED) 	
4	The Chairperson of the Audit Committee is not the Chairperson of the Board or of any other committee.	Compliant	<p><i>Provide information or link/reference to a document containing information of the Chairperson of the Audit Committee.</i></p> <p>Please refer to:</p> <ul style="list-style-type: none"> Annex 1 – SEC 17-A, Page 12 to 14 	
Recommendation 3.3				
1	The Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Non-compliant	<p><i>Provide information or reference to a document containing information of the Corporate Governance Committee, including its functions.</i></p> <p><i>Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.</i></p>	While this is provided in the MOCG (Page 16), the establishment of a separate Corporate Governance Committee (CGC) is not necessary considering the size and limited scope function of the company and the regulatory guidance on governance

2	The Corporate Governance Committee is composed of at least three (3) members, majority of whom, including the Chairperson, should be independent directors.	Non-compliant	<i>Provide information or link/reference to a document containing information of the members of the Corporate Governance Committee, including their qualifications and type of directorship.</i>	such as the establishment of an IOE. All corporate governance matters are presented and discussed in the Fund's Board meetings.
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Recommendation 3.4

1	The Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Non-compliant	<i>Provide information or link/reference to a document containing information of the Board Risk Oversight Committee (BROC), including its functions</i>	While this is provided in the MOCG (Page 16), the establishment of a separate Board Risk Oversight Committee is not necessary, considering the size and limited scope function of the company and the regulatory guidance on governance such as the establishment of an IOE. Furthermore, most of the duties of the Fund are delegated to the Fund Manager which has its own Risk Management Committee.
2	The BROC is composed of at least three (3) members, the majority of whom should be independent directors, including the Chairperson.	Non-compliant	<i>Provide information or link/reference to a document containing information of the members of the BROC, including their qualifications and type of directorship.</i>	
3	At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Non-compliant	<i>Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.</i>	

Recommendation 3.5

1	All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	<i>Provide information or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.</i>	
2	The Committee Charters provide standards for evaluating the performance of a committee and its members.	Compliant	Please see attached a copy of the Audit Committee Charter as Annex 5.	

Principle 4. FOSTERING COMMITMENT

To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

Recommendation 4.1

1	The Directors attend and actively participate in all meetings of the Board, Committees and shareholders/members in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	<i>Provide information or link/reference to a document containing the process and procedure for tele/videoconferencing board and/or committee meetings.</i>	
2	The Directors review meeting materials for all Board and Committee meetings.	Compliant	<i>Provide information or link/reference to a document containing the attendance and participation of directors to Board, Committee and shareholders' meetings.</i> The process and procedure of Board, Committee and shareholder meetings are set out in the MOCG. Please refer to:	

			<ul style="list-style-type: none"> Annex 2 – MOCG, Pages 13 and 28 <p>For 2023, Board meetings were held in February, April, May, July, September, November, and December while the Audit Committee met once to approve the audited Financial Statement. The meetings were conducted physically and online, and all directors attended them.</p>	
3	The Directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	<p><i>Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors</i></p> <p>Please refer to:</p> <ul style="list-style-type: none"> Annex 2 – MOCG, Page 13 	
Recommendation 4.2				
1	Non-executive directors concurrently serve in not more than ten (10) public companies and/or registered issuers. If concurrently sitting in at least three (3) publicly listed companies, the maximum concurrent directorships shall be five (5) public companies and/or registered issuers.	Compliant	<p><i>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</i></p> <p><i>Provide information or reference to a document containing information on the directorships of the company's directors in listed companies, registered issuers and public companies.</i></p> <p>Non-executive directors are compliant with the maximum concurrent directorships in public companies and/or registered issuers. Please refer to:</p> <ul style="list-style-type: none"> Annex 1 – SEC 17-A, Page 11 to 13 	
Recommendation 4.3				
1	The Directors notify the company's board before accepting a directorship in another company.	Compliant	<p><i>Provide copy of/reference to the written notification to the board or minutes of board meeting wherein the matter was discussed.</i></p> <p>Please refer to:</p> <ul style="list-style-type: none"> Annex 2 – MOCG, Page 12 	
Principle 5. REINFORCING BOARD INDEPENDENCE				
The Board should endeavor to exercise an objective and independent judgment on all corporate affairs.				
Recommendation 5.1				
1	The Board is composed of a majority of non-executive directors who possess the necessary qualifications.	Compliant	<p><i>Identify or provide link/reference to a document identifying the directors, the type of their directorships and their qualifications.</i></p> <p>The Board is composed of four (4) non-executive directors.</p> <ul style="list-style-type: none"> Jose Teodoro K. Limcaoco 	

			<ul style="list-style-type: none"> • Adelbert A. Legasto • Raymund T. Miranda (ID) • Mario Antonio V. Paner [ID, resigned last March 2024, replaced by David G. Sarmiento, Jr. (ID)] <p>Please refer to:</p> <ul style="list-style-type: none"> • Annex 1 – SEC 17-A, Pages 11 to 13 	
Recommendation 5.2				
1	The Board has at least two (2) independent directors or such number as to constitute one-third (1/3) of the board, whichever is higher.	Compliant	<p><i>Provide information or link/reference to a document containing the number of independent directors in the board.</i></p> <p>The Board has two (2) independent directors.</p> <ul style="list-style-type: none"> • Mario Antonio V. Paner, resigned last March 2024, replaced by David G. Sarmiento, Jr. (ID) • Raymund Martin T. Miranda (ID) <p>Please refer to:</p> <ul style="list-style-type: none"> • Annex 1 – SEC 17-A, Pages 12 to 13 	
Recommendation 5.3				
1	The independent directors possess all the qualifications and none of the disqualifications to hold the position.	Compliant	<p><i>Provide information or link/reference to a document containing the qualifications of independent directors.</i></p> <p>Please refer to:</p> <ul style="list-style-type: none"> • Annex 1 – SEC 17-A, Pages 12 to 13 	
Recommendation 5.4				
1	The company perpetually bars an independent director from serving in such capacity after the term limit of nine (9) years.	Compliant	<p><i>Provide information or link/reference to a document containing the company's policy on term limits for its independent director.</i></p> <p>The company prohibits independent directors from being reappointed to the same position after the term limit of nine (9) years, ensuring that there is a rotation of directors and fresh perspectives are brought in. Please refer to:</p> <ul style="list-style-type: none"> • Annex 2 – MOCG, Page 7 	
2	In the instance that the company retains an independent director in the same capacity after nine (9) years, the Board provides meritorious justification and seeks shareholders'/members' approval during the annual regular meeting.	Compliant	<p><i>Provide reference to the meritorious justification and proof of shareholders'/members' approval during the annual regular meeting.</i></p> <p>There has been no instance that the Company retained an Independent Director after nine (9) years.</p>	
Recommendation 5.5				
1	The positions of Chairperson of the Board and Chief Executive Officer (or its equivalent) are held by separate individuals.	Compliant	<i>Identify the company's Chairperson of the Board and Chief Executive Officer (or its equivalent).</i>	

			The Chairperson of the Board in 2023 is Jose Teodoro K. Limcaoco and the President is Simon R. Paterno. Please refer to: <ul style="list-style-type: none">Annex 1 – SEC 17-A, page 11	
2	The Chairperson of the Board and Chief Executive Officer (or its equivalent) have clearly defined responsibilities.	Compliant	<i>Provide information or link/reference to a document containing the roles and responsibilities of the Chairperson of the Board and Chief Executive Officer (or its equivalent). Identify the relationship of the Chairperson and CEO.</i> The duties and responsibilities of the chairperson and Chief Executive Officer/President are on: <ul style="list-style-type: none">Annex 2 – MOCG, page 5	
Recommendation 5.6				
1	The Board designates a lead director among the independent directors if the Chairperson of the Board is not an independent director.	Compliant	<i>Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any. Indicate if Chairperson is an independent director</i> Mario Antonio V. Paner is the Lead Independent Director.	
Recommendation 5.7				
1	The Directors/Trustees with material interest in a transaction affecting the corporation fully disclose his/her adverse interest, abstain from taking part in the deliberations for the same, and recuse from voting on the approval of transaction.	Compliant	<i>Provide proof of full disclosure and abstention, if any, of the interested director/trustee.</i> The Directors are required to abstain from transactions in which they have adverse interest. Please refer to: <ul style="list-style-type: none">Annex 2 – MOCG, Page 12	
Recommendation 5.8				
1	The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance, and risk functions, without any executive directors present.	Compliant	<i>Provide proof and details of said meeting, if any. Provide information on the frequency and attendees of meetings.</i>	
2	The meetings are chaired by the lead independent director, if applicable.	Compliant	Please refer to Page 17 of Annex 1 - SEC Form 17-A for exhibits and schedules of ALFM Mutual Fund meetings.	
Principle 6. ASSESSING BOARD PERFORMANCE				
The best measure of the Board’s effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.				
Recommendation 6.1				
1	The Board conducts an annual self-assessment of its performance as a whole.	Compliant		

2	The Chairperson conducts an annual self-assessment of his performance.	Compliant	<i>Provide proof of self-assessments conducted by the whole board, the individual members, the Chairperson and the Committees.</i>	
3	The individual members conduct a self-assessment of their performance.	Compliant		
4	Each committee conducts a self-assessment of its performance.	Compliant		Please see attached copy of the Self-assessment form. <ul style="list-style-type: none">Annex 4 – Self-Assessment Form
Recommendation 6.2				
1	The Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors/trustees and committees.	Compliant	<i>Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders/members.</i>	
2	The system allows for a feedback mechanism from the shareholders/members.	Compliant		Please refer to: <ul style="list-style-type: none">Annex 2 – MOCG, Page 11
Principle 7. STRENGTHENING BOARD ETHICS				
The Board directors are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.				
Recommendation 7.1				
1	The Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of board members.	Compliant	<i>Provide information or link/reference to the company's Code of Business Conduct and Ethics.</i> <i>Provide information or discuss how the company disseminated the Code to the members of the Board.</i>	
2	The Code is properly disseminated to the members of Board.	Compliant	The Fund follows the BPI Group Code of Business Conduct and Ethics. The Code is applicable to and mandatory for all employees of the BPI group.	
3	The Code is disclosed and made available to the public through the company website.	Compliant	<i>Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed.</i> The Fund follows the BPI Group Code of Business Conduct and Ethics. The Code is applicable to and mandatory for all employees of the BPI group. Please refer to the link below for the 2023 BPI Integrated Reports, page 121. <ul style="list-style-type: none">https://www.bpi.com.ph/about-bpi/investor-relations/integrated-reports	
Recommendation 7.2				

1	The Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	<p><i>Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics.</i></p> <p><i>Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.</i></p> <p>The Fund follows the BPI Group Code of Business Conduct and Ethics. The Code is applicable to and mandatory for all employees of the BPI group. Please refer to the link below for the 2023 BPI Integrated Reports, page 121.</p> <ul style="list-style-type: none"> https://www.bpi.com.ph/about-bpi/investor-relations/integrated-reports 	
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DISCLOSURE AND TRANSPARENCY

Principle 8. ENHANCING COMPANY DISCLOSURE POLICIES AND PROCEDURES

The Board should establish corporate disclosure policies and procedures that are practical and in accordance with generally accepted best practices and regulatory expectations.

Recommendation 8.1

1	The Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders/members and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	<p><i>Provide information or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders/members and other stockholders.</i></p> <p>Please refer to:</p> <ul style="list-style-type: none"> Annex 2 – MOCG, Page 25 	
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Recommendation 8.2

1	The company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within five (5) business days.	Compliant	<p><i>Provide information or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's shares.</i></p>	
2	The company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within five (5) business days.	Compliant	<p><i>Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.</i></p> <p>Please refer to:</p> <ul style="list-style-type: none"> Annex 2 – MOCG, Page 25 	

Recommendation 8.3

1	The company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	<p><i>Provide link to the company's website where the Manual on Corporate Governance is posted.</i></p>	
2	The company's MCG is submitted to the SEC.	Compliant	<p>The copy of the Manual on Corporate Governance is attached in this document. Please refer to:</p>	

3	The company's MCG is posted on the company website.	Compliant	<ul style="list-style-type: none">Annex 2 – MOCG	
Recommendation 8.4				
1	The company's corporate governance policies and practices and all relevant information are disclosed in its Annual Corporate Governance Report (ACGR).	Compliant	<i>Provide link to the company's website where the Annual Corporate Governance Report is posted.</i>	
2	The company's ACGR is submitted to the SEC.	Compliant	Please refer to: https://www.alfmmutualfunds.com/file-library	
3	The company's ACGR is posted on the company website.	Compliant		
Principle 9. STRENGTHENING EXTERNAL AUDITOR'S INDEPENDENCE AND IMPROVING AUDIT QUALITY				
The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.				
Recommendation 9.1				
1	The Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of external auditors.	Compliant	<i>Provide information or link/reference to a document containing the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.</i> Please refer to: <ul style="list-style-type: none">Annex 1 – SEC 17-A, Page 10Annex 2 – MOCG, Page 22	
2	The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and the shareholders/members.	Compliant	<i>Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.</i> Please refer to: <ul style="list-style-type: none">Annex 1 – SEC 17-A, Page 10 to 11Annex 2 – MOCG, Page 20	
3	For the removal of external auditor, the reasons for such removal or change are disclosed to the SEC, the shareholders/members, and the public through the company website and required disclosures.	Compliant	<i>Provide information or link/reference to a document containing the company's reason for removal or change of external auditor.</i> Please refer to: <ul style="list-style-type: none">Annex 2 – MOCG, Pages 16 and 22	
Recommendation 9.2				
1	The Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into	Compliant	<i>Provide link/reference to the company's Audit Committee Charter.</i> Please see attached a copy of the Audit Committee Charter as Annex 5.	

	consideration relevant Philippine professional and regulatory requirements.			
2	The Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant		
Recommendation 9.3				
1	The company discloses the nature of non-audit services performed by its external auditor in the Annual Report to manage potential conflict of interest cases.	Compliant	<p><i>Disclose the nature of non-audit services performed by the external auditor, if any.</i></p> <p>Please refer to:</p> <ul style="list-style-type: none"> Annex 1, SEC 17-A, Page 10 	
2	The Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	<p><i>Provide link or reference to guidelines or policies on non-audit services.</i></p> <p>Please refer to:</p> <ul style="list-style-type: none"> Annex 2, MOCG, Page 22 	
Principle 10. INCREASING FOCUS ON NON-FINANCIAL AND SUSTAINABILITY REPORTING				
The Board should ensure that the company discloses material and reportable non-financial and sustainability issues.				
Recommendation 10.1				
1	The Board has a clear and focused strategy on the disclosure of non-financial information.	Compliant	<i>Disclose or provide link to the company's policies and practices on the disclosure of non-financial information, including EESG issues.</i>	While the Fund follows the group wide EESG policies, practices and standards of the BPI Group (https://www.bpi.com.ph/about-bpi/investor-relations/integrated-reports), at present, we do not have any disclosure regarding the management of EESG issues. However, the Company acknowledges its importance and potential impact on our stakeholders.
2	The company discloses to all shareholders/members and other stakeholders the company's strategic and operational objectives with emphasis on the management of environmental, economic, social and governance (EESG) issues of its business which underpin sustainability.	Non-compliant	<i>Provide link or reference to the company's disclosure of strategic and operational objectives, with emphasis on EESG matters.</i>	Moving forward, the Company is committed to assessing the relevance/applicability of a framework for the management of EESG issues and to provide transparent disclosure in our future reports and communications.

Principle 11. PROMOTING A COMPREHENSIVE AND COST-EFFICIENT ACCESS TO RELEVANT INFORMATION

The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for an informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

1	The company has a website to ensure a comprehensive, cost-efficient, transparent and timely manner of disseminating relevant information to the public.	Compliant	<i>Provide link to the company's website.</i> Please refer to: <ul style="list-style-type: none">• https://www.alfmmutualfunds.com/	
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INTERNAL CONTROL AND RISK MANAGEMENT FRAMEWORKS**Principle 12. STRENGTHENING INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS**

To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management system.

Recommendation 12.1

1	The company has an adequate and effective internal control system in the conduct of its business.	Compliant	<i>List quality service programs for the internal audit functions.</i> <i>Indicate frequency of review of the internal control system.</i> The business of the Company is conducted mainly by the Fund Manager who has adequate internal control systems. For the internal control systems of the Fund Manager (BPI Wealth), please refer to: https://www.bpi.com.ph/wealth/assetandwealth/who-we-are/annual-report . Furthermore, most of the duties of the Fund are delegated to the Fund Manager who have adequate risk management processes, policies, and procedures; appropriate risk measurement system, prudent risk limits, monitoring and management information system; and comprehensive and effective internal control system and, audit and compliance program.	
2	The company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	<i>Identify international framework used for Enterprise Risk Management.</i> <i>Provide information or reference to a document containing information on:</i> <ol style="list-style-type: none">1. Company's risk management procedures and processes.2. Key risks the company is currently facing.3. How the company manages the key risks. <i>Indicate frequency of review of the enterprise risk management framework.</i>	

			<p>The business of the Company is conducted mainly by the Fund Manager who has an adequate Enterprise Risk Management Framework. For the Enterprise Risk Management Framework of the Fund Manager (BPI Wealth), please refer to: https://www.bpi.com.ph/wealth/assetandwealth/who-we-are/annual-report.</p> <p>Furthermore, most of the duties of the Fund are delegated to the Fund Manager who have adequate risk management processes, policies, and procedures; appropriate risk measurement system, prudent risk limits, monitoring and management information system; and comprehensive and effective internal control system and, audit and compliance program.</p>	
Recommendation 12.2				
1	The company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	<p><i>Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm hired.</i></p> <p>The Company has engaged an external auditor which has issued an unqualified audit opinion for 2023. Please refer to:</p> <ul style="list-style-type: none"> Annex 1 – SEC 17-A, Page 27 	
CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS/MEMBERS				
Principle 13. PROMOTING SHAREHOLDER/MEMBER RIGHTS				
The company should treat all shareholders/members fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.				
Recommendation 13.1				
1	The Board ensures that basic shareholder/member rights are disclosed in the Manual on Corporate Governance.	Compliant	<p><i>Provide link or reference to the company's Manual on Corporate Governance where shareholders'/members' rights are disclosed.</i></p> <p>Please refer to:</p> <ul style="list-style-type: none"> Annex 2 – MOCG, Page 26 	
Recommendation 13.2				
1	The Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders'/Members' Meeting with sufficient and relevant information at least twenty-one (21) days before the meeting.	Compliant	<p><i>Indicate the number of days before the annual or special stockholders'/members' meeting when the notice and agenda were sent out.</i></p> <p><i>Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS).</i></p> <p>The Annual Stockholders Meeting was held on July 14, 2023 (Friday) via Zoom at 10:30 a.m. The notice and agenda for the Annual Stockholders Meeting are indicated in the Notice to the stockholders.</p>	

			https://www.alfmmutualfunds.com/page/2023-alfm-mutual-funds-annual-stockholders-meeting Kindly also refer to: <ul style="list-style-type: none"> Annex 2 – MOCG, Page 29 	
Recommendation 13.3				
1	The Board encourages active shareholder/member participation by making the result of the votes taken during the most recent Annual or Special Shareholders'/Members' Meeting publicly available the next working day.	Compliant	<i>Provide information or reference to a document containing all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.</i> <i>Provide link to minutes of meeting in the company website.</i>	
2	The minutes of the Annual and Special Shareholders'/Members' Meetings were made available on the company website within five (5) business days from the date of the meeting.	Compliant	<i>Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.</i> <i>Indicate also if the voting on resolutions was by poll.</i> <i>Include whether there was opportunity to ask question and the answers given, if any.</i> The minutes of the Annual Stockholders Meeting (ASM) are made available on the website after the ASM and are removed before the following ASM. Stockholders voted in person or through proxy through designed forms submitted through mail, email/electronic means or faxpro. The preliminary results of the voting tickets were validated on July 13, 2023 and were presented during the Annual Stockholders Meeting. The results were reflected in the minutes of the meeting.	
Recommendation 13.4				
1	The Board makes available, at the option of a shareholder/member, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	<i>Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes.</i> <i>Provide link/reference to where it is found in the Manual on Corporate Governance.</i> Please refer to: <ul style="list-style-type: none"> Annex 2 – MOCG, Page 28 	
Recommendation 13.5				

1	The Board establishes an Investor Relations Office (IRO) or Customer Relations Office (CRO) or its equivalent to ensure constant engagement with its shareholders/members.	Compliant	<p><i>Disclose the contact details of the officer/office responsible for investor relations, such as:</i></p> <ol style="list-style-type: none"> <i>1. Name of the person</i> <i>2. Telephone number</i> <i>3. Fax number</i> <i>4. E-mail address</i> <p>For inquiries, investors may contact the principal distributor at bpi.investment@bpi.com.ph</p>	
2	The IRO or CRO or its equivalent is present at every shareholders'/members' meeting.	Compliant	<p><i>Indicate if the IRO or CRO or its equivalent was present during the ASM.</i></p> <p>Senior officers of the fund manager and principal distributor attended the Annual Stockholder Meeting for this Fund on July 14, 2023.</p>	

DUTIES TO STAKEHOLDERS

Principle 14. RESPECTING RIGHTS OF STAKEHOLDERS AND EFFECTIVE REDRESS FOR VIOLATION OF STAKEHOLDER'S RIGHTS

The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Recommendation 14.1

1	The Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	<p><i>Identify the company's stakeholders and provide information or reference to a document containing the company's policies and programs for its stakeholders.</i></p> <p>Please refer to:</p> <ul style="list-style-type: none"> Annex 2 – MOCG, Page 29 	
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Recommendation 14.2

1	The Board establishes clear policies and programs to provide a mechanism on the fair treatment, protection and enforcement of the rights of stakeholders.	Compliant	<p><i>Identify policies and programs for the protection, fair treatment and enforcement of the rights of the company's stakeholders.</i></p> <p>Please refer to:</p> <ul style="list-style-type: none"> Annex 2 – MOCG, Page 29 	
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Principle 15. ENCOURAGING EMPLOYEES' PARTICIPATION

A mechanism for employee participation should be developed to create a symbiotic working environment consistent with the realization of the company's objectives and good corporate governance goals.

Recommendation 15.1

1	The Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	<p><i>Provide information or link/reference to company policies, programs and procedures that encourage employee participation.</i></p>	
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			Due to the Investment Fund's structure, where the Fund does not employ any personnel and all daily transactions are handled by the Fund Manager and Distributor, the policies on employee participation in the realization of the goals of the Fund Manager and Distributor encompass the necessary policies.	
Recommendation 15.2				
1	The Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Business Conduct and Ethics.	Compliant	<i>Identify or provide link/reference to the company's policies, programs, and practices against corruption.</i>	
2	The Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	<i>Identify how the board disseminated the policy and program to the employees across the organization.</i> The Fund follows the BPI Group Code of Business Conduct and Ethics (includes anti-bribery, anti-corruption, and conflict of interest). The Code is applicable to and mandatory for all employees of the BPI group. Please refer to the link below for the 2023 BPI Integrated Reports, page 121. <ul style="list-style-type: none"> • https://www.bpi.com.ph/about-bpi/investor-relations/integrated-reports 	
Recommendation 15.3				
1	The Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	Compliant	<i>Disclose or provide link/reference to the company whistleblowing policy and procedure for employees.</i> <i>Indicate if the framework includes procedures to protect the employees from retaliation.</i>	
2	The Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant	<i>Provide contact details to report any illegal or unethical behavior.</i> <i>Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.</i>	
3	The Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	The Fund follows the BPI Group Code of Business Conduct and Ethics, which covers the policy on whistleblowing. The Code is applicable to and mandatory for all employees of the BPI group. Please refer to the link below for the 2023 BPI Integrated Reports, page 121. <ul style="list-style-type: none"> • https://www.bpi.com.ph/about-bpi/investor-relations/integrated-reports 	
Principle 16. ENCOURAGING SUSTAINABILITY AND SOCIAL RESPONSIBILITY				

The company should be socially responsible in all its dealings with the communities in which it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

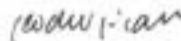
Recommendation 16.1

1	The company recognizes and places importance on the interdependence between business and society and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	<i>Provide information or reference to a document containing the company's community involvement and environment-related programs.</i> Please refer to: <ul style="list-style-type: none">• Annex 2 – MOCG, Page 4	
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CERTIFICATION


The undersigned certify that the responses and explanations set forth in the above **ALFM Dollar Bond Fund Integrated Annual Corporate Governance Report** covering 2023 are true, complete and correct of our own personal knowledge and/or based on authentic records.

Signed in the City of **MAKATI CITY** on the _____ day of **JUN 28 2024**
20____.


Jose Teodoro K. Limcaoco
Chairman of the Board

DocuSigned by:

Raymund Martin T. Miranda
Independent Director


Atty. Sabino B. Padilla IV
Corporate Secretary


Simon R. Paterno
President & CEO


David G. Sarmiento Jr.
Independent Director


Hany Mae V. Dureza
Compliance Officer

Name	Competent Evidence of Identity	Date/Place Issued
Jose Teodoro K. Limcaoco	TIN 135-554-880	
Simon R. Paterno	TIN 203-030-472	
Raymund Martin T. Miranda	TIN 108-725-990	
David G. Sarmiento Jr.	TIN 135-584-003	
Atty. Sabino B. Padilla IV	TIN 113-255-561	
Hany Mae V. Dureza	Passport P9201603B	DFA NCR East

Doc. No. 017
Page No. 45
Book No. 14
Series of 2024

ATTY. JOEL FERRER FLORES
Notary Public for Makati City
Until December 31, 2024
Appointment No. M-115 (2023-2024)
Roll Of Attorney No. 77376
MCLE Compliance Vot No. 0001393-
Jan. 3, 2023 until Apr. 12, 2028
PTR NO. 10073945/ Jan. 2, 2024/ Makati City
IBP No. 330740/ Jan. 2, 2024/ Pasig City
1107 Bataan St., Guadalupe Nuevo, Makati City

COVER SHEET

A S 0 9 3 0 0 8 4 3 9

S.E.C. Registration Number

A L F M D O L L A R B O N D F U N D , I N C .

(Company's Full Name)

7 / F B P I B U E N D I A C E N T E R

S E N . G I L J . P U Y A T A V E .

M A K A T I C I T Y

(Business Address: No., Street, City / Town / Province)

Bhona Jane G. Nacar

Contact Person

(632) 8580-3575

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

17-A

FORM TYPE

N / A

Secondary License Type, If Applicable

Month

Day

Annual Meeting

C G F D

Dept. Requiring this Doc.

Amended Articles / Section

-

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A, AS AMENDED**

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended **December 31, 2023**
2. SEC Identification Number **AS093-008439**
3. BIR Tax Identification No. **003-977-203**
4. Exact name of issuer as specified in its charter **ALFM DOLLAR BOND FUND, INC.**
5. **Metro Manila, Philippines**
Province, Country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. **7/F, BPI BUENDIA CENTER, SEN. GIL J. PUYAT AVE., MAKATI CITY** **1209**
Address of principal office Postal Code
8. **(632) 8580-0900**
Issuer's telephone number, including area code
9. **N/A**
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class

Number of Shares of Common Stock
Outstanding as of Dec. 31, 2023

COMMON SHARES "A"

461,854 shares

11. Are any or all of these securities listed on a Stock Exchange.

Yes [] No [X]

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [X] No []

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [X] No []

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to

the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

USD 228,759,038 (NAVPs of USD 495.31 and **461,854** outstanding shares as of 31 December 2023)

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission. **N/A**

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents is incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

- | | |
|---|-------------|
| (a) Any annual report to security holders | |
| Audited Financial Statements attached herewith | |
| (b) Any information statement filed pursuant to SRC Rule 20 | NONE |
| (c) Any prospectus filed pursuant to SRC Rule 8.1 | NONE |

MANAGEMENT REPORT

PART I - BUSINESS AND GENERAL INFORMATION

DESCRIPTION OF THE BUSINESS

1. Business Development

ALFM Dollar Bond Fund, Inc. ("ALFM Dollar" or the "Fund"), formerly Far East Dollar Bond Fund, Inc., was organized on October 23, 1993 to engage primarily in a business of investing, reinvesting and trading of securities and to operate as an open-end investment company established under the Philippine Investment Company Act of 1960 (R.A. 2629). The Securities and Exchange Commission authorized the Fund to operate as such and to sell its securities within the Philippines by virtue of SEC Order No. 012 and 013, respectively, issued on February 23, 1999. The Fund only started commercial operations on May 10, 1999. On August 18, 2000, ALFM Dollar's Board of Directors and Shareholders approved certain amendments to the Fund's Articles of Incorporation including which is the change in the par value of each common share from PhP1.00 to PhP100.00. Such an amendment effectively converted the Fund's Authorized Capital Stock of PhP200,000,000 into an equivalent of 2,000,000 common shares of PhP100.00 par each. Subsequently, on December 12, 2001, the Commission has likewise approved the amendment in the Fund's Articles of Incorporation effectively changing the corporate name from Far East Fund, Inc. to Far East Dollar Bond Fund, Inc. On October 29, 2003, the Board of Directors and Stockholders of the Fund approved the proposed restructuring of the Fund which included the change in corporate name from Far East Dollar Bond Fund, Inc. to ALFM Dollar Bond Fund, Inc., increase in authorized capital stock from PhP200,000,000 to PhP5,400,000,000, and change in par value from PhP100.00 to PhP10,000. The Commission approved such amendments on January 21, 2004. Similarly, the ALFM Dollar Bond Fund, Inc. increased authorized capital stock further to PhP 6,000,000,000 from PhP 5,400,000,000 with a par value of PhP 10,000. The Commission approved these amendments on February 27, 2006. Once again, the ALFM Dollar Bond Fund, Inc. increased

authorized capital stock further to PhP 6,790,000,000 from PhP 6,000,000,000 with a par value of PhP 10,000. The Commission approved these amendments on June 5, 2013.

The investment objective of the Fund is capital preservation with returns and inflows derived out of investments in primarily foreign-currency denominated investment securities which can provide the Fund with a steady stream of fixed income. The Fund can be classified as a moderate risk investment and shall have a base currency in Dollar. The proceeds from the sales of the Fund's shares are invested into a diversified portfolio of prime-grade securities and instruments which can provide the Fund with a steady stream of fixed income such as but not limited to US dollar denominated securities issued by Philippine and Major Foreign Governments, Prime Philippine and Foreign Corporations, and Financial Institutions including, but not limited to Treasury Bills or Notes, Bonds, Debt, and Quasi-debt instruments, and other securities issued by or otherwise guaranteed by the Philippine or other Major Foreign Governments.

The Fund's shares are primarily available through the authorized distributors and sales agents of the BPI Capital Corporation, BPI Investment Management Inc. (BPI-IMI), First Metro Securities Brokerage Corporation, and Affinity Capital Corp. The Fund has also 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 1.25% per annum of the Fund's average daily trading NAV.

Effective April 1, 2023, BPI Investment Management, Inc. (BIMI), wholly-owned subsidiary of Bank of the Philippine Islands (BPI) assigned all its right, interests, and obligations as fund manager, advisor of the Fund to BPI Wealth - A Trust Corporation (BPI Wealth), a wholly-owned subsidiary of Bank of the Philippine Islands (BPI). Henceforth, the management functions are performed by BPI Wealth over the Fund. Services, contracts and agreements are in force with BPI Wealth.

The Fund has appointed BPI Investment Management, Inc. (BIMI) as principal distributor with the authority to appoint sub-distributors on behalf of the fund. Under the terms of the agreement, BIMI and/or its sub-distributors perform daily functions related to the marketing and the growth of the level of assets of the Fund.

BPI Asset Management and Trust Corporation (the "Company" or "BPI AMTC") is a wholly-owned subsidiary of Bank of the Philippine Island (BPI), a domestic commercial bank with an expanded banking license in the Philippines. It was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 6, 2016 primarily to carry and engage in the business of trust, other fiduciary business and investment management business which may legally be had or done

by trust corporations organized under and in accordance with Republic Act No. 8791 (The General Banking Law of 2000) and its implementing regulations as it exists or may be amended and to do all other things incident thereto and necessary and proper in connection with said purposes within such territory, as may be determined by the Monetary Board of the Bangko Sentral ng Pilipinas (BSP). The corresponding Certificate of Authority to Operate was issued by the BSP to the Company on December 29, 2016.

In February 2023, the Company announced the change in its trade name from BPI Asset Management and Trust Corporation to BPI Wealth - A Trust Corporation, or simply BPI Wealth.

The Fund's Shares shall be made available to the public primarily through the Fund's authorized distributors AB CAPITAL SECURITIES, INC., AFFINITY CAPITAL CORP., BANK OF THE PHILIPPINE ISLANDS, BDO SECURITIES CORP., BPI CAPITAL CORP., BPI INVESTMENT MANAGEMENT INC., COL FINANCIAL GROUP, FIRST METRO SECURITIES BROKERAGE CORP., INVESTA FINANCIAL, INC., NOVEL SECURITIES, INC., RAMPVER FINANCIALS, INC., UNICAPITAL SECURITIES, INC., UNIONBANK FINANCIAL SERVICES AND INSURANCE BROKERAGE, 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 5.0%.

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

Fund Manager and Investment Advisor: BPI Wealth – A Trust Corporation

Fund Distributors:

AB CAPITAL SECURITIES, INC.
AFFINITY CAPITAL CORP.
BANK OF THE PHILIPPINE ISLANDS
BDO SECURITIES CORP.
BPI CAPITAL CORP.
BPI INVESTMENT MANAGEMENT INC.
COL FINANCIAL GROUP
FIRST METRO SECURITIES BROKERAGE CORP.
INVESTA FINANCIAL, INC.
NOVEL SECURITIES, INC.
RAMPVER FINANCIALS, INC.
UNICAPITAL SECURITIES, INC.
UNIONBANK FINANCIAL SERVICES
AND INSURANCE BROKERAGE, 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.

2. *Distribution methods of the products or services*

ALFM Dollar is being distributed by SEC Certified Investment Solicitors (CISols) of BPI Capital Corporation, BPI Investment Management, Inc. (BPI-IMI), COL Financial Group, Inc., First Metro Securities Brokerage Corporation, Wealth Securities, Inc., Unicapital Securities, Inc., Affinity Capital Corp., AB Capital Securities, Inc., Bank of the Philippines Islands, BDO Securities Corp., Investa Financial, Inc., Novel Securities, Inc., Unionbank Financial Services and Insurance Brokerage, Inc. and Rampver Financials, Inc. ALFM Dollar 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.

3. *Competition*

ALFM Dollar belongs to the dollar mutual bond fund industry. As of December 31, 2023, the total net asset value of bond funds primarily invested in foreign currency securities (US Currency based) as reported by the Philippine Investment Funds Association, Inc. amounted to USD 230.98 Million. Of this amount, 78.61% was cornered by ALFM Dollar. Its main competitors in the dollar fund category are Philam Dollar Bond Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., and ATRAM Total Return Dollar Bond Fund, Inc. (formerly, ATR KimEng Total Return Bond Fund, Inc.)

The fund manager believes that the high dollar liquidity as well as the resilient Philippine economy will provide support to the continuous growth of ALFM Dollar.

4. *Effects of existing or probable governmental regulations on the business*

ALFM Dollar 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 Dollar does not have employees of its own since management of the Fund, which includes the administrative operations, is already being handled by its fund manager, BPI Wealth – A Trust Corporation.

PROPERTIES

The Fund 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.

MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS

1. Market Information

Market Price (NAVPS in USD)	2015	2014	2013	2012	2011	2010	2009	2008
Quarter ending March 31	414.24	393.01	396.53	370.77	348.49	333.35	315.23	309.66
Quarter ending June 30	414.05	400.58	381.06	378.34	355.37	337.48	317.34	310.10
Quarter ending September 30	415.46	403.51	381.30	390.87	354.93	348.38	324.10	312.48
Quarter ending December 31	418.55	408.24	385.42	398.24	362.70	348.53	328.51	311.95

Market Price (NAVPS in USD)	2023	2022	2021	2020	2019	2018	2017	2016
Quarter ending March 31	484.31	485.05	481.59	466.79	453.72	442.72	435.87	428.59
Quarter ending June 30	487.96	479.87	486.13	473.85	458.12	442.40	440.47	435.22
Quarter ending September 30	489.54	481.28	487.88	478.41	465.18	445.54	444.47	440.34
Quarter ending December 31	495.31	480.12	506.89	484.02	468.36	448.40	445.94	432.30

Source: Daily Price and NAVPS schedule

Stated below are the High and Low Net Asset Value Per Share (NAVPS) for each quarter from 2009 to 2023.

		2013		2012		2011		2010		2009	
Jan-Mar	high	01/08/13	399.97	03/11/12	372.53	01/05/11	349.43	03/27/08	309.74	03/31/09	315.11
	low	02/06/13	392.68	01/02/12	362.69	01/24/11	346.61	01/02/08	305.57	01/07/09	311.84
Apr-Jun	high	05/05/13	403.33	06/29/12	378.48	06/09/11	355.60	05/20/08	311.20	06/29/09	317.40
	low	06/24/13	380.38	04/01/12	370.76	04/19/11	346.69	04/03/08	309.65	04/01/09	315.23
Jul-Sep	high	07/29/13	385.19	09/30/12	390.87	09/08/11	362.58	09/16/08	312.61	09/24/09	324.03
	low	08/20/13	347.67	07/01/12	378.39	09/30/11	354.93	07/04/08	309.98	07/01/09	317.34
Oct-Dec	high	10/30/13	387.27	12/03/12	398.55	12/23/11	362.56	10/06/08	312.55	12/28/09	328.22
	low	10/02/13	381.14	10/01/12	391.00	10/05/11	352.91	10/27/08	297.56	10/01/09	324.10

		2018		2017		2016		2015		2014	
Jan-Mar	high	01/09/18	446.50	03/30/17	435.99	03/31/16	428.59	03/25/15	414.42	03/31/14	393.01
	low	03/01/18	441.73	01/03/17	432.45	01/04/16	418.69	01/05/15	408.67	01/07/14	384.71
Apr-Jun	high	06/27/17	440.99	06/27/17	440.99	06/30/16	435.22	04/28/15	416.69	06/30/14	400.58
	low	04/03/17	435.93	04/03/17	435.93	04/01/16	428.97	06/11/15	413.40	04/03/14	392.81
Jul-Sep	high	04/12/18	443.30	09/08/17	445.30	09/23/16	440.86	09/21/15	416.96	08/29/14	404.91
	low	05/18/18	441.17	07/07/17 and 07/10/17	440.02	07/01/16	435.96	07/02/15	413.91	07/04/14	400.42
Oct-Dec	high	09/28/18	445.47	12/29/17	445.85	10/03/16	440.43	10/20/15	419.37	12/05/14	408.50
	low	07/04/18	442.34	10/09/17	444.17	12/15/16 and 12/16/16	431.17	10/01/15	415.90	10/01/14	403.48

		2023		2022		2021		2020		2019	
Jan-Mar	high	03/26/23	484.43	01/03/22	489.65	02/15/21	485.5	03/06/20	473.15	03/29/19	453.65
	low	01/03/23	480.09	03/28/22	484.61	03/09/21	480.81	03/30/20 and 03/31/20	466.76	01/02/19	448.46
Apr-Jun	high	06/25/23	488.21	04/05/22	484.91	06/25/21	486.22	6/30/20	473.85	06/20/19	458.13

	low	04/01/23	484.29	06/17/22	481.02	04/05/21	481.73	04/07/20, 04/08/20 and 04/13/20	466.59	04/03/19	453.53
Jul-Sep	high	09/03/23	490.24	08/16/22	483.38	09/16/21	488.63	08/11/20	478.97	09/25/19	465.50
	low	07/07/23	487.99	09/28/22	479.73	07/01/21	486.13	07/01/20	473.78	07/01/19	458.24
Oct-Dec	high	12/31/23	495.31	12/15/22	480.23	12/22/21	489.72	12/29/20	483.87	12/27/19	468.22
	low	10/23/23	488.83	11/04/22	476.55	10/12/21	487.46	10/01/20	478.41	10/01/19	465.14

2. Dividends

ALFM Dollar has not declared any cash or stock dividend since inception. 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 Dollar has a total of 7,937 security holders as of the 31 December 2023. The corporation has only 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 December 31, 2023.

ALFM Dollar Bond Fund	Retail	Institutional
Number of investors	7,844	93
Percentage of investments	88.72%	11.28%

5. Geographic concentration of investments

The geographic concentration of investments as of December 31, 2023 is as follows: Luzon (89.96%), Visayas (4.78%), and Mindanao (5.27%).

6. Investment company return information

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

ALFM Dollar Bond Fund				
2019	2020	2021	2022	2023
2.01	1.41	0.78	0.57	3.17

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

Not applicable.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

AS OF DECEMBER 31, 2023

2023 was a challenging year for global bond markets amid persistent inflation and mostly hawkish central bank actions and rhetoric. In the first half of the year, bond prices were somewhat supported as the Silicon Valley Bank closure drove investors to adopt a flight to-safety stance. Concerns over the stability of the banking sector likewise prompted global central banks to reiterate their commitment to providing liquidity and stabilizing markets as necessary. The looming US debt ceiling deadline in June further drove Treasury yields on the long-end to year-to-date lows.

However, improvements in US economic growth and jobs figures quickly turned the tide as investors began to price in more central bank hikes. A similar narrative was seen across the globe, especially as rising supply side price pressures and sticky energy prices continued to keep headline CPI figures in the high single-digits. Consequently, most major central banks saw fit to raise policy rates, with the US Federal Reserve, the European Central Bank and the Bank of England hiking 100, 200 and 175 basis points year-to-date November 2023.

In September, the Philippine Bureau of Treasury issued US\$611.2 million worth of 5.5-year retail dollar bonds at a coupon rate of 5.750%. The paper was likewise well-received with order books exceeding US\$630 million overall.

TOP FIVE KEY PERFORMANCE INDICATORS

1. ***Performance vis-à-vis the Benchmark*** – As of December 2023, the Fund posted a full year return of 3.17%, net of fees and taxes, underperforming its benchmark of 3-month US Treasury bill plus 1% by 298 basis points.
2. ***Market Share in the Industry*** – There are two major players in the local US Dollar fixed income mutual bond fund industry. These are namely, ALFM Dollar Bond Fund and the PhilAm Dollar Bond Fund. ALFM Dollar Bond Fund maintained its dominant market share by the end of 2023 at 78.5%.
3. ***NAV Growth vis-à-vis Industry Growth*** - The Fund's average daily NAV for 2023 was at USD 240.30 Million. The US Dollar fixed income mutual bond fund industry registered a decrease in net asset value by USD 13.5 Million or by 4.4% for the year. The NAV of the Fund likewise decreased by 18.9% caused by redemptions from the fund. The entire industry stood at USD 291.5 Million while ALFM Dollar Bond Funds AUM stood was at USD 228.7 Million.
4. ***Portfolio Quality*** – As of December 2023, the fund's portfolio was invested in 24.38% in sovereign bonds, 70.98% in corporate bonds and 4.63% in short-term investments, such as fixed income funds, cash and deposits. The duration of the Fund decreased from 5.1 in December 2022 to 3.8 by December 2023.
5. ***Performance vis-à-vis Competition*** – ALFM Dollar Bond Fund ranked 5th out of seven mutual funds in the same category based on its full year ROI in 2023.

AS OF DECEMBER 31, 2022

The U.S. economy grew by 2.1% in 2022, down from the 5.9% logged in 2021. GDP growth eased as spending was hampered by the Federal Reserve's fastest monetary policy tightening cycle since the 1980s. Coming from the low-rate environment in 2021, US inflation soared in 2022, peaking at 9.1% YoY in the month of June. Price pressures were exacerbated by Russia's invasion of Ukraine, which compounded existing supply chain bottlenecks. Consequently, the Fed hiked rates seven times beginning March 2022, for a total of 425 basis points for the year. For the period, the 10-year U.S. Treasury yield rose by about 236 basis points, closing at 3.87% as of December 31, 2022. Meanwhile, the 2-year U.S. Treasury yield rose by about 369 basis points to close at 4.43%.

In the Eurozone, economic activity also eased as the region grew 3.5% in 2022, slower than the 5.4% seen in 2021. In line with other major economies, the Eurozone's inflation jumped by 8.4% on average in 2022, after peaking at 10.6% YoY in October. Consequently, the European Central Bank raised

benchmark rates by 200 basis points for the year. In 2022, the yield on the 10-year Bund rose by about 275 basis points to close at 2.57%.

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.

TOP FIVE KEY PERFORMANCE INDICATORS

1. ***Performance vis-à-vis the Benchmark*** – As of December 2022, the Fund posted a full year return of -1.96%, net of fees and taxes, outperforming its benchmark of 3-month US Treasury bill plus 1% by 492 basis points.
2. ***Market Share in the Industry*** – There are two major players in the local US Dollar fixed income mutual bond fund industry. These are namely, ALFM Dollar Bond Fund and the PhilAm Dollar Bond Fund. ALFM Dollar Bond Fund maintained its dominant market share by the end of 2022 at 81.2%.
3. ***NAV Growth vis-à-vis Industry Growth*** - The Fund's average daily NAV for 2022 was at USD 272.72 Million. The US Dollar fixed income mutual bond fund industry registered a decrease in net asset value by USD 132.8 Million or by 30.3% for the year. The NAV of the Fund likewise decreased by 28% through a combination of redemptions from the fund and through a decrease in market value. The entire industry stood at USD 305 Million while ALFM Dollar Bond Fund's AUM stood was at USD 247 Million.
4. ***Portfolio Quality*** – As of December 2022, the fund's portfolio was invested in 25.2% in sovereign bonds, 69.0% in corporate bonds and 5.8% in short-term investments, such as fixed income funds, cash and deposits. The duration of the Fund increased from 3.9 in December 2021 to 5.1 by December 2022.
5. ***Performance vis-à-vis Competition*** – ALFM Dollar Bond Fund ranked 1st out of seven mutual funds in the same category based on its full year ROI in 2022.

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 Php470,400.00 in audit fees for the 2022 Audited Financial Statements paid in 2023.

The fund engaged the external auditor to audit the 2023 financial statements. No final billing has been made for the year 2023 as of the date of filing. However, an estimate of the amount is at Php424,100.00. 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.

ANCOMPENSATION INFO

PART III - CONTROL AND COMPENSATION INFORMATION

DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

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

1. Jose Teodoro K. Limcaoco, Chairman / Regular Director

Mr. Jose Teodoro K. Limcaoco, Filipino, born in 1962, 61 years old. He became a member of BPI Wealth Board in April 2021. He is currently the Chairman of BPI Wealth Board of Directors and Executive Committee. Mr. Limcaoco is the current President and Chief Executive Officer of the Bank of the Philippine Islands (BPI). He also serves as chairman of BPI Capital Corporation, BPI/MS Insurance Corporation, BPI AIA Life Assurance Corporation and BPI Europe PLC; president and vice chairman of The Bank of the Philippine Islands Foundation, Inc., vice chairman of BPI Century Tokyo Lease & Finance Corporation and BPI Century Tokyo Rental Corporation, director and treasurer of Bankers Association of the Philippines, BAP Data Exchange, Inc., and director of Philippine Dealing System Holdings Corporation and Philippine Payments Management, Inc. Previously, he served as president of BPI Family Savings Bank from 2010-2015 and president of BPI Capital Corporation from 2007-2010. He was also director/treasurer of Ayala Life Assurance, Inc. in 2009, director/chairman of Ayala Plans, Inc. in 2010-2015, and director of Globe Fintech Innovations, Inc. in 2017-2022 and AC Energy International Inc. in 2019-2022. He also worked at BPI from 1989 to 1992 and at BPI Capital from 1995 to 1997. From 2015 to 2021, he was a Senior Managing Director and the Chief Finance Officer, Chief Risk Officer, Chief Sustainability Officer and Finance Group Head of Ayala Corporation. He served as a director of publicly listed companies, namely: Globe Telecom, Inc., Integrated Micro-Electronics, Inc. and as a director of SSI Group, Inc. He also served as a director of a number of Ayala group companies including those involved in healthcare, infrastructure, education, energy, and industrial technologies. Mr. Limcaoco joined Ayala Corporation as a managing director in 1998. His responsibilities prior to his secondment to BPI in 2007 included assistant treasurer of Ayala Corporation, trustee and treasurer of Ayala Foundation, Inc., president of myAyala.com, and director/treasurer of Azalea Technology Investments, Inc. from 2001-2006. He served as the president of the Chamber of Thrift Banks from 2013-2015. He was named as the ING-Finex CFO of the Year in 2018. He has held prior positions with JP Morgan & Co. and with BZW Asia. He is a director and treasurer of Just For Kids, Inc., a family-owned company. He graduated from Stanford University with a BS Mathematical Sciences (Honors Program) in 1984 and from the Wharton School of the University of Pennsylvania with an MBA (Finance and Investment Management) in 1988.

2. Simon R. Paterno, President / Regular Director

Mr. Simon R. Paterno, Filipino, born in 1959, 65 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, 76 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 1962 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 NBCUniversal from 2007 to 2011, based in Singapore, heading the entertainment channels division of NBCUniversal 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, 65 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 FamilySavings 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, 71 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, 63 years old, is the Corporate Secretary and Compliance Officer of the ALFM Mutual Funds. Atty. Padilla graduated with a degree in Bachelor of Laws from the University of the Philippines in 1985. He then received his Master of Laws from the Harvard University, USA in 1988. He is currently a partner of the Padilla Law Office which is legal counsel to BPI and its subsidiaries and to various religious orders, societies and congregations for men and women as well as educational institutions and hospitals operated by them. He is also the Corporate Secretary of other mutual funds such as the Solidaritas Fund and Ekklesia Mutual Fund.

3. Glenn Noel L. Llaneta, Compliance Officer, AML & Data Protection Officer

Mr. Llaneta has a combined 19 years and running banking experience spanning stints in Accounting, Trust Services, Customer Due Diligence (CDD) specializing in Know Your Customer (KYC) and Customer Transaction Monitoring gained from Local and International banks. He joined BIMi last July 1, 2023 as a Compliance Officer, as such he would be responsible that the company has internal controls to adequately manage risk as well as ensures the entity as well as the Mutual Funds are in compliance with the regulatory requirements. He possesses International Advanced Certificate in Anti-Money Laundering accorded by International Compliance Association (ICA) and a Certified Know Your Customer Associate (CKYCA) afforded by Certified Anti-Money Laundering Specialist (CAMS). He also successfully passed AMLF/CTF Fundamentals Course administered by Anti-Money Laundering Council (AMLC).

Additional Information required under Annex C of SRC Rule 12:

- ❑ The incorporators of the Fund are: Mr. Romeo L. Bernardo, Adelbert A. Legasto, Isagani G. de Castro, Ramon G. Madrid and Emilio S. De Quiros, Jr.
- ❑ Mr. Paner and Mr. Miranda 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 anytime with or without cause by a 3/4th vote of the subscribed capital stock entitled to vote. Other than this, the Fund has no existing employment contract with any of the Fund's directors.
- ❑ No member of the Board of ALFM Dollar has been the subject of any legal/criminal proceedings for the past five years.

EXECUTIVE COMPENSATION

Director / Officer	Position	Year	Salary	Bonus	Other Salary
Jose Teodoro K. Limcaoco	Chairman	2023	-	-	-
		2024 (estimated)	57,142.00	-	-
Simon R. Paterno	President/Director	2011	-	-	-
		2012	-	-	-
		2013	-	-	-
		2014	-	-	-
		2015	-	-	-
		2016	-	-	-
		2017	-	-	-
		2018	-	-	-
		2019	9,000.00	-	-
		2020	20,250.00	-	-
		2021	11,250.00	-	-
		2022	97,618.00	-	-
Mario Antonio V. Paner	Independent Director	2022	83,000.00	-	-
		2023	61,878.24	-	-
		2024 (estimated)	57,142.00	-	-
Raymun Martin T. Miranda	Independent Director	2022	83,333.00	-	-
		2023	61,878.24	-	-
		2024 (estimated)	57,142.00	-	-
Adelbert A. Legasto	Director	2011	46,750.00	-	-
		2012	29,750.00	-	-
		2013	-	-	-
		2014	-	-	-
		2015	8,500.00	-	-

		2016	14,875.00	-	-
		2017	19,125.00	-	-
		2018	22,500.00	-	-
		2019	18,000.00	-	-
		2020	20,250.00	-	-
		2021	4,500.00	-	-
		2022	83,333.00	-	-
		2023	52,120.35	-	-
		2024 (estimated)	57,142.00	-	-
Atty. Sabino B. Padilla IV	Corporate Secretary	2011	46,750.00	-	-
		2012	29,750.00	-	-
		2013	23,375.00	-	-
		2014	21,250.00	-	-
		2015	21,250.00	-	-
		2016	17,000.00	-	-
		2017	19,125.00	-	-
		2018	22,500.00	-	-
		2019	18,000.00	-	-
		2020	20,250.00	-	-
		2021	60,750.00	-	-
		2022	83,333.00	-	-
		2023	41,859.18	-	-
		2024 (estimated)	57,142.00	-	-
Fernando J. Sison III	Treasurer	2012	8,500.00	-	-
		2013	23,375.00	-	-
		2014	21,250.00	-	-
		2015	6,375.00	-	-
		2016	17,000.00	-	-
		2017	17,000.00	-	-
		2018	22,500.00	-	-
		2019	13,500.00	-	-
		2020	20,250.00	-	-
		2021	60,750.00	-	-
		2022	83,333.00	-	-
		2023	51,868.71	-	-
		2024 (estimated)	57,142.00	-	-
Glenn Noel L. Llaneta	Compliance Officer, and Risk Officer (Starting July 2023)	2023	-	-	-
		2024 (estimated)	-	-	-

Directors and Officers of the Fund are entitled to receive a per diem allowance in the amount of Php5,000.00 for every Board meeting attended. 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 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, and 2010, respectively, Php579,283.00, Php171,083.00, Php151,875.00, Php114,000.00, Php136,250.00, Php121,150.00, Php95,875.00, Php93,875.00, Php93,500.00, Php102,000.00, Php202,000.00, Php236,500.00, and Php194,800.00. For the year 2009, no fees were paid. The estimated aggregate Directors and Officers fee for the year 2024 is Php422,423.00. Year 2022 when the board fee rate was revised with the board fee of Php100,000 and 120,000 per every regular board meeting for Regular board and Fund President. For the year 2023 the amount paid is Php341,906.94.

The Fund has no Compensation Committee.

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

The Fund has no Compensation Committee.

SECURITY OWNERSHIP OF MANAGEMENT

- As of 31 December 2023

Name	Position	No. of Shares	Percentage
Jose Teodoro K. Limcaoco	Chairman/Director	1 (beneficial)	0.00022%
Adelbert A. Legasto	Director	34 (record, beneficial)	0.00736%
Simon R. Paterno	President/Director	1 (beneficial)	0.00022%
Antonio V. Paner	Independent Director	1 (beneficial)	0.00022%
Raymund Martin T. Miranda	Independent Director	1 (beneficial)	0.00022%
Fernando J. Sison III	Treasurer	642 (record)	0.13900%
Atty. Sabino Padilla IV	Corp. Secretary	0	0.00000%

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The fund has no existing or proposed transaction with any entity which any of its directors, officers or stockholders have material interest in the last two years and will not have any future related transactions.

Also, it has not hired an expert or independent counsel on a contingent basis. There is also no existing voting trust or similar agreement entered into by holders of more than 5% of a class.

BPI Wealth – A Trust Corporation, as a fund manager, shall formulate and implement the investment strategy, provide and render management, technical, and administrative services, whereby authorizing BPI Wealth – A Trust Corporation to purchase and sell investment securities for the account of the Fund. As investment advisor, BPI Wealth – A Trust Corporation 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 BPI Wealth – A Trust Corporation a fee of not more than 1.25% p.a. of the Fund's average daily trading NAV in 2023, 2022, 2021, 2020 and 2019.

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 0.625% p.a. based on the outstanding daily balance of the Fund's shares distributed in 2023, 2022, 2021, 2020 and 2019. 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 IV - EXHIBITS AND SCHEDULES

EXHIBITS AND REPORTS ON SEC FORM 17-C

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

Items Reported	Date Filed
Item taken up and approved during the Special Board of Directors Meeting held on February 06, 2023	February 09, 2023
Items taken up and approved during the Regular Meeting of the Board of Directors held on April 12, 2023	April 17, 2023
Items taken up and approved during the Special Board of Directors Meeting held on May 08, 2023	May 11, 2023
Items taken up and approved during the Special Board of Directors Meeting held on May 12, 2023	May 17, 2023
Item taken up and approved during the Organizational Meeting of the Board of Directors Meeting held on July 14, 2023	July 18, 2023
Item taken up and approved during the Annual Stockholders' Meeting held on July 14, 2023	July 18, 2023
Item taken up and approved during the Special Board of Directors Meeting held on September 12, 2023	September 15, 2023
Item taken up and approved during the Special Board of Directors Meeting held on September 25, 2023	September 28, 2023
Items taken up and approved during the Regular Meeting of the Board of Directors held on November 21, 2023	November 24, 2023
Item taken up and approved during the Special Board of Directors Meeting held on September 12, 2023	December 29, 2023

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on

11 APR 2024

By:


SIMON R. PATERNO
President


JOSE TEODORO K. LIMCAOCO
Chairman


FERNANDO J. SISON III
Treasurer


ATTY. SABINO B. PADILLA IV
Corporate Secretary



CHRISTMAS G. SEVILLA
For BPI Wealth - A Trust Corporation
as Fund Manager

11 APR 2024

SUBSCRIBED AND SWORN to before me this _____ affiants exhibiting to me their Tax Identification Nos., as follow:

NAMES	TAX IDENTIFICATION NO.
Jose Teodoro K. Limcaoco	135-554-880
Simon R. Paterno	203-010-472
Fernando J. Sison III	135-565-275
Atty. Sabino B. Padilla IV	113-255-561
Christmas G. Sevilla	111-622-818

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Book No. X
Series of 2024


ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY
Commission No. Adm. Matter No. NP 549 (2023-2024)
IBP O.R. No. 180815 2023 & IBP O.R. No. 180816 2024
PTR O.R. No. 4127771 D 01/03/2024 / Roll No. 33832 / TIN # 129-871-090000
MCLE No. 7&8 FROM APRIL 15, 2023 UNTIL APRIL 14, 2025
Address: 31-F Harvard St. Cubao, Q.C.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

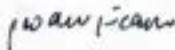
The management of ALFM Dollar Bond Fund Inc. is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended 31 December 2022 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

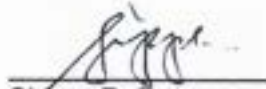
The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

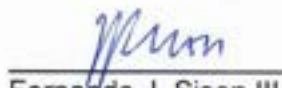
Isla Lipana & Co., the independent auditor, appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.



Jose Teodoro K. Limcaoco
Chairman



Simon R. Paterno
President



Fernando J. Sison III
Treasurer

11 APR 2024

Signed this ____ day of _____

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES

~~QUEZON CITY~~ MANILA


BEFORE ME, a Notary Public for and in the above jurisdiction, personally appeared:

Name	Tax Identification No.
JOSE TEODORO K. LIMCAOCO	135-554-880
SIMON R. PATERNO	203-010-472
FERNANDO J. SISON III	135-565-275

Known to me to be the same persons who executed the foregoing CERTIFICATE, consisting of 2 pages including this page wherefore this Acknowledgement is written and they acknowledge to me that the same is their voluntary act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal on the date and place first above written.

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Page No. 02
Book No. X
Series of 2024


ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY
Commission No. Adm. Matter No. NP 549 (2023-2024)
IBP O.R. No. 180815 2023 & IBP O.R. No. 180815 2024
PTR O.R. No. 4127771 D 01/03/2024 / Roll No. 33832 / TIN # 129-871-909-900
MCLE No. 788 FROM APRIL 15, 2023 UNTIL APRIL 14, 2025
Address: 31-F Harvard St. Cubao, Q.C.

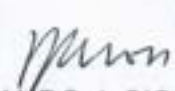
REPUBLIC OF THE PHILIPPINES)
QUEZON CITY)S.S.

TREASURER'S CERTIFICATION

I, Fernando J. Sison III, of legal age, Filipino and with office address at 7/F, BPI Buendia Center, Sen. Gil J. Puyat Ave., Makati City, after being sworn in accordance with law, hereby certify under oath that:

1. I am the Treasurer of ALFM Dollar Bond Fund, Inc. (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines under SEC Certificate of Registration No. AS093-008439 with principal office address at 7/F, BPI Buendia Center, Sen. Gil J. Puyat Ave., Makati City.
2. The accounts and figures provided in the electronic copy of the Special Form for Financial Statements are based on the contents of the Audited Annual Financial Statements of the Corporation submitted to SEC.
3. I am executing this certification to attest to the truth of the foregoing and in compliance with the reportorial requirements of the SEC.


WITNESS MY HAND on this 11 APR 2024 day of 20 in Makati City.


FERNANDO J. SISON III

Treasurer

SUBSCRIBED AND SWORN to before me on this 11 APR 2024 day of 20 at QUEZON CITY. Affiant exhibited to me his Tax Identification No. 135-565-275.

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Page No. 02 :
Book No. X :
Series of 20 14


ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY
Commission No. Adm. Matter No. NP 549 (2023-2024)
IBP O.R. No. 180815 2023 & IBP O.R. No. 180816 2024
PTR O.R. No. 4127771 D 01/03/2024 / Roll No. 33832 / TIN # 129-871-009-000
MCLE No. 758 FROM APRIL 15, 2023 UNTIL APRIL 14, 2025
Address: 31-F Harvard St. Cubao, Q.C.

REPUBLIC OF THE PHILIPPINES)
QUEZON CITY)S.S.

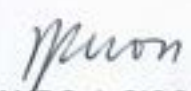
TREASURER'S CERTIFICATION

I, Fernando J. Sison III, of legal age, Filipino and with office address at 7/F, BPI Buendia Center, Sen. Gil J. Puyat Ave., Makati City, after being sworn in accordance with law, hereby certify that:

1. I am the Treasurer of ALFM Dollar Bond Fund, Inc. (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines under SEC Certificate of Registration No. AS093-008439 with principal office address at 7/F, BPI Buendia Center, Sen. Gil J. Puyat Ave., Makati City.
2. The Financial Statement ("F/S") CD submitted contains the exact data stated in the hard copies of the F/S of the Corporation.
3. I am executing this certification to attest to the truth of the foregoing and in compliance with the reportorial requirements of the SEC.


11 APR 2024

WITNESS MY HAND on this ____ day of _____ 20__ in Makati City.


FERNANDO J. SISON III
Treasurer

SUBSCRIBED AND SWORN to before me on this **11 APR 2024** day of _____ at **QUEZON CITY**. Affiant exhibited to me his Tax Identification No. 135-565-275.

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Page No. 07 :
Book No. X :
Series of 20 24


ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY
Commission No. Adm. Matter No. NP 549 (2023-2024)
IBP O.R. No. 180815 2023 & IBP O.R. No. 180816 2024
PTR O.R. No. 4127771 D 01/03/2024 / Roll No. 33832 / TIN # 129-871-009-000
MCLE No. 788 FROM APRIL 15, 2023 UNTIL APRIL 14, 2025
Address: 31-F Harvard St. Cubao, Q.C.

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AFS-0-RNZ23RV0QNTXV313MS4TR32V0VM34NTP

Submission Date/Time:

Apr 12, 2024 08:10 PM

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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Company Name

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Principal Office (No./Street/Barangay/City/Town/Province)

7	/	F		B	P	I		B	U	E	N	D	I	A		C	E	N	T	E	R							
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Form Type

	A	F	S
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Department requiring the report

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Secondary License Type, if applicable

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COMPANY INFORMATION

Company's Email Address

BPI_Wealth_Operation@bpi.com.ph

Company's Telephone Number(s)

(632) 8580-0900

Mobile Number

No. of Stockholders

--

Annual Meeting (Month/Day)

--

Fiscal Year (Month/Day)

12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person

Andrae V. Manalo

Email Address

avmanalo@bpi.com.ph

Telephone Number(s)

8580-0900

Mobile Number

Contact Person's Address

7/F BPI Buendia Center, Sen. Gil J. Puyat Avenue, Makati City 1209

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.



Independent Auditor's Report

To the Board of Directors and Shareholders of
ALFM Dollar Bond Fund, Inc.
7th Floor, BPI Buendia Center
Sen. Gil J. Puyat Avenue
Makati City

Report on the Audits of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ALFM Dollar Bond Fund, Inc. (the "Fund") as at December 31, 2023 and 2022, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The financial statements of the Fund comprise:

- the statements of financial position as at December 31, 2023 and 2022;
- the statements of comprehensive income for each of the three years in the period ended December 31, 2023;
- the statements of changes in equity for each of the three years in the period ended December 31, 2023;
- the statements of cash flows for each of the three years in the period ended December 31, 2023; and
- the notes to the financial statements, including material accounting policy information.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing ("PSA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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Independent Auditor's Report
To the Board of Directors and Shareholders of
ALFM Dollar Bond Fund, Inc.
Page 2

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Independent Auditor's Report
To the Board of Directors and Shareholders of
ALFM Dollar Bond Fund, Inc.
Page 3

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Independent Auditor's Report
To the Board of Directors and Shareholders of
ALFM Dollar Bond Fund, Inc.
Page 4

Report on the Bureau of Internal Revenue Requirement

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 17 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Isla Lipana & Co.

A handwritten signature in black ink, appearing to read "Zaldy D. Aguirre".

Zaldy D. Aguirre
Partner

CPA Cert No. 0105660

P.T.R. No. 0024447, issued on January 12, 2024, Makati City

TIN 221-755-698

BIR A.N. 08-000745-077-2020, issued on December 22, 2023; effective until December 21, 2026

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
March 27, 2024



Statements Required by Rule 68 Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
ALFM Dollar Bond Fund, Inc.
7th Floor, BPI Buendia Center
Sen. Gil J. Puyat Avenue
Makati City

We have audited the financial statements of ALFM Dollar Bond Fund, Inc. as at and for the year ended December 31, 2023, on which we have rendered the attached report dated March 27, 2024. The supplementary information shown in the Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2023, and Schedules A,B,C,D,E,F and G, as required by Rule 68 of the Securities Regulation Code, is presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Rule 68 of the Securities Regulation Code.

Isla Lipana & Co.

A handwritten signature in black ink, appearing to read "Zaldy D. Aguirre", written over a horizontal line.

Zaldy D. Aguirre
Partner

CPA Cert No. 0105660

P.T.R. No. 0024447, issued on January 12, 2024, Makati City

TIN 221-755-698

BIR A.N. 08-000745-077-2020, issued on December 22, 2023; effective until December 21, 2026

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
March 27, 2024

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ALFM Dollar Bond Fund, Inc.

Statements of Financial Position
December 31, 2023 and 2022
(All amounts in US Dollar)

	Notes	2023	2022
Assets			
Assets			
Cash and cash equivalents	2	3,043,986	5,500,709
Short-term investments	3	3,490,472	1,000,000
Financial assets at fair value through profit or loss	4	48,995,504	56,535,592
Investment securities at amortized cost, net	5	173,141,058	183,926,398
Other receivables	6	2,307,319	2,562,046
Total assets		230,978,339	249,524,745
Liabilities and Equity			
Liabilities			
Management and distribution fees payable and other liabilities	8	243,163	268,641
Deferred tax liability	7	581,282	118,471
Total liabilities		824,445	387,112
Equity			
Redeemable shares	9	90,260,126	100,808,461
Share premium		31,350,512	47,032,804
Retained earnings		108,543,256	101,296,368
Total equity		230,153,894	249,137,633
Total liabilities and equity		230,978,339	249,524,745

(The notes on pages 1 to 20 are integral part of these financial statements.)

ALFM Dollar Bond Fund, Inc.

Statements of Comprehensive Income
For each of the three years in the period ended December 31, 2023
(All amounts in US Dollar)

	Notes	2023	2022	2021
INCOME				
Interest income	2,3,5	9,338,845	9,374,383	8,503,135
Income (losses) from financial assets at fair value through profit or loss, net	4	3,669,323	(8,663,000)	(273,802)
Foreign exchange gains (loss), net		124	1,045	(286)
Other income		2,697	-	20,507
		13,010,989	712,428	8,249,554
EXPENSES				
Management, distribution, and other professional fees	11	3,079,403	3,436,666	3,642,355
Custodian fee	13	32,635	26,584	51,249
Taxes and licenses		32,508	107,410	499,977
Others		26,883	17,034	22,804
		3,171,429	3,587,694	4,216,385
INCOME (LOSS) BEFORE INCOME TAX		9,839,560	(2,875,266)	4,033,169
INCOME TAX EXPENSE	7	2,470,749	1,308,052	396,128
NET INCOME (LOSS) FOR THE YEAR		7,368,811	(4,183,318)	3,637,041
OTHER COMPREHENSIVE INCOME		-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		7,368,811	(4,183,318)	3,637,041
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE	9	14.95	(7.11)	6.29

(The notes on pages 1 to 20 are integral part of these financial statements.)

ALFM Dollar Bond Fund, Inc.

Statements of Changes in Equity
For each of the three years in the period ended December 31, 2023
(All amounts in US Dollar)

	Redeemable shares (Note 9)	Share premium	Retained earnings	Total equity (Note 10)
Balance at January 1, 2021	109,855,893	65,354,332	96,598,188	271,808,413
Comprehensive income				
Net income for the year	-	-	3,637,041	3,637,041
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	3,637,041	3,637,041
Transactions with owners				
Issuance of shares	41,882,603	62,550,250	-	104,432,853
Redemption of shares	(19,041,527)	(28,437,875)	121,903	(47,357,499)
Total transactions with owners	22,841,076	34,112,375	121,903	57,075,354
Balance at December 31, 2021	132,696,969	99,466,707	100,357,132	332,520,808
Comprehensive income				
Net loss for the year	-	-	(4,183,318)	(4,183,318)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(4,183,318)	(4,183,318)
Transactions with owners				
Issuance of shares	7,853,159	12,761,244	-	20,614,403
Redemption of shares	(39,741,667)	(65,195,147)	5,122,554	(99,814,260)
Total transactions with owners	(31,888,508)	(52,433,903)	5,122,554	(79,199,857)
Balance at December 31, 2022	100,808,461	47,032,804	101,296,368	249,137,633
Comprehensive income				
Net income for the year	-	-	7,368,811	7,368,811
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	7,368,811	7,368,811
Transactions with owners				
Issuance of shares	3,458,524	5,141,816	-	8,600,340
Redemption of shares	(14,006,859)	(20,824,108)	(121,923)	(34,952,890)
Total transactions with owners	(10,548,335)	(15,682,292)	(121,923)	(26,352,550)
Balance as at December 31, 2023	90,260,126	31,350,512	108,543,256	230,153,894

(The notes on pages 1 to 20 are integral part of these financial statements.)

ALFM Dollar Bond Fund, Inc.

Statements of Cash Flows
For each of the three years in the period ended December 31, 2023
(All amounts in US dollar)

	Notes	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		9,839,560	(2,875,266)	4,033,169
Adjustments for:				
Interest income	2,3,4,5	(10,905,896)	(9,374,383)	(8,503,135)
Interest received		11,262,575	9,423,869	7,769,438
Unrealized fair value losses (gains), net	4	(3,203,805)	9,799,430	6,731,898
Unrealized foreign exchange gains		-	(1)	-
Operating income before changes in operating assets and liabilities		6,992,434	6,973,649	10,031,370
Changes in operating assets and liabilities				
Decrease (increase) in:				
Short-term investments		(2,490,472)	-	-
Financial assets at fair value through profit or loss		10,743,893	26,224,068	36,025,105
Investment securities at amortized cost, net		10,683,388	13,542,215	(60,967,307)
(Decrease) increase in:				
Management and distribution fees payable		(25,478)	(262,054)	11,914,180
Cash generated (absorbed by) from operations		25,903,765	46,477,878	(2,996,652)
Income taxes paid	7	(2,007,938)	(2,466,589)	(2,043,184)
Net cash from (used in) operating activities		23,895,827	44,011,289	(5,039,836)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares	9	8,600,340	20,614,403	104,432,853
Redemption of shares	9	(34,952,890)	(111,486,511)	(47,357,499)
Net cash (used in) from financing activities		(26,352,550)	(90,872,108)	57,075,354
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(2,456,723)	(46,860,819)	52,035,518
CASH AND CASH EQUIVALENTS	2			
January 1		5,500,709	52,361,527	326,009
Effect of changes in foreign exchange		-	1	-
December 31		3,043,986	5,500,709	52,361,527

(The notes on pages 1 to 20 are integral part of these financial statements.)

ALFM Dollar Bond Fund, Inc.

Notes to Financial Statements

As at December 31, 2023 and 2022 and

for each of the three years in the period ended December 31, 2023

(All amounts are in US Dollar, unless otherwise stated)

1 General information

ALFM Dollar Bond Fund, Inc. (the "Fund") was incorporated in the Philippines primarily to establish and carry on the business of an open-end investment fund. It was registered as Far East Fund, Inc. on October 23, 1993 with the Philippine Securities and Exchange Commission (SEC) under the Investment Company Act of 1960 (Republic Act No. 2629) and the Securities Regulation Code (Republic Act No. 8799). On December 12, 2001, the SEC approved the change in the Fund's name to Far East Dollar Bond Fund, Inc. Then, on January 21, 2004, the SEC approved the change in the Fund's name to its current name, ALFM Dollar Bond Fund, Inc.

The Fund aims to achieve capital preservation by investing in a diversified portfolio of foreign currency-denominated fixed-income instruments. As an open-end investment company, the Fund stands ready at any time to redeem its outstanding shares at a value defined under the Fund's prospectus (Note 10).

The Fund is registered as an issuer of securities with the SEC under Section 12 of the Securities Regulation Code (SRC). In compliance with the SRC, the Fund is required to file registration statements for each instance of increase in authorized shares. The last registration statement filed by the Fund for an increase in authorized shares and the permit to offer securities for sale were approved by the SEC on June 5, 2013 and October 3, 2013, respectively (Note 9).

The Fund's registered office is at BPI Head Office Building, Ayala Avenue corner Paseo de Roxas, Makati City while its principal place of business is at 7th Floor, BPI Buendia Center, Sen. Gil J. Puyat Avenue, Makati City.

The Fund has no employees. The principal management and administration functions of the Fund are outsourced from BPI Investment Management, Inc. (BIMI) until March 31, 2023. Effective April 1, 2023, such functions were transferred to BPI Wealth - A Trust Corporation ("BPI Wealth" or the "Fund Manager") (Note 12).

Approval of the financial statements

These financial statements have been approved and authorized for issuance by the Fund's Board of Directors (BOD) on March 26, 2024. There are no material events that occurred from March 26 to March 27, 2024.

2 Cash and cash equivalents

The account at December 31 consists of:

	2023	2022
Short-term time deposits	2,750,000	5,497,000
Regular savings deposits	293,986	3,709
	3,043,986	5,500,709

Short-term time deposits have maturity period of less than three (3) months and bear interest at prevailing market rates.

Interest income earned from cash and cash equivalents for the year ended December 31, 2023 amounts to \$2,782,030 (2022 - \$1,073,702; 2021 - \$21,282).

3 Short-term investments

Short-term investments as at December 31, 2023 consist of placements in time deposits with maturities of more than three (3) months but not more than one (1) year and bear interest at prevailing market rates.

Interest income earned from short-term investments for the year ended December 31, 2023 amounts to \$763,003 (2022 - \$14,264; 2021 - \$3,217).

4 Financial assets at fair value through profit or loss

The account at December 31 consists of:

	2023		2022	
	Interest rates (%)	Amount	Interest rates (%)	Amount
Debt securities				
Philippine corporate bonds	2.13 - 5.88	22,486,014	2.50 - 5.88	29,788,565
Asia Pacific corporate and government bonds	3.75 - 4.85	14,504,150	3.85 - 4.75	14,668,915
Philippine government bonds	0.88 - 6.38	4,260,212	1.65 - 6.38	4,915,594
Latin America government bonds	1.13 - 2.45	881,128	2.45	842,518
Mutual funds	-	6,864,000	-	6,320,000
		48,995,504		56,535,592

The maturity pattern of debt securities follows:

	2023	2022
Short-term (less than 1 year)	12,310,822	6,320,000
Medium-term (more than 1 year but less than 5 years)	9,669,173	15,271,369
Long-term (more than 5 years)	27,015,509	34,944,223
	48,995,504	56,535,592

Mutual funds have investments in diversified portfolio of investment grade corporate bonds, global fixed income securities, and local short-term fixed income and money market instruments.

Details of income (losses) from financial assets at fair value through profit or loss for the years ended December 31 follow:

	2023	2022	2021
Interest income	1,567,051	2,050,646	2,099,083
Other changes			
Net realized (losses) gains	(1,101,533)	(914,216)	4,359,013
Net unrealized gains (losses)	3,203,805	(9,799,430)	(6,731,898)
	3,669,323	(8,663,000)	(273,802)

5 Investment securities at amortized cost, net

Details of investment securities at amortized cost, net, as at December 31 are as follows:

	2023		2022	
	Interest rates (%)	Amount	Interest rates (%)	Amount
Philippine corporate bonds	2.12 - 5.88	40,734,324	2.13 - 5.88	121,058,139
Philippine government bonds	0.07 - 10.63	111,256,185	1.65 - 10.63	42,983,497
Asia Pacific corporate bonds	1.55-4.38	16,278,328	2.11- 4.50	19,884,762
Other corporate bonds	2.80-5.11	4,895,990	-	-
		173,164,827		183,926,398
Allowance for impairment		(23,769)		-
		173,141,058		183,926,398

The maturity pattern of investment securities at amortized cost, net as at December 31 follows:

	2023	2022
Short-term (less than 1 year)	33,064,270	15,738,131
Medium-term (more than 1 year but less than 5 years)	41,618,239	69,634,694
Long-term (more than 5 years)	98,482,318	98,553,573
	173,164,827	183,926,398

Interest income earned from investment securities at amortized cost (gross allowance for impairment) for the year ended December 31, 2023 amounts to \$5,793,812 (2022 - \$8,286,417; 2021 - \$8,478,636).

6 Other receivables

The account as at December 31 consists of:

	2023	2022
Accrued interest receivable	2,301,117	2,555,844
Prepaid taxes	6,202	6,202
	2,307,319	2,562,046

As at December 31, 2023 and 2022, the Fund's accrued interest receivable and prepaid taxes are considered as current and non-current, respectively.

7 Income taxes

Income tax expense as at December 31 consists of:

	2023	2022	2021
Current	2,007,938	2,466,589	2,043,184
Deferred	462,811	(1,158,537)	(1,647,056)
	2,470,749	1,308,052	396,128

The reconciliation between income tax expense at the statutory tax rate to the actual income tax expense shown in the statement of total comprehensive income follows:

	2023	2022	2021
Income (loss) before income tax	9,839,560	(2,875,266)	4,033,169
Income tax at statutory rate of 25%	2,459,890	(718,817)	1,008,292
Tax effects of:			
Interest income subjected to lower tax rate	(419,025)	(206,850)	(70,346)
Unrealized losses (gains)	(79,395)	1,489,206	(600,714)
Unrecognized net operating loss carryover (NOLCO)	509,279	744,513	546,240
Impact of CREATE	-	-	(487,344)
Effective income tax expenses	2,470,749	1,308,052	396,128

The Fund's deferred income tax liability as at December 31, 2023 amounting to \$581,282 (2022 - \$118,471) represents taxable temporary difference relating to unrealized fair value gains on the Fund's investments in global debt securities under financial assets at fair value through profit or loss.

The Fund did not recognize deferred income tax asset (DTA) on NOLCO in view of its limited capacity to generate sufficient taxable income to allow the utilization of NOLCO since the bulk of the Fund's income is tax-exempt or subject to final tax. The details of the Fund's unused NOLCO at December 31 are as follows:

Year of Incurrence	Year of Expiration	2023		2022	
		USD	PHP	USD	PHP
2023	2026	2,037,117	113,277,955	-	-
2022	2025	2,978,053	162,265,663	2,978,053	162,265,663
2021	2026	2,184,960	107,432,489	2,184,960	107,432,489
2020	2025	4,999,018	248,001,274	4,999,018	248,001,274
2019	2022	-	-	909,785	52,731,115
		12,199,148	630,977,381	11,071,816	570,574,800
Expired NOLCO		-	-	(909,785)	(52,731,115)
		12,199,148	630,977,381	10,162,031	517,843,685
Income tax rate		25%	25%	25%	25%
Unrecognized DTA		3,049,787	157,744,345	2,540,508	129,460,921

8 Management and distribution fees payable and other liabilities

The account at December 31 consists of:

	Note	2023	2022
Management and distribution fees payable	12		
Related parties		205,466	223,927
Third parties		1,183	-
Withholding taxes payable		36,514	39,909
Others		-	4,805
		243,163	268,641

Management and distribution fees payable and other liabilities are considered current as at December 31, 2023 and 2022.

Others represent outstanding documentary stamp tax as at reporting date which have not been settled.

9 Redeemable shares

The details of the Fund's authorized shares at December 31, 2023, 2022 and 2021 follow:

Number of shares	679,000
Par value per share	P10,000 (\$195.43)
Amount	\$132.7 million

The movements in the number of redeemable shares for the years ended December 31 follow:

	2023	2022	2021
Issued and outstanding shares, January 1	515,829	679,000	562,124
Issuance of shares	17,697	40,184	214,310
Redemptions of shares	(71,672)	(203,355)	(97,434)
Issued and outstanding shares, December 31	461,854	515,829	679,000

Details of issuances and redemptions of the Fund's redeemable shares for the years ended December 31 follow:

	2023	2022	2021
Issuances of shares	8,600,340	20,614,403	104,432,853
Redemptions of shares	(34,952,890)	(99,814,260)	(47,357,499)

As at December 31, 2023, the Fund has 7,937 shareholders (2022 - 8,809).

On May 11, 2011, the BOD and shareholders approved to increase the Fund's authorized share capital from 600 thousand shares to 5 million shares with par value of P10,000 per share, which will be applied in tranches.

The summary of the Funds' track record of registration of authorized shares follows:

Shares		Date of SEC Approval	
From	To	Increase in Authorized Shares	Permit to Offer Securities for Sale
20,000	540,000	January 21, 2004	March 16, 2004
540,000	600,000	February 27, 2006	May 24, 2006
600,000	679,000	June 5, 2013	October 3, 2013

Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net income (loss) by the weighted average number of outstanding redeemable shares and the corresponding shares for the amount of deposit for future share subscriptions received during the year, if any.

The information used in the computation of basic and earnings (loss) per share for the years ended December 31 follows:

	2023	2022	2021
Net income (loss) for the year	7,368,811	(4,183,318)	3,637,041
Weighted average number of shares outstanding during the year	492,986	588,415	577,981
Basic and earnings (loss) per share	14.95	(7.11)	6.29

The following are the features of redeemable shares:

- The shares have identical rights and privileges, including voting rights. Each share entitles the holder thereof to one vote at any meeting of shareholders of the Fund. Shareholders shall have cumulative voting rights for the election of the Fund's directors.

- ii. Each shareholder of the Fund shall be entitled to require the Fund to purchase, but not in the event and to the extent that the Fund has no assets legally available for such purpose whether arising out of capital, paid-in surplus or other surplus, net profits or otherwise, all or any part of the shares outstanding in the name of such shareholder in the books of the Fund, but only at the redemption price as of the valuation day on which a redemption order is made.
- iii. Shareholders have no pre-emptive right.
- iv. Dividends payable out of the surplus profits of the Fund may be declared at such time as the BOD shall determine. No dividend shall be declared which shall impair the capital of the Fund. Stock dividends may be declared in accordance with law. The Fund may pay dividends in cash, property or in additional shares.
- v. Shareholders have appraisal right.

10 Net Asset Value (NAV) for share subscriptions and redemptions

The consideration received or paid for redeemable shares issued or re-purchased respectively is based on the value of the Fund's NAV per share at the date of the transaction. The total equity as shown in the statement of financial position represents the Fund's NAV based on Philippine Financial Reporting Standards Net Asset Value ("PFRS NAV").

In accordance with the provisions of the Fund's prospectus and risk management policy, the Fund sets up provision for market risk on its investment portfolio which is adjusted from the PFRS NAV to arrive at the Fund's NAV for purposes of share subscriptions and redemptions ("trading NAV"). The policy which has been adopted for the best interest of the Fund's investors is designed to protect the Fund against sharp fluctuations, thereby allowing the Fund to meet its investment objective, which is to generate a steady stream of income through investments in a diversified portfolio of high-grade foreign currency-denominated fixed-income instruments. The allowance for market risk shall be subject to the BOD's periodic review.

The movement in allowance for market risk follows:

	2023	2022
At January 1	1,590,770	1,281,216
Provision for market risk during the year	379,165	309,554
At December 31	1,969,935	1,590,770

Reconciliation of the Fund's PFRS NAV to its trading NAV at December 31 is provided below:

	2023	2022
PFRS NAV	230,153,894	249,137,633
Allowance for market risk	(1,969,935)	(1,590,770)
Recognition of deferred income tax liability on unrealized fair value gains on the Fund's investments in Global debt securities	575,079	112,268
Others	-	77
Trading NAV	228,759,038	247,659,208

In accordance with the provisions of the Fund's prospectus, financial assets at fair value through profit or loss are valued based on the last traded market prices in the computation of the NAV for purposes of share issuances and redemptions ("trading NAV").

The Fund computes its trading NAV per share by dividing the trading NAV as at reporting date by the number of issued and outstanding shares during the year including shares for issuances covered by deposits for future subscriptions, if any.

The trading NAV per share at December 31 is calculated as follows:

	2023	2022
Trading NAV	228,759,038	247,659,208
Total number of shares issued and outstanding shares (Note 9)	461,854	515,829
Trading NAV per share	495.31	480.12

As disclosed in Note 1, the Fund is an open-end investment company which stands ready at any time to redeem its outstanding shares at a value defined under its prospectus (trading NAV). Any changes in the value of the shareholders' investment are reflected in the increase or decrease in the Fund's trading NAV.

11 Management, distribution and other professional fees

Management, distribution and other professional fees for the years ended December 31 consist of:

	Note	2023	2022	2021
Management and distribution fees to				
Related parties	12	2,976,429	3,412,430	3,629,458
Third parties		27,973	-	557
Professional fees		75,001	24,236	12,340
		3,079,403	3,436,666	3,642,355

12 Related party transactions

As at December 31, 2022, BIMl was the fund manager and investment advisor of the Fund. In consideration of the services, the Fund pays BIMl a fee of not more than 1.25% per annum of the Fund's average daily trading NAV.

Effective April 1, 2023, BIMl transferred all its rights, interests, and obligations as fund manager, advisor, and transfer agent of the Fund to BPI Wealth. Hence, on effective date, the management function over the Fund is performed by BPI Wealth. Meanwhile, BIMl retained the distribution and transfer agency functions.

BPI Wealth, as the fund manager, shall formulate and implement the investment strategy, provide and render management, technical, and administrative services, whereby authorizing BPI Wealth to purchase and sell investment securities for the account of the Fund. As investment advisor, BPI Wealth 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 services, the Fund pays BPI Wealth a fee of not more than 0.625% per annum of the Fund's Trading NAV, net of distribution fees payable to designated distributors and licensed sales agents.

As at December 31, 2022, the Fund has distribution agreements with subsidiaries of BPI, namely, BIMl and BPI Capital Corporation (BPI Capital). Under the terms of the agreement, BIMl 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 0.625% per annum based on the outstanding daily balance of the Fund's shares distributed. Such agreements were effective year after year unless terminated by each party.

Effective April 1, 2023, the Fund has appointed BIMl as principal distributor with the authority to appoint sub-distributors on behalf of the fund. Under the terms of the agreement, BIMl and/or its sub-distributors perform daily functions related to the marketing and the growth of the level of assets of the Fund. The sub-distributors are composed of BPI, BPI Capital and BIMl. As compensation for the services rendered, BIMl shall be entitled to a distribution fee equivalent to 0.575% per annum based on the trading NAV of the Fund, net of sub-distribution fees to designated sub-distributors / licensed sales agents.

The table below summarizes the Fund's transactions and balances with its related parties:

December 31, 2023	Transactions	Outstanding balances	Terms and conditions
Management and distribution fees			
BPI Wealth	2,033,474	188,481	The outstanding balance is unsecured, unguaranteed, non-interest bearing and payable in cash a month after the management and distribution fees are incurred. The amounts have been paid in the subsequent month after the reporting date.
BIMI	942,955	16,985	
BPI Capital	-	-	
	2,976,429	205,466	
December 31, 2022	Transactions	Outstanding balances	Terms and conditions
Management and distribution fees			
BIMI	3,412,430	223,927	The outstanding balance is unsecured, unguaranteed, non-interest bearing and payable in cash a month after the management and distribution fees are incurred. The amounts have been paid in the subsequent month after the reporting date.
BPI Capital	-	-	
	3,412,430	223,927	
December 31, 2021	Transactions	Outstanding balances	Terms and conditions
Management and distribution fees			
BIMI	3,629,390	279,337	The outstanding balance is unsecured, unguaranteed, non-interest bearing and payable in cash a month after the management and distribution fees are incurred. The amounts have been paid in the subsequent month after the reporting date.
BPI Capital	68	10	
	3,629,458	279,347	

The directors and officers of the Fund are entitled to receive a per diem allowance in the amount of US Dollar equivalent to P10,000 for every Board meeting attended. Excluded in the payment of per diem allowances are directors and officers of the Fund who are also officers of the Fund Manager. For the year ended December 31, 2023, total remunerations paid, net of tax, to directors and officers amount to \$3,849 (2022 - \$12,465; 2021 - \$4,169) and is presented as part of management, distribution and other professional fees in the statement of comprehensive income. As at reporting date, there were no outstanding balances related to these fees.

13 Custodianship agreements

As at December 31, 2023 and 2022, the Fund has an existing custodian agreement with Bank of New York (BONY) for custodial services of the Fund's proprietary assets and/or the assets owned in the Philippines. The Fund pays its custodian a fee of not more than 0.01% per annum of the Fund's average daily NAV. As at December 31, 2023, the aggregate market value of securities held by BONY amounts to \$215,044,530 (2022 - \$233,372,765).

Custodian fee for the year ended December 31, 2023 amounts to \$32,635 (2022 - \$26,584; 2021 - \$51,249).

14 Critical accounting estimates and judgments

Estimates, assumptions and judgments used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The accounting judgment that have significant risks of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Classification of investment securities

The Fund follows the guidance of PFRS 9 in classifying financial assets at initial recognition whether it will be subsequently measured at fair value through other comprehensive income, at amortized cost, or at fair value through profit or loss. The Fund determines the classification based on the contractual cash flow characteristics of the securities and on the business model it uses to manage these securities. The Fund determines whether the contractual cash flows associated with the securities are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial assets at amortized cost (Notes 2, 3, 5 and 6)

Under PFRS 9, the measurement of the expected credit loss (ECL) allowance for financial assets measured at amortized cost and fair value through other comprehensive income is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgments are also required in applying the accounting requirements for measuring ECL, such as: (a) determining criteria for significant increase in credit risk; (b) choosing appropriate models and assumptions for the measurement of ECL; (c) establishing the number and relative weightings of forward-looking scenarios and the associated ECL; and (d) establishing groups of similar financial assets for purposes of measuring ECL.

The Fund measures ECL using probability of default, exposure at default and loss given default on its financial assets at amortized cost. Management considers both historical analysis and forward looking information in determining any ECL. As a result, the Fund recognized an allowance for impairment amounting to P0.02 million as at December 31, 2023 (2022 - nil) based on the 12-month ECL.

15 Financial risk and capital management

15.1 Strategy in using financial instruments

The Fund's activities expose it to a variety of financial risks: interest rate risk, credit risk and liquidity risk. The Fund's exposure to foreign exchange risk is considered limited. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Fund's financial performance.

The management of financial risks is carried out by the Fund Manager under the policies approved by the BOD of the Fund. The BOD approves written principles for overall risk management as well as written policies covering specific areas. Any prospective investment is limited to the type of investments described in the prospectus of the Fund thereby limiting the exposure of the Fund to the risk inherent on investments approved by the investors. The Fund also monitors and adheres to regulatory limits and restrictions to mitigate risks.

The Fund has established risk management functions with clear terms of reference and with the responsibility for developing policies on financial risks. It also supports the effective implementation of policies. The policies define the Fund's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets to the corporate goals and specify reporting requirements.

The Fund aims to achieve capital preservation through a steady stream of income by investing in a diversified portfolio of fixed income instruments issued by foreign and local entities, such as but not limited to, US dollar-denominated government securities, corporate notes and bonds, and fixed income funds. The Fund aims to outperform its benchmark, the 3-month US Treasury bill plus 1%.

15.2 Interest rate risk

The Fund trades in financial instruments, taking positions in traded and over-the-counter instruments, to take advantage of short-term market movements primarily in the bond markets. Trading positions are reported at estimated market value with changes reflected in profit or loss. Trading positions are subject to various risk factors, which include primarily exposures to changes in interest rates.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Fund takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates primarily on its fair value interest rate risk.

The Fund's fair value interest rate risk exposure principally relates to debt securities classified as financial assets at fair value through profit or loss whose values fluctuate as a result of changes in interest rates or factors specific to the issuer. The Fund's interest-bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Fund Manager moderates this risk through a careful selection of securities and other financial instruments within specified limits. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Fund's overall market positions are monitored on a daily basis by the Fund Manager and are reviewed on a monthly basis by the BOD.

The Fund's fair value interest rate risk is managed through diversification of the investment portfolio ratios by exposures. The Fund is also actively managed via portfolio duration management, yield curve positioning, credit diversification, portfolio quality and liquidity management.

The Fund also sets up a provision for market risk on its investment portfolio which is adjusted from the Fund's NAV to protect the Fund from market price fluctuations (Note 10). To estimate its exposure to market risk, the Fund Manager computes the statistical "value at risk" (VAR) of its investments. The VAR measurement estimates the maximum loss due to adverse market movements that could be incurred by a portfolio during a given holding period with a given level of confidence. The Fund Manager uses a one month holding period, estimated as the number of days required to liquidate the investment portfolio, and a 99% degree of confidence in the computation of VAR. As such, there remains 1% statistical probability that the portfolio's actual loss could be greater than the VAR estimate.

As at December 31, 2023, the Fund's VAR with respect to market interest rate volatilities amounts to \$1,616,217 (2022 - \$2,422,247).

15.3 Credit risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

The Fund manages the level of credit risk it accepts through setting up of exposure limits by each counterparty or group of counterparties. The maximum investment of the Fund in any single enterprise shall not exceed an amount equivalent to fifteen percent (15%) of the Fund's NAV except obligations of the Philippine government or its instrumentalities, provided that in no case shall the total investment of the Fund exceeds ten percent (10%) of the outstanding securities of any one investee company. Credit risk is also minimized through diversification or by investing in a variety of investments belonging to different sectors or industries.

The maximum exposure to credit risk before any credit enhancements at December 31 is the carrying amount of the financial assets as set out below:

	2023	2022
Cash and cash equivalents	3,043,986	5,500,709
Short-term investments	3,490,472	1,000,000
Financial assets at fair value through profit or loss	48,995,504	56,535,592
Investment securities at amortized cost, net	172,141,058	183,926,398
Other receivables, excluding prepaid taxes	2,301,117	2,555,844
	229,972,137	249,518,543

As at December 31, 2023 and 2022, the Fund's financial assets as shown in the table above are fully performing. There were no renegotiated financial assets as at December 31, 2023 and 2022.

Pursuant to the guidelines issued by the SEC, the Fund is allowed to invest in debt instruments registered and traded in an organized market in another country which are rated at least "BBB" by a reputable credit rating agency. For unrated securities, a rating is assigned using an approach that is consistent with that used by rating agencies.

Details of ratings of the Fund's investments based on various external credit rating agencies are as follows:

	Fair value through profit or loss	Investment securities at amortized costs, net
At December 31, 2023		
<i>S&P</i>		
A	-	965,331
A-	-	2,992,340
AA	-	478,872
BBB+	4,260,212	40,111,080
BBB	14,504,150	-
BBB-	-	-
<i>Moody's</i>		
A1	-	1,965,512
Aa1	-	-
Aa2	-	-
Baa1	-	-
Baa2	-	5,630,498
Baa3	2,657,736	3,449,701
<i>Unrated</i>	27,573,406	117,547,724
	48,995,504	173,141,058

	Fair value through profit or loss	Investment securities at amortized costs, net
At December 31, 2022		
<i>S&P</i>		
A	842,519	-
BBB+	4,915,593	50,427,643
BBB	14,039,424	1,023,422
BBB-	2,577,843	7,404,514
<i>Moody's</i>		
Aa1	-	-
Aa2	-	-
Baa1	-	-
Baa2	-	-
Baa3	-	-
<i>Unrated</i>	34,160,213	125,070,819
	56,535,592	183,926,398

Unrated investments are from counterparties with no history of default with the Fund.

The Fund's cash and cash equivalents were placed with a reputable local universal bank and a thrift bank with solid financial standing while its short-term investments were placed with a reputable local universal bank with solid financial standing.

The Fund's receivables pertain to accrued interest receivable arising from interest earned on bank deposits and investments in debt securities measured at amortized cost.

15.4 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions of redeemable shares. In accordance with the Fund's policy, the Fund Manager monitors the Fund's liquidity position on a daily basis to ensure that excess cash positions are invested in fixed-income securities and redemptions are funded within the prescribed period indicated in the Fund's prospectus.

The Fund also manages its liquidity by investing predominantly in securities that it expects to be able to liquidate within 7 days or less. It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of. The Fund's financial assets at fair value through profit or loss and cash and cash equivalents can be liquidated within 7 days from transaction date.

Furthermore, the Fund has the ability to borrow in the short term to settle its obligations when necessary. No such borrowings have arisen in 2023 and 2022.

The Fund's financial liability pertains to management and distribution fees payable and accrued professional fees which are contractually due in less than 1 month. The Fund expects to settle its obligations in accordance with the maturity date.

15.5 Capital management

The capital of the Fund is represented by total equity as shown in the statement of financial position. The Fund's BOD and the Fund Manager monitor capital on the basis of the Fund's total net asset or total equity. The Fund's total NAV or total equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of shareholders. The Fund's objectives when managing capital are as follows:

- (i) Safeguard the Fund's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders;

- (ii) Maintain a strong capital base to support the development of the investment activities of the Fund; and
- (iii) Comply with the minimum subscribed and paid-in capital of P50 million required for investment companies under the Investment Company Act of 1960.

As at December 31, 2023 and 2022, the Fund is in compliance with the minimum required capital for investment companies.

In order to maintain or adjust the capital structure, the Fund's policies consist of the following:

- (i) Monitor the level of daily subscriptions and redemptions relative to the assets it expects to be able to liquidate within 7 days; and
- (ii) Redeem and issue new shares in accordance with the Fund's prospectus, which include the ability to restrict redemptions and require certain minimum holdings and subscriptions.

15.6 Fair value estimation

The following table presents the fair value hierarchy of the Fund's assets and liabilities measured at fair value at December 31:

Recurring fair value measurements

2023	Fair value		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Debt securities			
Philippine corporate bonds	22,486,014	-	-
Asia Pacific corporate and government bonds	14,504,150	-	-
Philippine government bonds	4,260,212	-	-
Latin America government bonds	881,128	-	-
Investment funds			
Mutual funds	6,864,000	-	-
	48,995,504	-	-
<hr/>			
2022	Fair value		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Debt securities			
Philippine corporate bonds	29,788,565	-	-
Asia Pacific corporate and government bonds	14,668,915	-	-
Philippine government bonds	4,915,594	-	-
Latin America government bonds	842,518	-	-
Investment funds			
Mutual funds	6,320,000	-	-
	56,535,592	-	-

Below is a comparison of the carrying amounts and fair values of investment securities in the statement of financial position as at December 31:

2023	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Investment securities at amortized cost, net				
Philippine corporate bonds	111,234,998	111,192,014	-	-
Philippine government bonds	40,734,325	40,736,572	-	-
Asia Pacific corporate bonds	16,276,117	16,284,966	-	-
US corporates and government securities	4,895,618	4,896,158	-	-

2022	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Investment securities at amortized cost, net				
Philippine corporate bonds	121,058,139	105,845,430	-	-
Philippine government bonds	42,983,497	38,779,091	-	-
Asia Pacific corporate bonds	19,884,762	18,013,550	-	-
US corporates and government securities	-	-	-	-

The fair value of investment securities is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics. The carrying amounts of the Fund's other financial assets and liabilities at reporting period not presented in the table above approximate their fair values considering that they have short-term maturities.

There were no transfers between the fair value hierarchy during the years ended December 31, 2023 and 2022.

16 Summary of material accounting policies

The material information of the principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

16.1 Basis of preparation

The financial statements of the Fund have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by Financial and Sustainability Reporting Standards Council (formerly known as the Financial Reporting Standards Council) and adopted by the SEC.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of these financial statements in conformity with PFRS requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. There are no areas where assumptions and estimates are significant to the financial statements of the Fund as at reporting date. The areas involving a higher degree of judgment or complexity are disclosed in Note 14.

Changes in accounting policy and disclosures

(a) Amendments to existing standards adopted by the Fund

The following amendments to existing standards have been adopted by the Fund effective January 1, 2023:

Amendments to PAS1, '*Presentation of Financial Statements*', and PFRS Practice Statement 2

The amendment requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, PFRS Practice Statement 2 Making Materiality Judgements was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The adoption of this amendment resulted to changes in the accounting policies disclosure in Note 16 series.

(b) New standards, interpretations and amendments not yet adopted

There are no other new standards, amendments to existing standards, or interpretations that are effective for annual periods beginning on or after January 1, 2023 that are considered relevant or expected to have a material effect on the financial statement of the Fund.

16.2 Financial assets

16.2.1 Recognition and initial measurement

Financial assets are when the Fund becomes a party to the contractual provisions of the instrument. Regular-way purchases and sales of financial assets are recognized on trade date, the date on which the Fund commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Transaction costs that are directly attributable to the acquisition of financial assets at fair value through profit or loss are expensed immediately at initial recognition.

16.2.2 Classification and subsequent measurement

The Fund classifies its financial assets in the following measurement categories: at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) and at amortized cost.

As at December 31, 2023 and 2022, the Fund has no financial assets under FVOCI category and equity investments.

The classification for debt instruments are described below:

Debt instruments

Classification and subsequent measurement of debt instruments depend on the Fund's business model for managing the asset and the cash flow characteristics of the asset.

Based on these factors, the Fund classifies its debt instruments into one of the following measurement categories:

- *Amortized cost*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at fair value through profit or loss, are measured at amortized cost. The carrying amount of these assets is adjusted by any ECL allowance recognized and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method. Amortized cost financial assets include cash and cash equivalents, short-term investments, investment securities at amortized cost, net and other receivables, excluding prepaid taxes.

Deposits held at call with banks and short-term highly liquid investments are presented as cash equivalents with maturities of three months or less from the date of acquisition.

- *Fair value through profit or loss (FVTPL)*

Assets that do not meet the criteria for amortized cost or FVOCI and the collection of contractual cash flows is only incidental to achieving the Fund's business model objective are measured at fair value through profit or loss. A gain or loss on a debt security that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the statement of comprehensive income under 'Income (losses) from financial assets at fair value through profit or loss' in the period in which it arises.

Business model: The business model reflects how the Fund manages the assets in order to generate cash flows. That is, whether the Fund's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified as part of 'other' business model and measured at fair value through profit or loss. Factors considered by the Fund in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Fund considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Fund reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

16.2.3 Impairment

The Fund assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortized cost. The Fund recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Credit impaired financial assets

Financial assets are assessed for credit impairment at each balance sheet date and more frequently when circumstances warrant further assessment. Evidence of credit-impairment may include indications that the debtor is experiencing significant financial difficulty, probability of bankruptcy or other financial reorganization, as well as measurable decrease in the estimated future cash flows evidenced by the adverse changes in the payments status of the debtor or economic conditions that correlate with defaults. An asset that is in Stage 3 (non performing) will move back to Stage 2 (under performing) when, as at reporting date, it is no longer considered to be credit-impaired. The asset will transfer back to Stage 1 (fully performing) when its credit risk at the reporting date is no longer considered to have increased significantly from initial recognition, and when there is sufficient evidence to support full collection of principal and interest due. Prior to the transfer to Stage 1, the asset should have exhibited both the quantitative and qualitative indicators of probable collection.

When a financial asset has been identified as credit-impaired, ECL are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the instrument's original effective interest rate. For impaired financial assets with drawn and unwritten components, ECL also reflect any credit losses related to the portion of the loan commitment that is expected to be drawn down over the remaining life of the instrument.

When a financial asset is credit impaired, interest ceases to be recognized on the regular accrual basis, which accrues income based on gross carrying amount of the asset. Rather, interest income is calculated by applying the original effective interest rate to the amortized cost of the asset, which is the gross carrying amount less related allowance for impairment. Following impairment, interest income is recognized on the unwinding of the discount from the initial recognition of impairment.

Impairment of other financial assets

The Fund applies the PFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for other financial assets.

To measure the ECL, other financial assets have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of receivables over a period of 36 months before reporting dates and corresponding historical credit losses experienced within this period. The forward-looking information on macroeconomic factors are considered insignificant in calculating impairment of other financial assets.

16.3 Financial liabilities

Classification and measurement

The Fund classifies its financial liabilities in the following categories: financial liabilities at fair value through profit or loss and financial liabilities at amortized cost.

Financial liabilities at fair value through profit or loss comprise two sub-categories: financial liabilities classified as held for trading and financial liabilities designated by the Fund as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Financial liabilities designated at fair value through profit or loss are those that are not classified as held-for-trading but are managed and their performance is evaluated on a fair value basis. Gains and losses arising from changes in fair value are included in profit or loss. The Fund has no financial liabilities that are classified at fair value through profit loss as at December 31, 2023 and 2022.

Financial liabilities that are not classified as at fair value through profit or loss fall into the second category and are initially recognized at fair value plus transaction costs. After initial measurement, these financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities measured at amortized cost include management and distribution fees payable.

Derecognition of financial liabilities

Financial liabilities are derecognized when they have been redeemed or otherwise extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

16.4 Redeemable shares

The shares issued by the Fund are redeemable at the holder's option and are classified as equity. The consideration received for the issuance of shares is based on NAV per share at the transaction date. The amount of consideration pertaining to the par value of the shares issued is recognized as redeemable shares and the excess of the consideration received over the par value is recognized as share premium.

The Fund classifies puttable financial instruments that meet the definition of a financial liability as equity where certain strict criteria are met. Those criteria include: (i) the puttable instruments must entitle the holder to a pro-rata share of net assets; (ii) the puttable instruments must be the most subordinated class and the features of that class must be identical; (iii) there must be no contractual obligations to deliver cash or another financial asset other than the obligation on the issuer to repurchase; and (iv) the total expected cash flows from the puttable instrument over its life must be based substantially on the profit or loss of the issuer. Should the redeemable shares' terms or conditions change such that they do not comply with those criteria, the redeemable shares would be reclassified to a financial liability from the date the instrument ceases to meet the criteria. The financial liability would be measured at the instrument's fair value at the date of reclassification. Any difference between the carrying value of the equity instrument and fair value of the liability on the date of reclassification would be recognized in equity.

Redeemable shares can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's trading NAV (Note 10) calculated in accordance with the Fund's prospectus. Any excess of subscriptions over the par value of shares issued is shown as share premium. The excess of redemption amount over the par value of shares redeemed are first applied against the related share premium and then to the related retained earnings.

16.5 Foreign currency transactions and translation

Functional and presentation currency

Subscriptions and redemptions of the Fund's redeemable shares are denominated in US Dollar. The primary activity of the Fund is to invest in US dollar-denominated government securities, corporate notes and bonds and fixed-income funds. The performance of the Funds is measured and reported to the investors in US Dollar. The BOD considers the US Dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions of the Fund. The financial statements are presented in US Dollar, which is the functional and presentation currency of the Fund.

16.6 Income tax

The tax expense for the period comprises current and deferred tax.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Fund primarily earns interest income from its investments in Philippine debt securities, cash and cash equivalents and short-term investments which are subject to final withholding tax. Such income is presented gross of taxes paid or withheld and the related tax is presented in the statement of total comprehensive income as income tax expense. Sale of financial assets at fair value through profit or loss relating to Philippine debt securities is tax exempt if maturity period of related debt instrument is more than 5 years and taxable if maturity period of related debt instrument is 5 years or less. Interest income and sale of financial assets at fair value through profit or loss and at amortized cost relating to global debt securities are taxable.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss.

DTA are recognized for all deductible temporary differences and carry-forward of unused tax losses (NOLCO) to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

The Fund reassesses at each reporting date the need to recognize a previously unrecognized DTA.

Deferred income tax liabilities are provided on taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except where the timing of the reversal of the temporary differences is controlled by the Fund and it is probable that the temporary difference will not reverse in the foreseeable future.

17 Supplementary information required by the Bureau of Internal Revenue

Below is the additional information required by RR No. 15-2010 that is relevant to the Fund. This information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

Withholding taxes

Withholding taxes for the year ended December 31, 2023 amount to \$451,006 (P25,070,408), of which \$36,514 (P2,031,296) is outstanding as at December 31, 2023 and is lodged under management and distribution fees payable and other liabilities in the statement of financial position.

Documentary stamp tax

Total documentary stamp taxes on share subscriptions for the year ended December 31, 2023 amount to \$31,698 (P1,751,389). There were no outstanding documentary stamp taxes payable as at December 31, 2023.

All other local and national taxes

All other local and national taxes paid for the year ended December 31, 2023 consist of:

	Amount
In US Dollar	
Municipal and other related taxes	710
Community tax	100
	810
	Amount
In Philippine Peso	
Municipal and other related taxes	38,745
Community tax	5,041
	43,786

The above local and national taxes, including documentary stamp tax, are lodged under taxes and licenses in expenses in the statement of total comprehensive income.

There are no other local and national taxes accrued as at December 31, 2023.

Tax cases and assessments

On November 8, 2023, the Fund received a Letter of Authority from BIR dated November 3, 2023 for the examination of the books of accounts and other accounting records for all internal revenue taxes for taxable year 2022. As at December 31, 2023, the Fund has not received any Final Assessment Notice from the BIR.

As at December 31, 2023, open taxable years are 2023 and 2022. The Fund is also not a party to any outstanding tax case with the BIR.

Others

The Fund did not have transactions that are subject to value added tax, excise taxes, and custom duties and tariff.

ALFM Dollar Bond Fund, Inc.

Reconciliation of Retained Earnings Available for Dividend Declaration

For the year ended December 31, 2023

(All amounts in US Dollar)

Unappropriated Retained Earnings, beginning of the year/period	92,877,547
Add: Category A: Items that are directly credited to Unappropriated retained earnings	
Reversal of Retained earnings appropriation/s	-
Effect of restatements or prior-period adjustments	-
Others (describe nature)	-
Less: Category B: Items that are directly debited to Unappropriated retained earnings	
Dividend declaration during the reporting period	-
Retained earnings appropriated during the reporting period	-
Effect of restatements or prior-period adjustments	-
Others (describe nature)	-
Unappropriated Retained Earnings, as adjusted	92,877,547
Add/Less: Net Income (loss) for the current year/period	7,368,811
Less: Category C.1: Unrealized income recognized in the profit or loss during the year/period (net of tax)	
Equity in net income of associate/joint venture, net of dividends declared	-
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	2,402,854
Unrealized fair value gain of investment property	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-
	2,402,854

ALFM Dollar Bond Fund, Inc.**Reconciliation of Retained Earnings Available for Dividend Declaration**

For the year ended December 31, 2023

Page 2

Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	-	
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	-	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Realized fair value gain of Investment property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	-
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)	-	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Reversal of previously recorded fair value gain of investment property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-	-
Adjusted net income/loss		4,965,957
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)		-
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	-	
Total amount of reporting relief granted during the year	-	
Others (describe nature)	-	

ALFM Dollar Bond Fund, Inc.**Reconciliation of Retained Earnings Available for Dividend Declaration**

For the year ended December 31, 2023

Page 3

Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable		
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-	
Others (describe nature)		
Redemption of redeemable shares	(121,923)	(121,923)

Total Retained Earnings, end of the year/period available for dividend declaration		97,721,581
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ALFM Dollar Bond Fund, Inc.

As at December 31, 2023

Annex A - Financial Assets

(All amounts in US Dollar)

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Value based on market quotation	Income received and accrued
Cash and cash equivalents				
<i>Time deposits</i>				
RCBC-\$TD 20240102	2,000,000	2,000,000	2,000,000	
BPIC-\$TDT 20240102	750,000	750,000	750,000	
	2,750,000	2,750,000	2,750,000	
<i>Cash in bank</i>				
		293,986	293,986	
TOTAL CASH AND CASH EQUIVALENTS	2,750,000	3,043,986	3,043,986	2,782,030
Short-term investments				
<i>Time deposits</i>				
US-TBILL 20240109	1,500,000	1,498,233	1,498,233	
US-TBILL 20240116	1,000,000	997,789	997,789	
US-TBILL 20240208	1,000,000	994,450	994,450	
TOTAL SHORT-TERM INVESTMENTS	3,500,000	3,490,472	3,490,472	763,003
Fair value through profit or loss (FVTPL)				
<i>Philippine corporate bonds</i>				
AEV-BOND 20300116	5,750,000	5,553,120	5,553,120	
MWC-BOND 20300730	4,000,000	3,717,637	3,717,637	
AYC-PERP 20710313	3,675,000	3,070,848	3,070,848	
JGSHBOND 20300709	3,000,000	2,874,865	2,874,865	
AYC-PERP 20241030	3,630,000	2,789,086	2,789,086	
RCBC-BOND 20240911	2,700,000	2,657,736	2,657,736	
ICTSI 20250917	1,650,000	1,681,667	1,681,667	
JFC-BOND 20300624	150,000	141,055	141,055	
	24,555,000	22,486,014	22,486,014	
<i>Asia Pacific corporates and government bonds</i>				
INDONOTE 20290211	5,000,000	5,135,861	5,135,861	
INDONOTE 20280424	5,000,000	4,942,103	4,942,103	
INDONOTE 20270108	3,000,000	3,045,403	3,045,403	
INDONOTE 20301015	1,000,000	962,638	962,638	
INDONOTE 20330111	400,000	418,145	418,145	
	14,400,000	14,504,150	14,504,150	
<i>Philippine government bonds</i>				
ROP 20341023	2,000,000	2,287,284	2,287,284	
ROP 20370113	1,000,000	1,048,403	1,048,403	
ROP 20400120	1,000,000	924,525	924,525	
	4,000,000	4,260,212	4,260,212	
<i>Latin America government bonds</i>				
CHILE-USD 20310131	1,000,000	881,128	881,128	
<i>(forward)</i>				

ALFM Dollar Bond Fund, Inc.
As at December 31, 2023
Annex A - Financial Assets
(All amounts in US Dollar)
Page 2

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Value based on market quotation	Income received and accrued
<i>Investment in mutual funds</i>				
PIMINIA	400,000	6,864,000	6,864,000	
TOTAL FVTPL	44,355,000	48,995,504	48,995,504	1,567,051
Investments at amortized cost				
<i>Philippine corporate bonds</i>				
AEV-BOND 20300116	14,000,000	13,996,523	13,997,839	
AYC-PERP 20710313	13,451,000	13,450,594	13,449,953	
SMIC-BOND 20240610	10,570,000	10,606,519	10,600,052	
GLO-BOND 20300723	8,858,000	8,856,735	8,858,631	
JGSHBOND 20300709	8,000,000	8,335,524	8,322,069	
MWC-BOND 20300730	7,000,000	7,318,229	7,310,210	
AYC-PERP 20241030	7,000,000	7,053,501	7,047,981	
JFC-BOND 20260124	6,300,000	6,466,130	6,468,133	
ICTSI 20300617	5,500,000	5,772,276	5,753,435	
BDO-BOND 20260113	5,000,000	4,995,578	4,998,134	
ACNRGY 20290212	5,000,000	4,988,486	4,988,185	
JFC-BOND 20300624	4,000,000	4,121,060	4,121,154	
ACNRGY 20240129	4,073,000	4,077,721	4,076,498	
RCBC-BOND 20240911	3,450,000	3,449,701	3,452,054	
ICTSI 20311116	3,000,000	2,999,867	2,999,927	
DBP-BOND 20310311	2,500,000	2,451,755	2,451,593	
PLDT-BOND 20310123	1,000,000	990,362	991,147	
MBT-NOTE 20260115	675,000	634,920	635,362	
ICTSI 20250917	440,000	465,179	465,171	
FDC-BOND 20250917	200,000	204,338	204,486	
	110,017,000	111,234,998	111,192,014	
<i>(forward)</i>				

ALFM Dollar Bond Fund, Inc.
As at December 31, 2023
Annex A - Financial Assets
(All amounts in US Dollar)
Page 3

Name of issuing entity and association of each issue		Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Value based on market quotation	Income received and accrued
<i>Philippine government bonds</i>					
ROP	20250316	7,500,000	7,867,643	7,893,006	
ROP	20420202	6,000,000	6,673,558	6,663,171	
ROP	20260330	3,500,000	3,699,177	3,698,789	
ROP	20400120	2,928,000	3,208,985	3,201,210	
RDB-BOND	20290411	3,075,000	3,075,000	3,074,987	
ROP	20300202	2,000,000	2,694,220	2,693,742	
ROP	20341023	2,000,000	2,547,996	2,544,240	
ROP	20410301	2,000,000	2,030,982	2,030,909	
ROP	20310610	2,000,000	2,000,000	1,999,994	
ROP	20240925	1,932,333	1,933,596	1,933,589	
ROP	20320115	1,000,000	1,222,080	1,221,993	
ROP	20370113	1,000,000	1,175,978	1,175,945	
ROP	20241021	1,000,000	1,043,122	1,043,025	
ROP	20270329	1,000,000	1,001,421	1,001,420	
ROP	20290114	350,000	360,567	360,555	
ROP	20480117	200,000	200,000	199,997	
		37,485,333	40,734,325	40,736,572	
<i>Asia Pacific corporate bonds</i>					
FIRPAC	20270911	11,584,000	12,083,086	12,090,783	
PETRONAS	20280323	3,000,000	2,992,340	2,993,275	
KORGAS	20250721	700,000	721,819	721,761	
KDB	20240925	500,000	478,872	479,147	
		15,784,000	16,276,117	16,284,966	
<i>Deposits Foreign Currency</i>					
BOCH-CD	20240419	2,000,000	1,965,512	1,965,872	
ABC-CD	20240425	2,000,000	1,964,775	1,964,618	
ICBC-CD	20240816	1,000,000	965,331	965,668	
		5,000,000	4,895,618	4,896,158	
TOTAL INVESTMENTS AT AMORTIZED COST		168,286,333	173,141,058	173,109,710	5,793,812
<i>Other receivables</i>					
Accrued interest receivable		-	2,301,117	2,301,117	-
TOTAL OTHER RECEIVABLES		-	-	-	-

ALFM Dollar Bond Fund, Inc.

As at December 31, 2023

Annex B - Amounts Receivable from Directors, Officers, Employees, Related
Parties, and Principal Stockholders (Other than Related parties)

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of the period
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NOTHING TO REPORT

ALFM Dollar Bond Fund, Inc.

As at December 31, 2023

Annex C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

Name and designation of debtor	Balance at beginning of period	Additions	Amount collected	Amount written off	Current	Not current	Balance at end of period
NOT APPLICABLE							

ALFM Dollar Bond Fund, Inc.

As at December 31, 2023

Annex D - Long-Term Debt

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in the related statement of financial position	Amount shown under caption "long-term debt" in the related statement of financial position
NOTHING TO REPORT			

ALFM Dollar Bond Fund, Inc.

As at December 31, 2023

Annex E - Indebtedness to Related Parties (Long-Term Loans from Related Companies)
(All amounts in US Dollar)

Name of related party	Balance at beginning of period	Balance at end of period
NOTHING TO REPORT		

ALFM Dollar Bond Fund, Inc.

As at December 31, 2023

Annex F - Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the Fund for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
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NOTHING TO REPORT

ALFM Dollar Bond Fund, Inc.

As at December 31, 2023

Annex G - Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related caption in the statement of financial position	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Redeemable shares	679,000	461,854	-	33,674	680	427,500

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: ALFM DOLLAR BOND FUND INC.
CURRENT ADDRESS: 7/F BPI BUENDIA CENTER, SEN GIL J. PUYAT AVENUE, MAKATI CITY
TEL. NO.: (632) 580-3573 FAX NO.: (632) 580-4682
COMPANY TYPE: INVESTMENT COMPANY PSIC: 6691

Table 1. Balance Sheet

FINANCIAL DATA		2023 (in \$'000)	2022 (in \$'000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6)		230,978	249,525
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)		90,900	81,337
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)		3,044	5,501
A.1.1.1 On hand			
A.1.1.2 In domestic banks/entities		3,044	5,501
A.1.1.3 In foreign banks/entities			
A.1.2 Financial Assets other than Cash/Trade Receivables/investments accounted for using the Equity Method (A.1.2.1 + A.1.2.2 + A.1.2.3 + A.1.2.4)		85,549	73,274
A.1.2.1 Short-term placements or investments in securities issued by domestic entities: (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4 + A.1.2.1.5)		37,100	42,025
A.1.2.1.1 National Government		4,260	4,916
A.1.2.1.2 Public Financial Institutions			
A.1.2.1.3 Public Non-Financial Institutions			
A.1.2.1.4 Private Financial Institutions		32,840	37,109
A.1.2.1.5 Private Non-Financial Institutions			
A.1.2.2 Short-term placements or investments in securities issued by foreign entities		15,385	15,511
A.1.2.3 Financial assets at fair value through profit or loss		15,385	15,511
A.1.2.3 Others, specify		33,064	15,738
Investment securities at amortized cost		33,064	15,738
A.1.2.4 Allowance for decline in market value (negative entry)			
A.1.3 Trade and Other Receivables (A.1.3.1 + A.1.3.2)		2,307	2,562
A.1.3.1 Due from domestic entities (A.1.3.1.1 + A.1.3.1.2 + A.1.3.1.3 + A.1.3.1.4)		2,307	2,562
A.1.3.1.1 Due from customers (trade)			
A.1.3.1.2 Due from related parties			
A.1.3.1.3 Others, specify		2,307	2,562
Accrued interest receivable		2,301	2,556
Due from unaffiliated companies - prepaid taxes		6	6
A.1.3.1.4 Allowance for doubtful accounts/bad debts/probable losses (negative entry)			
A.1.3.2 Due from foreign entities, specify		0	0
A.1.3.2.1			
A.1.3.2.2			
A.1.3.2.3			
A.1.3.2.4			
A.1.3.2.5 Allowance for doubtful accounts/bad debts/probable losses (negative entry)			
A.1.4 Inventories (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4 + A.1.4.5 + A.1.4.6)		0	0
A.1.4.1 Raw materials and supplies			
A.1.4.2 Goods in process (including unfinished goods, growing crops, unfinished seeds)			
A.1.4.3 Finished goods/factory supplies			
A.1.4.4 Merchandise/Goods in transit			
A.1.4.5 Labor and other costs of personnel (in case of service providers)			
A.1.4.6 Revaluation surplus (includes spoilage, losses due to fire and changes in prices)			
A.1.5 Other Current Assets			

NOTE: This special form is applicable to Investment Companies and Publicly-held Companies enumerated in Section 17.2 of the Securities Regulation Code (SRC), except banks, insurance, and public utility companies. Parent Companies shall submit their individual Audited Financial Statements and Consolidated Financial Statements using supplemental form PHFS2.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: ALFM DOLLAR BOND FUND INC.

CURRENT ADDRESS: 7/F BPI BUENDIA CENTER, SEN GIL J. PUYAT AVENUE, MAKATI CITY

TEL. NO.: (632) 580-3573

FAX NO.: (632) 580-4682

COMPANY TYPE : INVESTMENT COMPANY

PSIC: 6691

Table 1. Balance Sheet

FINANCIAL DATA		2023 (in \$'000)	2022 (in \$'000)
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7)		0	0
A.2.1 Land (incl. land for future plant expansion, unused land and improvements)			
A.2.2 Building and improvements including leasehold improvement			
A.2.3 Machinery and equipment (on hand and in transit)			
A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, and delivery equipment			
A.2.5 Others, specify			
Fixed assets, property, or equipment used for education purposes			
Construction in progress			
A.2.6 Appraisal increase, specify			
A.2.7 Accumulated Depreciation (negative entry)			
A.3 Investments excluding that which is recorded in current assets(net of allowance for decline in value) (A.3.1 + A.3.2 + A.3.3 + A.3.4)		140,077	168,188
A.3.1 Equity in domestic subsidiaries/affiliates			
A.3.2 Equity in foreign branches/subsidiaries/affiliates			
A.3.3 Others, specify		140,077	168,188
Investment securities at amortized cost		140,077	168,188
A.3.4 Allowance for decline in market value (negative entry)			
A.4 Intangible Assets			
A.5 Long-term receivables		0	0
A.5.1 Long-term receivables (net of current portion) (A.5.1 + A.5.2 + A.5.3)		0	0
A.5.1.1 From domestic entities, specify			
A.5.1.2 From foreign entities, specify			
A.5.1.3 Allowance for doubtful accounts, net of current portion (negative entry)			
A.6 Other Assets (A.6.1 + A.6.2 + A.6.3 + A.6.4)		0	0
A.6.1 Deferred charges - net of amortization			
A.6.2 Advance/Miscellaneous deposits			
A.6.3 Others, specify		0	0
Deferred tax asset		0	0
A.6.4 Allowance for write-down of deferred charges (negative entry)			
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5 + B.6)		824	387
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3)		243	269
B.1.1 Trade and Other Payables to Domestic Entities (B.1.1.1 + B.1.1.2 + B.1.1.3 + B.1.1.4 + B.1.1.5 + B.1.1.6)		243	269
B.1.1.1 Trade Payables			
B.1.1.2 Payables to Subsidiaries			
B.1.1.3 Payables to Related Parties & Third Parties		206	224
B.1.1.4 Advances from Directors, Officers, Employees and Principal Stockholders			
B.1.1.5 Accruals		37	40

SPECIAL FORM FOR CONSOLIDATED FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: ALFM DOLLAR BOND FUND INC.
CURRENT ADDRESS: 7/F BPI BUENDIA CENTER, SEN GIL J. PUYAT AVENUE, MAKATI CITY
TEL. NO.: (632) 580-3573 FAX NO.: (632) 580-4682
COMPANY TYPE : INVESTMENT COMPANY PSIC: 6691

Table 1. Balance Sheet

FINANCIAL DATA		2023 (in \$'000)	2022 (in \$'000)
B.1.1.6 Others, specify		0	5
Management and distribution fees payable to third parties			0
Capital shares redeemed payable			0
Documentary Stamp Tax payable			5
B.1.2 Trade and Other Payables to Foreign Entities, specify			
B.1.3 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions)		0	0
Dividends declared and not paid at balance sheet date			
Acceptances Payable			
Liabilities under Trust Receipts			
Portion of Long-term Debt Due within one year			
Deferred Income			
Any other current liability in excess of 5% of Total Current Liabilities, specify:			
B.2 Tax Liabilities and Assets			
B.3 Provisions			
B.4 Long-term Debt - Non-current Interest-bearing Liabilities (B.4.1 + B.4.2 + B.4.3 + B.4.4 + B.4.5)			
B.4.1 Domestic Public Financial Institutions			
B.4.2 Domestic Public Non-Financial Institutions			
B.4.3 Domestic Private Financial Institutions			
B.4.4 Domestic Private Non-Financial Institutions			
B.4.5 Foreign Financial Institutions			
B.5 Indebtedness to Affiliates and Related Parties (Non-Current)			
B.6 Other Liabilities (B.6.1 + B.6.2)		581	118
B.6.1 Deferred Income Tax		581	118
B.6.2 Others, specify			
C. MINORITY INTEREST			0
D. EQUITY (D.3 + D.4 + D.5 + D.6 + D.7 + D.8 + D.9)		230,154	249,138
D.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (D.1.1+D.1.2+D.1.3)		132,697	132,697
D.1.1 Common shares 679,000; \$195.43		132,697	132,697
D.1.2 Preferred Shares			
D.1.3 Others			
D.2 Subscribed Capital Stock (no. of shares, par value and total value) (D.2.1 + D.2.2 + D.2.3)			
D.2.1 Common shares			
D.2.2 Preferred Shares			
D.2.3 Others			
D.3 Paid-up Capital Stock (D.3.1 + D.3.2)		90,260	100,809
D.3.1 Common shares		90,260	100,809
D.3.2 Preferred Shares			
D.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus		31,351	47,033
D.5 Others, specify		0	0
Net increase in assets resulting from operations			
Net investment income			
Net unrealized gain on investment			
D.6 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus			
D.7 Retained Earnings (D.7.1 + D.7.2)		108,543	101,296
D.7.1 Appropriated			
D.7.2 Unappropriated		108,543	101,296
D.8 Head / Home Office Account (for Foreign Branches only)			
D.9 Cost of Stocks Held in Treasury (negative entry)			
TOTAL LIABILITIES AND EQUITY (B + C + D)		230,978	249,525

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: ALFM DOLLAR BOND FUND INC.
CURRENT ADDRESS: 7/F BPI BUENDIA CENTER, SEN GIL J. PUYAT AVENUE, MAKATI CITY
TEL. NO.: (632) 580-3573 FAX NO.: (632) 580-4682
COMPANY TYPE: INVESTMENT COMPANY PSIC: 6691

Table 2. Income Statement

FINANCIAL DATA	2023 (in \$'000)	2022 (in \$'000)	2021 (in \$'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3)	13,011	712	8,250
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining, utilities, trade, services, etc.) (from Primary Activity)			
A.2 Other Revenue (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5)	0	0	0
A.2.1 Rental Income from Land and Buildings			
A.2.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity)			
A.2.3 Sale of Real Estate			
A.2.4 Royalties, Franchise Fees, Copyrights (books, films, records, etc.)			
A.2.5 Others, specify			
Rental Income, Equipment			
A.3 Other Income (non-operating) (A.3.1 + A.3.2 + A.3.3 + A.3.4)	13,011	712	8,250
A.3.1 Interest Income	9,339	9,374	8,503
A.3.2 Dividend Income			
A.3.3 Gain / (Loss) from selling of Assets, specify	3,669	(8,663)	(274)
Income (losses) from financial assets at fair value through profit or loss, net	3,669	(8,663)	(274)
A.3.4 Others, specify	3	1	21
Gain / (Loss) on Foreign Exchange	0	1	0
Other income	3	0	21
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)	0	0	0
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)			
B.1.1 Direct Material Used			
B.1.2 Direct Labor			
B.1.3 Other Manufacturing Cost / Overhead			
B.1.4 Goods in Process, Beginning			
B.1.5 Goods in Process, End (negative entry)			
B.2 Finished Goods, Beginning			
B.3 Finished Goods, End (negative entry)			
C. COST OF SALES (C.1 + C.2 + C.3)	0	0	0
C.1 Purchases			
C.2 Merchandise Inventory, Beginning			
C.3 Merchandise Inventory, End (negative entry)			
D. GROSS PROFIT (A - B - C)	13,011	712	8,250

Control No.:

Form Type: PHFS1**SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES**NAME OF CORPORATION: ALFM DOLLAR BOND FUND INC.CURRENT ADDRESS: 7/F BPI BUENDIA CENTER, SEN GIL J. PUYAT AVENUE, MAKATI CITYTEL. NO.: (632) 580-3573FAX NO.: (632) 580-4682COMPANY TYPE : INVESTMENT COMPANYPSIC: 6691**Table 2. Income Statement**

FINANCIAL DATA	2023 (in \$'000)	2022 (in \$'000)	2021 (in \$'000)
E. OPERATING EXPENSES (E.1 + E.2 + E.3 + E.4)	3,171	3,587	4,216
E.1 Selling or Marketing Expenses			
E.2 Administrative Expenses			
E.3 General Expenses			
E.4 Other Expenses, specify	3,171	3,587	4,216
Management, distribution and other professional fees	3,079	3,437	3,642
Taxes and licenses	33	107	500
Custodian fee	32	26	51
Others	27	17	23
F. FINANCE COSTS (F.1 + F.2 + F.3)	0	0	0
F.1 Interest			
F.2 Amortization			
F.3 Other interests, specify			
G. Share of Income (Losses) of Associates and Joint Ventures accounted for using the Equity Method			
H. Net Income (Loss) Before Tax (D - E - F + G)	9,840	(2,875)	4,033
I. Income Tax Expense (negative entry)	2,471	1,308	396
J. Income After Tax	7,369	(4,183)	3,637
K. Minority Interest (negative entry)		0	0
L. Net Income (Loss - negative entry) from Ordinary Activities (J - K)	7,369	(4,183)	3,637
M. Extraordinary Items		0	0
N. Net Income (Loss - negative entry) for the Year (L + M)	7,369	(4,183)	3,637
0 Earnings (Loss) Per Share			
O.1 Basic	14.95	(7.11)	6.29
O.2 Diluted	14.95	(7.11)	6.29

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: ALFM DOLLAR BOND FUND INC.
CURRENT ADDRESS: 7/F BPI BUENDIA CENTER, SEN GIL J. PUYAT AVENUE, MAKATI CITY
TEL. NO.: (632) 580-3573 FAX NO.: (632) 580-4682
COMPANY TYPE : INVESTMENT COMPANY PSIC: 6691

Table 3. Cash Flow Statements

FINANCIAL DATA	2023 (in \$'000)	2022 (in \$'000)	2021 (in \$'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (Loss) Before Tax and Extraordinary Items	9,840	(2,875)	4,033
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation			
Amortization, specify: Unrealized fair value losses (gains), net	(3,204)	9,799	6,732
Others, specify:			
Interest income	(10,906)	(9,374)	(8,503)
Interest received	11,262	9,423	7,769
Income taxes paid	(2,008)	(2,467)	(2,043)
Unrealized foreign exchange (gains) losses	0	0	0
Write-down of Property, Plant, and Equipment			
Changes in Assets and Liabilities:			
Decrease (Increase) in:			
Short term investments	(2,490)	0	0
Financial assets at fair value through profit or loss	10,744	26,224	36,025
Loans and receivables	0	0	0
Others, specify: Investment securities at amortized cost	10,683	13,542	(60,967)
Increase (Decrease) in:			
Trade and Other Payables			
Income and Other Taxes Payable			
Others, specify: Management and distribution fees payable	(25)	(262)	11,914
Capital Shares Redeemed Payable			
Withholding taxes payable			
Custody fee payable			
A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)	23,896	44,011	(5,040)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) Decrease in Long-Term Receivables			
(Increase) Decrease in Investment			
Reductions/(Additions) to Property, Plant, and Equipment			
Others, specify: Cash Dividends			
B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)	0	0	0
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Loans			
Long-term Debt			
Issuance of Securities	8,600	20,614	104,433
Others, specify: Deposit for Future Subscription			
Payments of:			
(Loans)			
(Long-term Debt)			
(Stock Subscriptions)			
Others, specify (negative entry):			
Redemption of shares	(34,953)	(111,486)	(47,357)
C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)	(26,353)	(90,872)	57,075
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	(2,457)	(46,862)	52,035
D. Effects of Exchange Rate Changes on Cash & Cah Equivalents		1	0
Cash and Cash Equivalents			
Beginning of year	5,501	52,361	326
End of year	3,044	5,501	52,361

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: ALFM DOLLAR BOND FUND INC.
CURRENT ADDRESS: 7/F BPI BUENDIA CENTER, SEN GIL J. PUYAT AVENUE, MAKATI CITY
TEL. NO.: (632) 580-3573 FAX NO.: (632) 580-4682
COMPANY TYPE : INVESTMENT COMPANY PSIC: 6691

Table 4. Statement of Changes in Equity

FINANCIAL DATA	(Amount in \$'000)					
	Capital Stock	Additional Paid-in	Revaluation Increment	Translation Differences	Retained Earnings	TOTAL
A. Balance, 2021	132,697	99,467	0	0	100,357	332,521
A.1 Correction of Fundamental Error						
A.2 Changes in Accounting Policy						
B. Restated Balance	132,697	99,467	0	0	100,357	332,521
B.1 Surplus (Deficit) on Revaluation of Properties						
B.2 Surplus (Deficit) on Revaluation of Investments						
B.3 Currency Translation Differences (negative entry)						
C. Net Gains (Losses) not recognized in the Income	(31,889)	(52,434)	0	0	940	(83,383)
C.1 Net Income (Loss) for the Period	0	0	0	0	(4,183)	(4,183)
C.2 Dividends (negative entry)						
C.3 Current Appropriation for Contingencies						
C.4 Issuance/Redemption of Capital						
C.4.1 Common Stock	(31,889)	(52,434)	0	0	5,123	(79,200)
C.4.2 Preferred Stock						
C.4.3 Others						
D. Balance, 2022	100,808	47,033	0	0	101,296	249,138
D.1 Correction of Fundamental Error						
D.2 Changes in Accounting Policy						
E. Restated Balance	100,808	47,033	0	0	101,296	249,137
E.1 Surplus (Deficit) on Revaluation of Properties						
E.2 Surplus (Deficit) on Revaluation of Investments						
E.3 Currency Translation Differences (negative entry)						
F. Net Gains (Losses) not recognized in the Income	(10,548)	(15,682)	0	0	7,247	(18,983)
F.1 Net Income (Loss) for the Period	0	0	0	0	7,369	7,369
F.2 Dividends (negative entry)						
F.3 Current Appropriation for Contingencies						
F.4 Issuance/Redemption of Capital						
C.4.1 Common Stock	(10,548)	(15,682)	0	0	(122)	(26,352)
C.4.2 Preferred Stock						
C.4.3 Others- Prior Adj.per AFS						
F. Balance, 2023	90,260	31,351	0	0	108,543	230,154

Table 4a. Statement of Recognized Gains and Losses

FINANCIAL DATA	(Amount in \$'000)		
	2023	2022	2021
A. Surplus (Deficit) on Revaluation of Properties			
B. Surplus (Deficit) on Revaluation of Investments			
C. Exchange Differences on Translation of the Financial Statements of Foreign Entities			
D. Net Gains (Losses) not recognized in the Income Statement			
E. Net Income for the Period	7,369	(4,183)	3,637
Total Recognized Gains (Losses) (A + B + C + D + E)	7,369	(4,183)	3,637
Effect of Changes in Accounting Policy			

ALFM DOLLAR BOND FUND, INC.						
ATTACHMENT TO FINANCIAL STATEMENTS						
(In thousands)						
TOTAL ASSETS- January 1 to December 31, 2023			230,978			
NET ASSET VALUE- January to December 31, 2023			230,154			
SECURITY NAME	MARKET VALUE	PERCENTAGE TO NET ASSET VALUE	PERCENTAGE TO TOTAL ASSETS	NO. OF SHARES	OUTSTANDING SECURITIES OF AN INVESTEE CO.	PERCENTAGE TO OUTSTANDING SECURITIES OF AN INVESTEE CO.
CASH EQUIVALENT:						
RCBC-STD20240102	2,000	0.87%	0.87%	2,000	n/a	n/a
BPIC-STD720240102	750	0.33%	0.32%	750	n/a	n/a
Cash in Bank	294					
TOTAL CASH AND CASH EQUIVALENTS	3,044					
SHORT-TERM INVESTMENTS						
US-TBILL20240109	1,498	0.65%	0.65%	1,500	n/a	n/a
US-TBILL20240116	998	0.43%	0.43%	1,000	n/a	n/a
US-TBILL20240208	994	0.43%	0.43%	1,000	n/a	n/a
TOTAL SHORT-TERM INVESTMENTS	3,490					
FAIR VALUE THROUGH PROFIT OR LOSS						
PHILIPPINE CORPORATE BONDS:						
AEV-BOND20300116	5,553	2.41%	2.40%	5,750	400,000	2.07%
MWC-BOND20300730	3,718	1.62%	1.61%	4,000	500,000	2.20%
AYC-PERP20710313	3,071	1.33%	1.33%	3,875	400,000	2.00%
JGSHBOND20300709	2,875	1.25%	1.24%	3,000	600,000	1.83%
AYC-PERP20241030	2,789	1.21%	1.21%	3,630	400,000	2.00%
RCBC-BOND20240911	2,658	1.15%	1.15%	2,700	300,000	1.09%
ICTS20250917	1,682	0.73%	0.73%	1,650	400,000	0.96%
JFC-BOND20300624	141	0.06%	0.06%	150	300,000	1.74%
TOTAL	22,486					
ASIA PACIFIC CORPORATES AND GOVERNMENT BONDS						
INDONOTE20290211	5,136	2.23%	2.22%	5,000	1,250,000	0.00%
INDONOTE20280424	4,942	2.15%	2.14%	5,000	1,000,000	0.00%
INDONOTE20270108	3,045	1.32%	1.32%	3,000	1,250,000	0.00%
INDONOTE20301015	963	0.42%	0.42%	1,000	1,650,000	0.00%
INDONOTE20330111	418	0.18%	0.18%	400	1,250,000	0.00%
TOTAL	14,504					
PHILIPPINE GOVERNMENT BONDS						
ROP20341023	2,287	0.99%	0.99%	2,000	2,846,807	0.00%
ROP20370113	1,048	0.46%	0.45%	1,000	1,500,000	0.00%
ROP20400120	925	0.40%	0.40%	1,000	2,000,000	0.00%
TOTAL	4,260					
LATIN AMERICA GOVERNMENT BONDS						
CHILE-USD20310131	881	0.38%	0.38%	1,000	1,758,000	0.00%
MUTUAL FUNDS						
PIMINIA	6,864	2.98%	2.97%	400	70,523,940	0.01%
TOTAL	6,864					
TOTAL FAIR VALUE THROUGH PROFIT OR LOSS	48,995					
INVESTMENT SECURITIES AT AMORTIZED COST						
PHILIPPINE CORPORATE BONDS:						
AEV-BOND20300116	13,997	6.08%	6.06%	14,000	400,000	2.07%
AYC-PERP20710313	13,451	5.84%	5.82%	13,451	400,000	2.00%
SMC-BOND20240610	10,607	4.61%	4.59%	10,570	350,000	2.18%
8LO-BOND20300723	8,867	3.85%	3.83%	9,858	300,000	2.95%
JGSHBOND20300709	8,336	3.62%	3.61%	8,000	600,000	1.83%
MWC-BOND20300730	7,318	3.18%	3.17%	7,000	500,000	2.20%
AYC-PERP20241030	7,054	3.06%	3.05%	7,000	400,000	2.00%
JFC-BOND20260124	6,466	2.81%	2.80%	6,300	300,000	1.74%
ICTS20300617	5,772	2.51%	2.50%	5,500	400,000	0.96%
BDO-BOND20260113	4,996	2.17%	2.16%	5,000	600,000	0.32%
ACNRGY20290212	4,988	2.17%	2.16%	5,000	110,000	1.93%
JFC-BOND20300624	4,121	1.79%	1.78%	4,000	300,000	1.74%
ACNRGY20240129	4,078	1.77%	1.77%	4,073	360,000	1.93%
RCBC-BOND20240911	3,450	1.50%	1.49%	3,450	300,000	1.09%
ICTS20311116	3,000	1.30%	1.30%	3,000	300,000	0.96%
DBP-BOND20310311	2,452	1.07%	1.06%	2,500	300,000	0.48%
PLDT-BOND20310123	990	0.43%	0.43%	1,000	300,000	0.29%
MBT-NOTE20260115	635	0.28%	0.27%	675	500,000	0.14%
ICTS20250917	465	0.20%	0.20%	440	400,000	0.96%
FDC-BOND20250917	204	0.09%	0.09%	200	200,000	0.10%
TOTAL	111,235					
PHILIPPINE GOVERNMENT BONDS:						
ROP20250316	7,868	3.42%	3.41%	7,500	2,000,000	0.00%
ROP20420202	6,674	2.90%	2.89%	6,000	2,000,000	0.00%
ROP20260330	3,699	1.61%	1.60%	3,500	1,500,000	0.00%
ROP20400120	3,209	1.39%	1.39%	2,928	2,000,000	0.00%
ROB-BOND20290411	3,075	1.34%	1.33%	3,075	1,261,859	0.00%
ROP20302022	2,694	1.17%	1.17%	2,000	2,000,000	0.00%
ROP20341023	2,548	1.11%	1.10%	2,000	2,846,807	0.00%
ROP20410301	2,031	0.88%	0.88%	2,000	2,000,000	0.00%
ROP20310610	2,000	0.87%	0.87%	2,000	1,250,000	0.00%
ROP20240925	1,934	0.84%	0.84%	1,932	774,264	0.00%
ROP20320115	1,222	0.53%	0.53%	1,000	1,500,000	0.00%
ROP20370113	1,176	0.51%	0.51%	1,000	1,500,000	0.00%
ROP20241021	1,043	0.45%	0.45%	1,000	1,006,294	0.00%
ROP20270329	1,001	0.44%	0.43%	1,000	500,000	0.00%
ROP20290114	361			350	1,500,000	0.00%
ROP20480117	200	0.09%	0.09%	200	1,250,000	0.00%
TOTAL	40,734					
ASIA PACIFIC CORPORATES:						
FRPAC20270911	12,083	5.25%	5.23%	11,584	350,000	3.31%
PETRONAS20280323	2,992	1.30%	1.30%	3,000	600,000	0.50%
KORGAS20250721	722	0.31%	0.31%	700	500,000	0.14%

KDB20240925	479	0.21%	0.21%	500	21,200	2.36%
TOTAL	16,276					
DEPOSITS FOREIGN CURRENCY						
BOCH-CD20240419	1,966	0.85%	0.85%	2,000	17,000	0.00%
ABC-CD20240425	1,965	0.85%	0.85%	2,000	17,000	0.00%
ICBC-CD20240816	965	0.42%	0.42%	1,000	11,000	0.00%
TOTAL	4,896					
TOTAL INVESTMENT SECURITIES AT AMORTIZED COST	173,141					
Accrued Interest Receivable	2,301	1.00%	1.00%	n/a	n/a	n/a
INVESTMENT IN LIQUID / SEMI-LIQUID ASSETS						
GOVERNMENT SECURITIES	55,238	24.00%	23.92%	n/a	n/a	n/a
CASH AND CASH EQUIVALENTS	3,044	1.32%	1.32%	n/a	n/a	n/a
SHORT-TERM INVESTMENTS	3,490	1.52%	1.51%	n/a	n/a	n/a
TOTAL	61,773					
TOTAL OPERATING EXPENSES						
AVE NET ASSET VALUE- January 1 to December 31, 2023	240,300					
	AMOUNT	PERCENTAGE TO NET ASSET VALUE				
Management, distribution and other professional fees	3,079	1.28%				
Taxes and licenses	33	0.01%				
Custodian fee	32	0.01%				
Others	27	0.01%				
TOTAL	3,171					
TOTAL ASSETS TO TOTAL BORROWINGS						
NO BORROWINGS FOR THE YEAR						

ALFM DOLLAR BOND FUND, INC.						
ATTACHMENT TO FINANCIAL STATEMENTS						
(In thousands)						
TOTAL ASSETS- January 1 to December 31, 2022			249,525			
NET ASSET VALUE- January to December 31, 2022			249,138			
SECURITY NAME	MARKET VALUE	PERCENTAGE TO NET ASSET VALUE	PERCENTAGE TO TOTAL ASSETS	NO. OF SHARES	OUTSTANDING SECURITIES OF AN INVESTEE CO.	PERCENTAGE TO OUTSTANDING SECURITIES OF AN INVESTEE CO.
CASH EQUIVALENT:						
BPIB-\$TDT20230103	1,997	0.80%	0.80%	5,000,000	n/a	n/a
CHIB-\$TDT20230103	3,500	1.40%	1.40%	7,325,000	n/a	n/a
Cash in Bank	4					
TOTAL CASH AND CASH EQUIVALENTS	5,501					
SHORT-TERM INVESTMENTS						
BPILDNSTD20230112	1,000	0.40%	0.40%	1,000	n/a	n/a
TOTAL SHORT-TERM INVESTMENTS	1,000					
FAIR VALUE THROUGH PROFIT OR LOSS						
PHILIPPINE CORPORATE BONDS:						
ACNRGY 20251125	310	0.12%	0.12%	400		
AEV-BOND 20300116	5,315	2.13%	2.13%	5,750	400,000	1.44%
AYC-PERP 20241030	2,718	1.09%	1.09%	3,630	259,880	1.40%
AYC-PERP 20710313	3,214	1.29%	1.29%	3,675	365,000	1.01%
GLO-BOND 20300723	1,628	0.65%	0.65%	1,980	300,000	0.66%
ICTSI 20250917	6,004	2.41%	2.41%	6,471	400,000	1.62%
ICTSI 20300617	1,745	0.70%	0.70%	2,194	400,000	0.55%
JFC-BOND 20300624	135	0.05%	0.05%	150	300,000	0.05%
JGSHBOND 20300709	2,695	1.08%	1.08%	3,000	600,000	0.50%
MWC-BOND 20300730	3,447	1.38%	1.38%	4,000	500,000	0.80%
RCBC-BOND20240911	2,578	1.03%	1.03%	2,700	300,000	0.90%
TOTAL	29,789					
PHILIPPINE GOVERNMENT BONDS:						
ROP 20310610	803	0.32%	0.32%	1,000	1,250,000	0.08%
ROP 20341023	2,247	0.90%	0.90%	2,000	1,900,131	0.11%
ROP 20370113	999	0.40%	0.40%	1,000	1,330,799	0.08%
ROP 20400120	867	0.35%	0.35%	1,000	2,000,000	0.05%
TOTAL	4,916					
ASIA PACIFIC CORPORATES AND GOVERNMENT BONDS						
FRPAC 20270911	629	0.25%	0.25%	663	350,000	0.19%
INDONOTE 20270108	3,032	1.22%	1.22%	3,000	1,250,000	0.24%
INDONOTE 20280424	4,950	1.99%	1.98%	5,000	1,000,000	0.50%
INDONOTE 20290211	5,105	2.05%	2.05%	5,000	1,250,000	0.40%
INDONOTE 20300101	953	0.38%	0.38%	1,000	1,650,000	0.06%
TOTAL	14,669					
LATIN AMERICA GOVERNMENT BONDS						
CHILE-USD20310131	842	0.34%	0.34%	1,000	1,758,000	0.06%
MUTUAL FUNDS						
PIMINIA	6,320	2.54%	2.53%	400	518,666	0.08%
TOTAL	6,320					
EUROPEAN CORPORATE BOND						
TOTAL	-					
UNIT INVESTMENT TRUST FUNDS						
TOTAL	-	0.00%	0.00%			#DIV/0!
US CORPORATES		0.00%	0.00%			#DIV/0!
TOTAL FAIR VALUE THROUGH PROFIT OR LOSS	56,536					
INVESTMENT SECURITIES AT AMORTIZED COST						
PHILIPPINE CORPORATE BONDS:						
ACNRGY 20240129	4,141	1.66%	1.66%	4,073	360,000	1.13%
ACNRGY 20290212	4,987	2.00%	2.00%	5,000	110,000	4.55%
AEV-BOND 20300116	13,997	5.62%	5.61%	14,000	400,000	3.50%
AYC-PERP 20241030	7,117	2.86%	2.85%	7,000	259,880	2.69%
AYC-PERP 20710313	13,451	5.40%	5.39%	13,451	365,000	3.69%
BDO-BOND 20260113	4,997	2.01%	2.00%	5,000	600,000	0.83%
DBP-BOND 20310311	2,447	0.98%	0.98%	2,500	300,000	0.83%
FDC-BOND 20250917	207	0.08%	0.08%	200	200,000	0.10%
GLO-BOND 20300723	8,859	3.56%	3.55%	8,858	300,000	2.96%
ICTSI 20230116	4,500	1.81%	1.80%	4,500	394,000	1.14%
ICTSI 20250917	479	0.19%	0.19%	440	300,000	0.15%
ICTSI 20300617	5,810	2.33%	2.33%	5,500	394,000	1.40%
ICTSI 20311116	3,000	1.20%	1.20%	3,000	300,000	1.00%
JFC-BOND 20280124	6,547	2.63%	2.62%	6,300	300,000	2.10%
JFC-BOND 20300624	4,139	1.66%	1.66%	4,000	750,000	0.53%
JGSHBOND 20230123	1,320	0.53%	0.53%	1,320	600,000	0.22%
JGSHBOND 20300709	8,386	3.37%	3.36%	8,000	500,000	1.60%

MWC-BOND 20300730	7,361	2.85%	2.85%	7,000	300,000	2.33%
PLDT-BOND20310123	989	0.40%	0.40%	1,000	300,000	0.33%
PNB-BOND 20230427	201	0.08%	0.08%	200	450,000	0.04%
RCBC-BOND20230316	3,948	1.58%	1.58%	3,950	300,000	1.32%
RCBC-BOND20240911	3,457	1.39%	1.39%	3,450	300,000	1.15%
SECB-BOND20230925	823	0.33%	0.33%	804	350,000	0.23%
SMIC-BOND20240610	9,896	3.97%	3.97%	9,770	500,000	1.95%
TOTAL	121,058					
PHILIPPINE GOVERNMENT BONDS:						
CD-BOND 20230604	999	0.40%	0.40%	1,000	500,000	0.20%
ROP 20240925	5,807	2.33%	2.33%	5,797	577,589	1.00%
ROP 20241021	1,095	0.44%	0.44%	1,000	347,796	0.29%
ROP 20250316	8,160	3.28%	3.27%	7,500	1,480,193	0.51%
ROP 20260330	3,784	1.52%	1.52%	3,500	1,032,178	0.34%
ROP 20270329	1,002	0.40%	0.40%	1,000	1,500,000	0.07%
ROP 20290114	362	0.15%	0.15%	350	2,000,000	0.02%
ROP 20300202	2,796	1.12%	1.12%	2,000	1,250,000	0.16%
ROP 20310610	2,000	0.80%	0.80%	2,000	1,022,248	0.20%
ROP 20320115	1,246	0.50%	0.50%	1,000	1,900,131	0.05%
ROP 20341023	2,589	1.04%	1.04%	2,000	1,330,799	0.15%
ROP 20370113	1,187	0.48%	0.48%	1,000	2,000,000	0.05%
ROP 20400120	3,222	1.29%	1.29%	2,928	2,000,000	0.15%
ROP 20410301	2,032	0.82%	0.81%	2,000	2,000,000	0.10%
ROP 20420202	6,702	2.69%	2.69%	6,000	2,000,000	0
TOTAL	42,983					
ASIA PACIFIC SOVEREIGNS						
		0.00%	0.00%			#DIV/0!
		0.00%	0.00%			#DIV/0!
TOTAL	-					
ASIA PACIFIC CORPORATES:						
FRPAC 20230416	3,947	1.58%	1.58%	3,940	358,835	1.10%
FRPAC 20270911	12,211	4.90%	4.89%	11,584	358,835	3.23%
KORGAS 20250721	736	0.30%	0.29%	700	500,000	0.14%
PETRONAS 20280323	2,991	1.20%	1.20%	3,000	600,000	0.50%
		0.00%	0.00%			#DIV/0!
		0.00%	0.00%			#DIV/0!
TOTAL	19,885					
EUROPEAN CORPORATES						
TOTAL	-					
US CORPORATES AND GOVERNMENT SECURITIES						
		0.00%	0.00%			#DIV/0!
		0.00%	0.00%			#DIV/0!
TOTAL	-					
OTHER CORPORATES						
		0.00%	0.00%			#DIV/0!
		0.00%	0.00%			#DIV/0!
TOTAL	-					
TOTAL INVESTMENT SECURITIES AT AMORTIZED COST 163,926						
Accrued Interest Receivable	2,543	1.02%	1.02%	n/a	n/a	n/a
INVESTMENT IN LIQUID / SEMI-LIQUID ASSETS						
GOVERNMENT SECURITIES	47,899	19.23%	19.20%	n/a	n/a	n/a
CASH AND CASH EQUIVALENTS	5,501	2.21%	2.20%	n/a	n/a	n/a
SHORT-TERM INVESTMENTS	1,000	0.40%	0.40%	n/a	n/a	n/a
TOTAL	54,400					
TOTAL OPERATING EXPENSES						
AVE NET ASSET VALUE- January 1 to December 31, 2022 272,730						
	AMOUNT	PERCENTAGE TO NET ASSET VALUE				
Management, distribution and other professional fees	3,437	1.26%				
Taxes and licenses	107	0.04%				
Custodian fee	26	0.01%				
Others	17	0.01%				
TOTAL	3,587					
TOTAL ASSETS TO TOTAL BORROWINGS						
NO BORROWINGS FOR THE YEAR						

ALFM DOLLAR BOND FUND, INC.
Financial Statement Ratios
As at December, 2023 and December, 2022

	January 1 to December 31, 2023	January 1 to December 31, 2022
Current Asset	90,900	81,337
Current Liabilities	243	269
Current /Liquidity Ratio	374.08	302.35
Total Liabilities	824	387
Total Equity	230,154	249,138
Debt-to-Equity Ratio	0.0036	0.0016
Total Assets	230,978	249,525
Total Equity	230,154	249,138
Asset-to-Equity Ratio	1.0036	1.0016
Earnings Before Income Tax	9,840	(2,875)
Interest Expense	-	-
Interest Rate Coverage Ratio	n.a.	n.a.
Net Income	7,369	(4,183)
Total Equity	230,154	249,138
Return on Investment	0.0320	(0.0168)

ALFM DOLLAR BOND FUND, INC.
MANUAL ON CORPORATE GOVERNANCE
(Revised July 2020)

ALFM Dollar Bond Fund, Inc.

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ARTICLE 1: CORPORATE GOVERNANCE PHILOSOPHY

The Board of Directors of the ALFM Dollar Bond Fund, Inc. (the “Fund”), working closely with the Fund’s Investment Manager, and in compliance with the recommendations by the Securities and Exchange Commission (“SEC”),¹ hereby commit itself to the principles and best practices contained in this Manual (“Manual”), and acknowledge that the same shall guide the attainment of the Fund’s corporate goals.

This Manual shall institutionalize the principles of good corporate governance in the entire organization.

The Board of Directors and Shareholders believe that corporate governance is a necessary component of what constitutes sound strategic business management and will, therefore, undertake every effort necessary to create awareness within the organization as soon as possible. Compliance with the principles of good corporate governance starts with the Board of Directors.

ARTICLE 2: DEFINITION OF TERMS

1. **Affiliate** – an entity that holds directly or indirectly at least ten percent (10%) or more of the total number of issued shares in the Fund, Fund Manager, or vice versa, or have a common Shareholder that holds directly or indirectly 10% or more of the total number of the issued share capital of the Fund or the Fund Manager.
2. **Annual Corporate Governance Report** – or “ACGR” is a comprehensive report containing all of the Fund’s pertinent corporate governance information.
3. **Audio Conferencing** – a conference in which people at different locations speak to each other via telephone or Internet connections.
4. **Corporate Governance** – the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations thereby creating sustainable value for its Shareholders, Stakeholders, and the nation.

Corporate governance is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board of Directors and Senior Management accountable for ensuring ethical behavior and reconciling long-term customer satisfaction with Shareholder value to the benefit of all Stakeholders and the society.

5. **Board of Directors** – or the “Board” is the governing body elected by the Shareholders that exercises the corporate powers of the Fund, conducts all its business, and controls its properties.
6. **Board Risk Oversight Committee** – or the “BRO” is a committee responsible for the oversight of the Fund’s Enterprise Risk Management System to ensure its functionality and effectiveness.
7. **Computer Conferencing** – is teleconferencing supported by one or more computers.
8. **Enterprise Risk Management** – or “ERM” is a process, effected by the Board of Directors, Management and other personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risks to be within

¹ SEC Memorandum Circular No. 24; series of 2019 on the Manual of Corporate Governance for Public Companies and Registered Issuers

its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives. ERM is integral to an effective corporate governance process and the achievement of a company's value creation objectives.

9. **Management** – a group of Executives given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the Fund;
10. **Manual on Corporate Governance** – or “MCG” is a reference document containing all the policies, programs, and procedures that would ensure transparency and better protection of Shareholders and Stakeholders.
11. **Independent Director** – a person who is independent of Management and the controlling Shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a Director;
12. **Executive Director** – or “ED” is a Director who has executive responsibility of day-to-day operations of a part or the whole of the Fund;
13. **Non-executive Director** – or “NED” is a Director who has no executive responsibility and does not perform any work related to the day-to-day operations of the Fund;
14. **Internal control** – a process designed and effected by the Board of Directors, Senior Management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely financial and management of corporate information; and compliance with applicable laws, regulations and the organization's policies and procedures.
15. **Independent Oversight Entity or Committee** – or “IOE” is an impartial entity or committee tasked to monitor the transactions and functions carried out by the Fund Manager.²
16. **Related parties** – covers the Fund's Directors, Officers, substantial Shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, and other persons if these persons have control, joint control or Significant Influence over the Fund. It also covers the Fund's parent, subsidiary, fellow subsidiary, associate, affiliate, joint venture or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a related party.
17. **Related Party Transactions** – or “RPT” is a transfer of resources, services or obligations between a reporting entity and related party, regardless of whether a price is charged. It shall be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered with an unrelated party that subsequently becomes a related party;
18. **Remote Communication** – the transfer of data between two or more devices not located at the same site³.
19. **Significant Influence** – the power to participate in the financial and operating policy decisions of the Fund but has no control or joint control of those policies

² SEC Memorandum Circular No. 21; series of 2019 on the Rules on the Appointment of Independent Oversight Entity, Independent Net Asset Value Calculation, Qualifications of Key Officers of Fund Managers, and Liquidation of Assets and Winding Up of Investment Companies

³ SEC Memorandum Circular No. 6; series of 2020 on the Guidelines on the Attendance and Participation of Directors, Trustees, Stockholders, Members, and Other Persons of Corporations in Regular and Special Meetings Through Teleconferencing, Video Conferencing and Other Remote or Electronic Means of Communication

20. **Stakeholders** – any individual, organization or society at large who can either affect and/or be affected by the Fund's strategies, policies, business decisions and operations, in general. This includes, among others, non-proprietary certificate holders, customers, creditors, employees, suppliers, investors, as well as the government and the community in which the Fund operates.
21. **Teleconferencing** – the holding of a conference among people remote from one another by means of telecommunication devices such as telephone or computer terminals. It refers to an interactive group communication between three (3) or more people in two (2) or more locations through an electronic medium. In general terms, teleconferencing can bring people together under one roof even though they are separated by hundred miles.
22. **Videoconferencing** – the holding of a conference among people in remote locations by means of transmitted audio and video signals.

ARTICLE 3: RULES OF INTERPRETATION

All references to the masculine gender in the salient provisions of this Manual shall likewise cover the feminine gender.

All doubts or questions that may arise in the interpretation or application of this Manual shall be resolved in favor of promoting transparency, accountability and fairness to the Shareholders and investors of the Fund.

ARTICLE 4: BOARD GOVERNANCE

The Board is primarily responsible for the governance of the Fund. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions, and responsibilities.

It must ensure the Fund's ability to satisfy the needs of its customers, sustain its leadership and competitiveness, and uphold its reputation in order to maintain the Fund's long-term success and viability as a business entity. Its mandate consists of setting the strategic business directions of the Fund, appointing its Senior Executive Officers, approving all major strategies and policies, overseeing all major risk-taking activities, monitoring the financial results, and generating a reasonable investment return to Shareholders.

Directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Fund and all Shareholders and all other Stakeholders.

A) Composition of the Board

The Board shall be composed of Directors with a collective working knowledge, experience or expertise that is relevant to the Fund's industry/sector. The Board shall always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction

The Fund as covered by this Manual shall have at least two (2) IDs or such number of Independent Directors that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2).

The membership of the Board may be a combination of EDs and NEDs, which include IDs, in order that no Director or small group of Directors can dominate the decision-making process.

NEDs shall not concurrently serve as Directors to more than ten (10) public companies and/or registered issuers. However, the maximum concurrent directorships shall be five (5) public companies and/or registered issuers if the NED also sits in at least three (3) publicly-listed companies. NEDs shall possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

There shall be diversity in the composition of the Board in order to avoid groupthink and ensure that optimal decision-making is achieved and the efficiency of collective problem solving within such group

B) The Chairperson and Chief Executive Officer / President

The Board shall be headed by a competent and qualified Chairperson ("Chair").

The roles of Chair and Chief Executive Officer ("CEO") shall, as much as practicable, be separate to foster an appropriate balance of power, increased accountability, and better capacity for independent decision-making by the Board. A clear delineation of functions shall be made between the Chair and CEO upon their election.

If the positions of Chair and CEO are unified, the proper checks and balances shall be laid down to ensure that the Board gets the benefit of independent views and perspectives.

The Board shall designate a lead director among the IDs if the Chairperson of the Board is not independent, including if the positions of the Chair and CEO or its equivalent are held by one (1) person.

The duties and responsibilities of the Chair in relation to the Board may include, among others, the following:

1. Makes certain that the meeting's agenda focuses on strategic matters, including the overall risks appetite of the Fund, taking into account the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
2. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
3. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual Directors;
4. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
5. Assures the conduct of proper orientation for first-time Directors and continuing training opportunities for all Directors; and
6. Makes sure that performance of the Board is evaluated at least once a year and discussed or followed up on if necessary.

C) Qualifications of Directors

In addition to the qualifications for membership in the Board provided for in the Revised Corporation Code ("RCC")⁴, the Securities Regulation Code ("SRC"), and other relevant laws, a Director must have the following additional qualifications:

1. Holds at least PhP 5,000.00 worth of shares at cost of stock of the Fund;
2. At least twenty-five (25) years old;
3. At least a college graduate or its equivalent or adequate competence and understanding of the fundamentals of doing business or membership in good standing in relevant industry, and membership in business or professional organizations or sufficient experience and competence in managing a business to substitute for such formal education;
4. Possesses integrity, probity and shall be diligent and assiduous in the performance of his functions;
5. Has adequate physical health and mental stamina to withstand the rigors of his responsibilities;
6. Has no potential conflict of time and attention due to competing Officerships, Directorships, or memberships in other companies/Funds;
7. Has attended or will attend an accredited corporate governance seminar, as required by the SEC;
8. Possesses no disqualifications as provided for in the RCC, Bangko Sentral ng Pilipinas ("BSP") Circulars, and SEC rules and regulations;
9. Has practical understanding of the business of the Fund;
10. A member in good standing in relevant industry, business, or professional organizations; and
11. Has previous business experience.

D) Qualifications of Independent Directors

The IDs shall possess a good general understanding of the industry that the Fund engages in, qualifications and stature that would enable them to effectively and objectively participate in the deliberations of the Board.

An ID refers to a person who:

1. Shall not or has not been a Senior Officer or employee of the Fund unless there has been a change in the controlling ownership therein;
2. Is not, and has not been in the two (2) years immediately preceding the election, a director of the Fund; a Director, Officer, employee of the Fund's subsidiaries, associates, affiliates or related companies; or a director, Officer, employee of the Fund's substantial Shareholders and its related companies;

⁴ Republic Act No. 11232 or the Revised Corporation Code of 2018

3. Has not been appointed in the Fund, its subsidiaries, associates, affiliates or related companies as Chairperson "Emeritus," "Ex-Officio" Director/Officer of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within two (2) years immediately preceding his election;
4. Is not an owner of more than two percent (2%) of the outstanding shares of the Fund, its subsidiaries, associates, affiliates, or related companies;
5. Is not a relative of a director, Officer, or substantial Shareholder of the Fund or any of its related companies or of any of its substantial Shareholders;
6. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister; and
7. Is not acting as a nominee or representative of any Director of the Fund or any of its Related Companies.

Related companies, as used in this section, refer to:

1. The Fund's holding/parent company;
2. Its subsidiaries; and
3. Subsidiaries of its holding/parent company.

IDs shall serve for a maximum cumulative term of nine (9) years. After which, the ID shall be perpetually barred from reelection as such, but may continue to qualify for nomination and election as a non-independent director.

In the instance that Fund seeks to retain an ID who has served for nine (9) years, the Board shall provide meritorious justification and seek Shareholders approval during the annual Shareholders' meeting.

E) Disqualification of Directors

1. Permanent Disqualification

The following shall be grounds for the permanent disqualification of a Director:

1. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the SRC; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures SEC merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
2. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as Director or Officer of a bank, quasibank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities. The disqualification shall also apply if such person is currently the

subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the RCC, SRC, or any other law administered by the SEC or BSP, or under any rule or regulation issued by the SEC or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

3. Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, *estafa*, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
4. Any person who has been adjudged by final judgment or order of the SEC, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Fund Code, Securities Regulation Manual or any other law administered by the SEC or BSP, or any of its rule, regulation or order;
5. Any person judicially declared as insolvent;
6. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct similar to any of the acts, violations, or misconduct enumerated above;
7. Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the RCC and SRC committed within five (5) years prior to the date of his election or appointment; and
8. Other grounds as the SEC may provide pursuant to the provisions of the RCC, SRC, and other related laws.

2. Temporary Disqualification

The Board may provide for the temporary disqualification of a Director for any of the following reasons:

1. Refusal to comply with the disclosure requirements of the SRC and its implementing rules and regulations. The disqualification shall be in effect as long as the refusal persists;
2. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election;
3. Dismissal or termination for cause as Director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the SEC. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal, termination, or removal;
4. If the beneficial equity ownership of an ID in the Fund or its affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an ID shall be lifted if the limit is later complied with; and

5. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

A temporarily disqualified Director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

F) Nomination of Directors

The Board shall have a formal and transparent board nomination and election process that shall include how it accepts nominations from its Shareholders and reviews the qualifications of nominated candidates ("Candidates"). The process shall be assessed according to its effectiveness in the proper nomination, election, or replacement/removal of a Director. The process shall be aligned with the strategic direction of the Fund.

1. Process of Nomination

1. All Shareholders, regardless of their shareholdings, shall have the right to nominate, elect, remove and replace Directors and vote on certain corporate acts in accordance with the RCC.
2. The Nomination Committee itself may likewise identify and recommend qualified individuals for nomination and election to the Board. For this purpose, the Committee may make use of professional search firms or other External sources of Candidates to search for qualified Candidates to the Board.
3. All written nominations for election of Directors by the Shareholders are to be received by the Nominations Committee not later than the date prescribed by law, rules, and regulations or at such earlier or later date as the Board of Directors may fix before the date of the next annual meeting of the Shareholders. All recommendations shall be signed by the nominating Shareholders together with the written acceptance and conformity of the would-be nominees. No nominee shall qualify to be elected as Director unless this requirement is complied with.
4. The Committee shall screen and shortlist qualified individuals for election as Directors to ensure that only those that possess all the qualifications and none of the disqualifications from Directorship as provided in the Fund's By-Laws, this Manual and relevant laws, rules and regulations may be elected to the Board.
5. In case of a vacancy in the Board other than removal of a Director or expiration of term, the Committee shall determine and identify the qualified nominee and recommend to the Board, if the remaining Directors still constitute a quorum, to elect such qualified nominee to fill the vacancy.
6. The Committee shall prepare a final list of qualified nominees, recommend for final approval of the Board such final list, and recommend to the Shareholders the qualified nominees included in the final list for election in the annual meeting of Shareholders.
7. The final list of Candidates shall contain all the information about all the nominees and shall be made available to the SEC and to all Shareholders through the filing and distribution of the Information Statement, or in such other reports the Fund is required to submit to SEC. The name of the person or group of persons who recommended the nomination of the Director shall also be identified in such report including any relationship with the nominee.

8. Only nominees whose names appear on the final list of Candidates shall be eligible for election as a Director. No other nominations shall be entertained after the final list of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual Shareholders' meeting.
9. The aforementioned process and requirements shall also apply to nominations for IDs.

G) Responsibilities, Duties and Functions of the Board

It shall likewise be the Board's responsibility to foster the long-term success of the Fund and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interests of the Fund, its Shareholders, and Stakeholders.

The Board shall formulate the Fund's vision, mission, and strategic objectives that shall guide the Investment Manager's activities, including the means to effectively monitor the latter's performance.

To ensure a high standard of best practices for the Fund, its Shareholders and its Stakeholders, the Board, in close coordination with the Fund's duly registered Investment Manager, shall conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:

1. Act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Fund and all Shareholders and all other Stakeholders;
2. Oversee the development of and approve the Fund's business and strategy, and monitor its implementation, in order to sustain the company's long-term viability and strength;
3. Ensure and adopt an effective succession planning program for Directors, key Officers, and Management to ensure the continuous and consistent growth of the Fund. This should include adopting a retirement policy for Directors and key Officers;
4. Align the remuneration of key Officers and Board members with the long-term interests of the Fund. In doing so, it should formulate and adopt a policy specifying the relationship between remuneration and performance;
5. Install a process of selection to ensure a mix of competent Directors and Officers who can add value and contribute independent judgment to the formulation of sound corporate strategies;
6. Appoint competent, professional, honest and highly-motivated management Officers;
7. Ensure that the Fund complies with all relevant laws, regulations and codes of best business practices;
8. Establish and maintain an investor relations program that will keep the Shareholders informed of important developments in the Fund. If feasible, the Fund's President or Treasurer shall exercise oversight responsibility over this program;
9. Identify the Fund's major and other Stakeholders and formulate a clear policy on communicating or relating with them through an effective investor-relations program;
10. Ensure that the Fund has an adequate internal control system with proper checks and balances, to be carried out by its management directly or through its duly appointed Investment Manager;

11. Identify key risk areas and key performance indicators and monitor these factors with due diligence to enable its duly appointed Investment Manager to anticipate and prepare for possible threats to its operational and financial viability;
12. Constitute an Audit Committee and such other Committees it deems necessary to assist the Board in the performance of its duties and responsibilities;
13. Establish and maintain an alternative dispute resolution system in the Fund that can amicably settle conflicts or differences between the Fund and its Shareholders, and the Fund and third parties, including the regulatory authorities;
14. Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly recorded in the minutes;
15. Keep Board authority within the powers of the Fund as prescribed in the Articles of Incorporation, By-Laws, and existing laws, rules and regulations;
16. Appoint a Compliance Officer who shall have the rank of at least Senior Vice President or an equivalent position with adequate stature and authority in the Fund;
17. Conduct an annual self-assessment of its performance, including the performance of the Chair, individual members and Committees;
18. Establish a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual Directors, Committees and such system should allow for a feedback mechanism from the Shareholders;
19. Adopt a Code of Business Conduct and Ethics ("Code of Ethics"), which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the Board. The Code of Ethics shall be properly disseminated to all the members of the Board and be made available to the public through the Fund's website;
20. Ensure the proper and efficient implementation and monitoring of compliance with the Code of Ethics; and
21. Approve the selection and assessing the performance of the Management led by the CEO or his equivalent, and control functions led by their respective heads of the internal audit, compliance and risk functions, as may be applicable.

H) Specific Duties and Responsibilities of Directors

A Director's office is one of trust and confidence. A Director shall act in the best interest of the Fund in a manner characterized by transparency, accountability and fairness. He shall also exercise leadership, prudence and integrity in directing the Fund towards sustained progress.

A Director shall observe the following norms of conduct:

1. To conduct fair business transactions with the Fund and to ensure that personal interest does not bias Board decisions and does not conflict with the interest of the Fund;
2. To devote time and attention necessary to properly and effectively perform his duties and responsibilities;
3. To act judiciously;

4. To exercise independent judgment;
5. To have a working knowledge of the statutory and regulatory requirements affecting the Fund, including the contents of its Articles of Incorporation and By-Laws, the rules and regulations of the SEC, and where applicable, the requirements of other regulatory agencies;
6. To observe confidentiality;
7. To ensure the continuing soundness, effectiveness, and adequacy of the Fund's internal control environment;
8. Notify the Board before accepting a directorship in another company; and
9. To fully disclose his adverse interest, abstain from taking part in the deliberations for the same and recuse from voting on the approval of the transaction in case there is material or potential interest in any transaction affecting the Fund.

I) Specific Duties and Responsibilities of Non-Executive Directors

The NEDs shall have separate periodic meetings with the External Auditor and heads of the internal audit, compliance and risk functions, without any EDs present to ensure that proper checks and balances are in place within the corporation. The meetings should be chaired by the lead ID director, if applicable.

J) Orientation and Continuing Training Program

An orientation program and annual continuing training for first-time Directors shall be in place to promote effective Board performance and continuing qualification of the Directors in carrying out their duties and responsibilities. The orientation program ensures that new Directors are appropriately apprised of their duties and responsibilities, before beginning their directorships, and throughout their tenure. The orientation program shall cover SEC-mandated topics on corporate governance and shall include an introduction to the Fund's business, Articles of Incorporation and By-Laws, and Code of Ethics. The orientation program shall be for at least eight (8) hours.

The annual continuing training program shall ensure that Directors are continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the Fund. The training can be on any matter relevant to the Fund, which may include training on audit, internal controls, risk management, sustainability, and strategy. Training for corporate governance shall be conducted by SEC-accredited institutional training providers. The annual continuing training shall be for at least four (4) hours.

K) Internal Control Responsibilities of the Board

The control environment of the Fund consists of:

1. The Board which ensures that the Fund is properly and effectively managed and supervised;
2. Management that actively manages and operates the Fund in a sound and prudent manner;

3. The organizational and procedural controls supported by effective management information and risk management reporting systems; and
4. An independent audit mechanism to monitor the adequacy and effectiveness of the Fund's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations, and contracts.

The minimum internal control mechanisms for the performance of the Board's oversight responsibility includes:

1. The definition of the duties and responsibilities of the CEO/President who is ultimately accountable for the Fund's organizational and operational controls; and
2. The selection of the person who possesses the ability, integrity, and expertise essential for the position of CEO/President;

L) Board Meetings and Quorum Requirement

The members of the Board shall attend and actively participate in its regular and special meetings in person or through teleconferencing, computer conferencing, audio conferencing, video conferencing, and other remote or electronic means of communication conducted in accordance with the rules and regulations of the SEC⁵, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent them from doing so.

In Board and Committee meetings, the Directors shall review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.

The IDs shall always attend Board meetings. Unless otherwise provided in the By-Laws, their absence shall not affect the quorum requirement. However, the Board may, to promote transparency, require the presence of at least one (1) ID in all its meetings.

To monitor the Directors' compliance with the attendance requirements, the Fund shall submit to the SEC, on or before January 30 of the following year, a sworn certification on the Directors' record of attendance in Board meetings. The certification may be submitted through SEC Form 17-C or in a separate filing.

M) Remuneration of Directors and Officers

The levels of remuneration of the Fund shall be sufficient to be able to attract and retain the services of qualified and competent Directors and Officers. The Board shall align the remuneration of key Officers and Board members with the long-term interests of the Fund.

The Board shall have a formal and transparent procedure for the development of a policy on executive remuneration or determination of remuneration levels for individual Directors and Officers depending on the particular needs of the Fund.

No Director shall participate in the determination of his own per diem or compensation.

⁵ SEC Memorandum Circular No. 6; series of 2020 on the Guidelines on the Attendance and Participation of Directors, Trustees, Stockholders, Members, and Other Persons of Corporations in Regular and Special Meetings Through Teleconferencing, Video Conferencing and Other Remote or Electronic Means of Communication

The Fund's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its Directors and top four (4) management Officers during the preceding fiscal year.

To protect the Fund, the SEC may, in exceptional cases, e.g., when a Fund is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its Directors and Officers.

ARTICLE 5: BOARD COMMITTEES

The Board may carry out its various responsibilities through Committees that shall be set up to support the effective performance of the Board's functions.

The Committees shall be composed only of Board members.

All Committees shall have Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information. The Charters should provide the standards for evaluating the performance of the Committees and its members.

A) Nomination Committee

The Board shall create a Nomination Committee which shall consist of at least three (3) members of the Board, one of whom must be an ID.

Duties and Responsibilities of the Nomination Committee

1. Determine the nomination and election process for the Directors and defines the general profile of Board members that the Fund may need, and ensures that appropriate knowledge, competencies and expertise that complement the existing skills of the Board are adopted as standards and criteria for nomination and election;
2. Establishes a formal and transparent procedure for determining the remuneration of Directors and Officers that is consistent with the Fund's culture and business strategy as well as the business environment in which it operates.
3. Assess the effectiveness of the Board's processes and procedures in the election or replacement of Directors;
4. In consultation with the Executive or Management Committees, re-define the role, duties and responsibilities of the CEO/President by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.
5. Consider the following guidelines in the determination of Directorship in the Board:
 1. The nature of the business of the Fund;
 2. Age of the Director;
 3. Number of Directorships and active memberships and Officerships in other Funds or organizations; and

4. Possible conflict of interest.

B) Audit Committee

The Board should establish an Audit Committee to enhance its oversight capability over the Fund's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.

The Committee shall be composed of at least three (3) appropriately qualified NEDs, the majority of whom, including the Chair, shall be IDs. All of the members of the Committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing, and finance. The Chair of the Committee shall not be the Chair of the Board or of any other committees.

In order to ensure independence and prevent conflict of interest, the members of the Audit Committee shall not be allowed to hold interlocking directorships in other entities involved in the operation of the Fund such as the Fund Manager, Fund Distributor, Fund Advisor, Transfer Agent, and Custodian.

Duties and Responsibilities of the Audit Committee

1. Ensure a reliable and strong internal audit control system with the duly appointed / registered Investment Manager's own internal corporate set-up. A well-designed internal audit control system provides a system of checks and balances in order to:
 1. Safeguard the Fund's resources and ensure their effective utilization;
 2. Prevent occurrence of fraud and other irregularities;
 3. Protect the accuracy and reliability of the company's financial data; and
 4. Ensure compliance with applicable laws and regulations;
2. Monitor Management's responsiveness to the internal auditor's findings and recommendations;
3. Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one (1) audit firm is involved in the activity to identify proper coverage and minimize duplication of efforts;
4. Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid and the corporation's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with the duties of an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, shall be disclosed in the Fund's Annual Report and ACGR;
5. Review and approve the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
 1. Any change/s in accounting policies and practices;
 2. Areas where a significant amount of judgment has been exercised;
 3. Significant adjustments resulting from the audit;

4. Going concern assumptions;
 5. Compliance with accounting standards; and
 6. Compliance with tax, legal and regulatory requirements;
6. Review the recommendations in the External Auditor's management letter;
 7. Perform oversight functions over the Fund's Internal and External Auditors and ensures their independence and unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions taking into consideration relevant Philippine professional and regulatory requirements;
 8. Coordinate, monitor and facilitate compliance with laws, rules and regulations;
 9. Recommend to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the SEC, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the Shareholders;
 10. Evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, the Related Party Registry is updated to capture subsequent changes in relationships with counterparties from non-related to related and vice versa;
 11. Perform the functions of the IOE Committee, as provided under, in the absence thereof;
 12. Perform the functions of the Corporate Governance Committee, as provided under, in the absence thereof;
 13. Perform the functions of the RPT Committee, as provided under, in the absence thereof;
 14. Perform the functions of the BRO Committee, as provided under, in the absence thereof; and
 15. Meets internally and with the Board at least once every quarter without the presence of the CEO/President or other Management team members, and periodically meets with the head of the Independent Audit.

C) Independent Oversight Committee

The Fund shall perform oversight over its Fund Manager. Pursuant to this, the Audit Committee shall also function as an impartial Committee or IOE, as recommended by SEC regulation⁶, to monitor the transactions and functions carried out by the Fund Manager.

Duties and Responsibilities of the Independent Oversight Committee

1. Exercise care and diligence when monitoring the transactions and functions of the Fund Manager;
2. Oversee the transactions and functions of the Fund Manager to ensure compliance with the disclosures made in the Registration Statement, prospectus, the ICA, SRC, and their

⁶ SEC Memorandum Circular No. 21; series of 2019 on the Rules on the Appointment of Independent Oversight Entity, Independent Net Asset Value Calculation, Qualifications of Key Officers of Fund Managers, and Liquidation of Assets and Winding Up of Investment Companies

implementing rules and regulations. For cross-border offerings or transactions, in addition to the abovementioned, oversee the transactions of the Fund Manager in order to ensure that it also complies with the standards and requirements of bilateral or multilateral agreements allowing cross-border offerings and transactions that the Philippines is a party to;

3. Oversee the subscription and redemption of shares or units facilitated by the Fund Manager and to approve the request of the Fund Manager in the case of suspension of redemption of shares or units whenever necessary for the protection of investors subject to the rules on Suspension of Redemption provided under Rule 10.4 of the ICA implementing rules and regulations;
4. Oversee the activities of the Fund Manager in order to ensure that it complies with the rules on investment restrictions and limitations, liquidity requirements, and other regulations involving the operationalization of the investment objectives, investment policy or strategy of the Fund;
5. Oversee the transactions of the Fund Manager to ensure that delegation will not result in unnecessary fees to be paid by the Fund and ensure that it will not delegate its function to the extent that it becomes a letter box such as when it no longer has the power to take decisions in the implementation of the investment policy and strategies nor retain the suitable process to monitor, control the activities and evaluate the performance of the delegatee;
6. If, in the reasonable opinion of the IOE, the Fund Manager has not complied with any of the laws, rules or regulations applicable to the Fund, and/or it failed to report to the SEC the said non-compliance, notify the SEC of its opinion, including particulars of the non-compliance, not later than five (5) business days after forming the opinion or upon knowledge of the non-compliance. The notification shall be done by filing an SEC Form 17-C. It shall notify, without delay, the members of the Board of its opinion so that the Board can apprise the Fund Manager of the said non-compliance and address any resulting breach;
7. Report to the SEC any act of the Fund Manager, which in its opinion may be detrimental to the interests of the shareholders even if the said act is not in violation of any law, rule or regulation, not later than five (5) business days from knowledge thereof; and
8. If necessary, recommend to the Board that the Fund Manager be removed due to its inability to fulfill its functions.

D) Corporate Governance Committee

The Corporate Governance Committee is tasked with ensuring compliance with and proper observance of corporate governance principles and practices.

Duties and Responsibilities of the Corporate Governance Committee

1. Oversee the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the Fund's size, complexity of operations and business strategy, as well as its business and regulatory environment;
2. Oversee the periodic performance evaluation of the Board and its Committees as well as the executive management, and conducts an annual evaluation of the said performance;

3. Ensure that the results of the Board evaluation are discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
4. Recommend the continuing education/training programs for Directors, assignment of tasks/projects to Committees, succession plan for the Board members and Senior Officers, and remuneration packages for and individual performance;
5. Adopt corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance; and
6. Propose and plan relevant trainings for the members of the Board.

E) Related Party Transactions Committee

Duties and Responsibilities of the RPT Committee

1. Evaluate all RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied;
2. Determine any potential reputational risk issues that may arise as a result of or in connection with RPTs. In evaluating RPTs, the Committee takes into account, among others, the following:
 1. The related party's relationship to the Fund and interest in the transaction;
 2. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 3. The benefits to the Fund of the proposed RPT;
 4. The availability of other sources of comparable products or services; and
 5. An assessment of whether the proposed RPT is undertaken on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Fund should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.
3. Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Fund's RPT exposures, and policies on potential and/or actual conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the company's affiliation or transactions with other related parties;
4. Report to the Board on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
5. Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process;
6. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

F) Board Risk Oversight Committee

The BRO Committee shall be responsible for the oversight of the Fund's ERM System to ensure its functionality and effectiveness. The BRO Committee should be composed of at least three (3) directors, the majority of whom should be IDs, including the Chairperson. At least one (1) member of the committee must have relevant thorough knowledge and experience on risk and risk management.

The BRO Committee has the responsibility to assist the Board in ensuring that there is an effective and integrated risk management process in place in order that the Board and Senior Management will be in a position to make well-informed decisions, having taken into consideration risks related to significant business activities, plans and opportunities.

Duties and Responsibilities of the BRO Committee

1. Develop a formal ERM plan which contains the following:
 1. Common language or register of risks,
 2. Well-defined risk management goals and objectives,
 3. Uniform processes of assessing risks and developing strategies to manage prioritized risks,
 4. Designing and implementing risk management strategies, and
 5. Continuing assessments to improve risk strategies, processes and measures;
2. Oversee the implementation of the ERM plan and conduct regular discussions on the Fund's prioritized and residual risk exposures based on regular risk management reports and assessing how these risks are addressed or managed;
3. Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The Committee shall revisit defined risk management strategies, looks for emerging or changing material exposures, and keeps abreast of significant developments that seriously impact the likelihood of harm or loss;
4. Advise the Board on its risk appetite levels and risk tolerance limits;
5. Review at least annually the Fund's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and major events which may have occurred affecting the Fund;
6. Assesses the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the Funds and its Stakeholders;
7. Oversee the Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Fund. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
8. Report to the Board on a regular basis, or as deemed necessary, the Fund's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

ARTICLE 6: RELATED PARTY TRANSACTIONS

The Board should have the overall responsibility in ensuring that there is a policy and system governing RPTs and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy should include the appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.

Ensuring the integrity of RPTs is an important fiduciary duty of the Director. It is the Board's role to initiate policies and measures geared towards promotion of transparency, prevention of abuse, and protection of the interest of all Shareholders by:

1. Requiring material RPTs to be approved by at least two-thirds (2/3) of the Board, with majority of the IDs approving the transaction, in accordance with the provisions of the RCC, SEC issuances, and other related laws; and
2. Ensuring that transactions occur at market prices, at arm's-length basis and under conditions that protect the rights of all shareholders.

An RPT Policy shall be in place, which shall contain:

1. Identification of related parties;
2. Coverage of RPT policy;
3. Guidelines in ensuring arm's-length terms;
4. Identification and prevention or management of potential or actual conflicts of interest which may arise;
5. Adoption of materiality thresholds, as well as internal limits for individual and aggregate exposures;
6. Approval of material RPTs based on the Fund's materiality threshold;
7. Disclosure requirement of material RPTs;
8. Self-assessment and periodic review of policy;
9. Whistle-blowing mechanisms; and
10. Restitution of losses and other remedies for abusive RPTs.

The Fund may set its materiality threshold at a level where omission or misstatement of the transaction could pose a significant risk to the Fund and influence its economic decision.

Depending on the materiality threshold, the approval of Management, the Board, or the Shareholders may be required. In cases where the Board and/or Shareholders' approval is required, the interested Directors and/or Shareholders, respectively, shall abstain and let the disinterested parties decide.

ARTICLE 7: ACCOUNTABILITY AND AUDIT

The Board is primarily accountable to the Shareholders. It shall provide them with a balanced and comprehensible assessment of the Fund's performance, position and prospects on a

regular basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.

Thus, it is essential that Management provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the Shareholders.

A) Internal Auditor

Due to the nature of an Investment Fund set-up where the Fund does not have any employees of its own and where all the daily business transactions are undertaken by the Fund's Investment Manager, the Fund does not intend to employ its own Internal Auditor but in return, the Board shall ensure a reliable and strong internal audit control system with the duly appointed / registered Investment Manager's own internal corporate set-up.

Functions of the Internal Auditor

1. Provide an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in:
 1. Promoting the right values and ethics,
 2. Ensuring effective performance management and accounting in the Fund,
 3. Communicating risk and control information, and
 4. Coordinating the activities and information among the Board, External and Internal auditors, and Management,
2. Perform regular and special audit as contained in the annual audit plan and/or based on the Fund's risk assessment;
3. Perform consulting and advisory services related to governance and control as appropriate for the organization;
4. Perform compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;
5. Review, audit and assess the efficiency and effectiveness of the internal control system of all areas of the Fund;
6. Evaluate operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;
7. Evaluate specific operations at the request of the Board or Management, as appropriate; and
8. Monitor and evaluate governance processes.

B) External Auditor

An External Auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the Fund. The Board, after consultations with the Audit Committee, shall recommend to the Shareholders an External Auditor duly accredited by the

SEC who shall undertake an independent audit of the Fund, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the Shareholders.

Dismissal / Resignation / Cessation from Service

If the External Auditor resigns, is dismissed or ceases to perform his services, the reason/s for and the date of effectivity of such action shall be reported in the Fund's annual and current reports. The report shall include a discussion of any disagreement between him and the Fund on accounting principles or practices, financial disclosures or audit procedures which the former Auditor and the Fund failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the Fund to the External Auditor before its submission.

The Audit Committee should have a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal, and fees of the External Auditor should be recommended by the Audit Committee and approved by the Directors and the Shareholders. For the removal or change in the External Auditor, the reasons for removal or change should be disclosed to the SEC, the shareholders, and the public through the Fund website and other required disclosures.

Limitations of the Functions of the External Auditor

The External Auditor shall not, at the same time, provide internal audit services to the Fund. Non-audit work may be given to the External Auditor, provided it does not conflict with his duties as an Independent Auditor, or does not pose a threat to his independence.

The Fund should disclose the nature of non-audit services performed by its External Auditor in the Annual Report in the interest of managing potential conflict of interest cases. The Audit Committee should be alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the External Auditor's objectivity.

Duration / Term of Service

The External Auditor shall be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Fund, shall be changed with the same frequency.

Duty to Report Incorrect or Incomplete Statements on Report, etc.

If the External Auditor believes that any statement made in an annual report, information statement or any report filed with the SEC or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.

The Audit Committee Charter should include the Audit Committee's responsibility on assessing the integrity and independence of External Auditors and exercising effective oversight to review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. The Charter should also contain the Audit Committee's responsibility on reviewing and monitoring the External Auditor's suitability and effectiveness on an annual basis.

C) INDEPENDENT NET ASSET VALUE CALCULATION

The Fund shall engage an independent entity, as required by SEC regulation⁷, to calculate or cross-check its Net Asset Value every dealing day. The entity shall be duly licensed by the BSP, provided that it does not hold directly or indirectly ten percent (10%) or more of the total number of issued shares in the Fund, Fund Manager, or vice versa, nor have a common shareholder that holds directly or indirectly ten percent (10%) or more of the total number of issued share capital of the Fund or Fund Manager; and the entity shall not be the same as the one auditing the Fund and Fund Manager.

ARTICLE 8: CORPORATE SECRETARY

The Board should ensure that it is assisted in its duties by a Corporate Secretary, who should be a separate individual from the Compliance Officer. The Corporate Secretary should not be a member of the Board of Directors and should annually attend a training on corporate governance.

Qualifications of the Corporate Secretary

1. The Corporate Secretary shall be a Filipino citizen and a resident of the Philippines;
2. Considering his varied functions and duties, he must possess administrative and interpersonal skills, and if he is not the general counsel, then he must have adequate legal skills; and
3. He must also have a working knowledge of the operations of the Fund.

Duties and Responsibilities of the Corporate Secretary

1. Assists the Board and the Committees in the conduct of their meetings (i.e. agenda setting, preparation of annual schedule of meetings and board calendar);
2. Safekeeps and preserves the integrity of the minutes of the meetings of the Board, Committees and Shareholders, as well as other official records of the Fund;
3. Keeps abreast of relevant laws, regulations, all governance issuances, industry developments and operations of the Fund, and advises the Board and the Chairperson on all relevant issues as they arise;
4. Works fairly and objectively with the Board, Management and Shareholders and contributes to the flow of information between the Board and Management, the Board and its Committees, and the Board and its Shareholders as well as other Stakeholders;
5. Advises on the establishment of Committees and their terms of reference;
6. Informs members of the Board, in accordance with the By-Laws, of the agenda of their meetings at least five (5) working days before the date of the meeting, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;

⁷ SEC Memorandum Circular No. 21; series of 2019 on the Rules on the Appointment of Independent Oversight Entity, Independent Net Asset Value Calculation, Qualifications or Key Officers of Fund Managers, and Liquidation of Assets and Winding Up of Investment Companies

7. Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so;
8. Performs all required administrative functions;
9. Oversees the drafting of the By-laws and ensures that they conform with regulatory requirements; and
10. Performs such other duties and responsibilities as may be provided by the Board and the SEC.

ARTICLE 9: COMPLIANCE OFFICER

The Compliance Officer is a member of the Fund's Management team in charge of the compliance function. Similar to the Corporate Secretary, he is primarily liable to the Fund and its shareholders and not to the Chair or President.

The appointment of the Compliance Officer shall be immediately disclosed to the SEC on SEC Form 17-C. All correspondence relative to his functions as such shall be addressed to said Officer.

Duties and Responsibilities of the Compliance Officer

1. Ensures proper onboarding of new Directors (i.e., orientation on the Fund's business, charter, Articles of Incorporation and By-Laws, among others);
2. Monitors, reviews, evaluates and ensures the compliance by the Fund, its Officers and Directors the relevant laws, this Manual, rules and regulations and all governance issuances of regulatory agencies;
3. Reports to the Board if violations are found and recommends the imposition of appropriate disciplinary action;
4. Ensures the integrity and accuracy of all documentary and electronic submissions as may be allowed under SEC rules and regulations;
5. Appears before the SEC when summoned in relation to compliance with this Manual and other relevant rules and regulations;
6. Collaborates with other departments within the Fund to properly address compliance issues, which may be subject to investigation;
7. Identifies possible areas of compliance issues and works towards the resolution of the same; and
8. Ensures the attendance of Directors and key Officers to relevant trainings;

ARTICLE 10: ADEQUATE AND TIMELY INFORMATION

To enable the members of the Board to properly fulfill their duties and responsibilities, the Investment Manager shall provide them with complete, adequate and timely information about the matters to be taken in their meetings.

Reliance on information furnished by Investment Manager may not be sufficient in all circumstances and further inquiries may be made by a member of the Board to enable him to properly perform his duties and responsibilities. Hence, the Directors shall be given independent access to Investment Manager and the Corporate Secretary.

The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts, and internal financial documents.

The Directors, either individually or as a Board, and in furtherance of their duties and responsibilities, shall have access to independent professional advice at the Fund's expense.

ARTICLE 11: DISCLOSURE AND TRANSPARENCY

The essence of corporate governance is transparency. The more transparent the internal workings of the Fund are, the more difficult it will be for Management and dominant Shareholders to mismanage the Fund or misappropriate its assets.

It is therefore essential that all material information about the Fund which could adversely affect its viability or the interests of its Shareholders and other Stakeholders shall be publicly and timely disclosed. Such information shall include, among others, earnings results, acquisition or disposition of assets, off-balance sheet transactions, RPTs, and direct and indirect remuneration of members of the Board and Management. All such information shall be disclosed through the appropriate Exchange mechanisms and submissions to the SEC.

The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information and submissions to the SEC for the interest of its Shareholders and other Stakeholders.

The Board shall establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to Shareholders and other Stakeholders that gives a fair and complete picture of a Fund's financial condition, results, and business operations.

The Fund should have a policy requiring all Directors and Officers to disclose/report to the Fund any dealings in the Fund's shares by the said Directors and Officers within five (5) business days.

The Fund should disclose all relevant information on its corporate governance policies and practices in the ACGR, which shall be submitted to the SEC, and continuously updated and posted on the Fund's website.

Contents of the ACGR

1. A policy on disclosure of all relevant and material information on Directors and key Officers to evaluate their experience and qualifications, and assess any potential and/or actual conflicts of interest that might affect their judgment.⁸
2. Board and Executive remuneration, as well as the level and mix of the same;
3. Accurate disclosure to the public of every material fact or event that occurs in the Fund, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its Shareholders and other Stakeholders, which includes policy on the appointment of an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets;

⁸ "Annex C", as amended, SRC Rule 12 on Non-Financial Disclosure Requirements

4. The non-audit work, if any, of the External Auditor, the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Fund's overall consultancy expenses;
5. The attendance record of the Fund's directors for the previous year; and
6. Other information that the SEC or other regulatory agencies, may, from time to time require disclosure of.

This Manual shall be submitted to and made available at the SEC. It shall also be available for inspection by any Shareholder of the Fund at its principal office during reasonable hours on a business day. The Manual shall, likewise, be posted on the Fund's website.

Reportorial or Disclosure System of the Fund's Corporate Governance Policies

1. The reports or disclosures required under this Manual shall be prepared and submitted to the SEC by the responsible Committee or Officer through the Fund's Compliance Officer.
2. All material information, i.e., anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, Board changes, related party transactions, shareholdings of Directors, and changes to ownership.
3. Other information that shall always be disclosed includes remuneration (including stock options) of all Directors and Senior Management, corporate strategy, and off-balance sheet transactions.
4. All disclosed information shall be released through announcements and annual reports.
5. The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the Stakeholders.

ARTICLE 12: SHAREHOLDERS' RIGHTS AND PROTECTION

The Fund recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore, the following provisions are issued for the guidance of all internal and External parties concerned, as governance covenant between the Fund and all its investors:

Rights of Shareholders

The Board shall be committed to respect the rights of the Shareholders, namely:

1. Voting Rights
 1. Shareholders shall have the right to elect, remove and replace Directors and vote on certain corporate acts in accordance with the RCC.
 2. Cumulative voting shall be used in the election of Directors.
 3. A Director shall not be removed without cause if it will deny minority Shareholders representation in the Board.

4. Right to vote on all matters that require Shareholders' consent or approval

2. Pre-emptive Rights

All Shareholders shall have pre-emptive rights, unless the same is denied in the Articles of Incorporation or amendments thereto. They shall have the right to subscribe to the capital stock of the Fund. The Articles of Incorporation shall lay down the specific rights and powers of Shareholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the RCC.

3. Power of Inspection

All Shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Manual and shall be furnished with annual reports, including financial statements, without costs or restrictions.

4. Right to Information

1. The Shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the Directors and Officers and certain other matters such as their holdings of the Fund's shares, dealings with the Fund, relationships among Directors and key Officers, and the aggregate compensation of Directors and Officers.
2. The minority Shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.
3. The minority Shareholders shall have access to any and all information relating to matters for which Management is accountable for and to those relating to matters for which Management shall include such information and, if not included, then the minority Shareholders shall be allowed to propose to include such matters in the agenda of Shareholders' meetings, being within the definition of "legitimate purposes."

5. Right to Dividends

The Fund shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except when:

1. Justified by definite corporate expansion projects or programs approved by the Board;
2. The Fund is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or
3. When it can be clearly shown that such retention is necessary under special circumstances obtaining in the Fund, such as when there is a need for special reserves for probable contingencies.

6. Appraisal Right

The Shareholders' shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 81 of the RCC, under any of the following circumstances:

1. In case of any amendment to the Articles of Incorporation which has the effect of changing or restricting the rights of any Shareholders 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. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the Fund's property and assets as provided in the RCC;
3. In case of merger or consolidation; and
4. In case of investment of corporate Funds for any purpose other than the primary purpose of the Fund.

The Board shall be transparent and fair in the conduct of the Annual and Special Shareholders' Meetings. The Shareholders shall be encouraged to personally attend such meetings. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in the Shareholder's favor.

It is the duty of the Board to promote the rights of the Shareholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

Remedies For Infringement of Shareholders' Rights

The Board shall encourage the exercise of Shareholders' voting rights and the solution of collective action problems through appropriate mechanisms or alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.

Management shall ensure constant engagement and communication with Shareholders through a designated investor or customer relations officer. The Officer shall be present in Annual or Special Shareholders' Meetings and have a designated email address and telephone number to receive feedback, complaints, and queries.

Meetings of Shareholders

The Board shall take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the Shareholders' meaningful participation in meetings, whether in person or by proxy. In furtherance thereof, poll voting shall be highly encouraged as opposed to the show of hands. Proxy voting may be considered, including the electronic distribution of proxy materials. The right to vote may also be exercised through remote communication or *in absentia*⁹.

In cases where the Shareholders cannot physically attend Shareholders' meetings, they may do so through remote communications or other alternative modes of communication. If the Shareholder intends to participate in a meeting through remote communication, he shall notify the Corporate Secretary

Although all Shareholders shall be treated equally or without discrimination, the Board shall give minority Shareholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Fund. However, to prevent the abuse of this right, the Fund may require that the proposal be made by Shareholders holding a specified percentage of shares or voting rights. To ensure that minority Shareholders are not effectively prevented from exercising this right the degree of ownership concentration shall be considered in determining the threshold.

⁹ SEC Memorandum Circular No. 6; series of 2020 on the Guidelines on the Attendance and Participation of Directors, Trustees, Stockholders, Members, and Other Persons of Corporations in Regular and Special Meetings Through Teleconferencing, Video Conferencing and Other Remote or Electronic Means of Communication

Property of ALFM DOLLAR BOND FUND, INC.

This document and the information herein are proprietary and for the internal use of the ALFM Dollar Bond Fund, Inc. (the "Fund"). No part of this document shall be reproduced, published, transmitted, or distributed in any form or by any means, or stated in any information storage or retrieval system of any nature, nor should the materials be disclosed in any manner to third parties without prior express written authorization of the Fund.

All Shareholders shall be given the opportunity to nominate candidates to the Board, and/or cause the removal of any member thereof in accordance with the existing laws. The procedures of the nomination and removal process shall be discussed clearly by the Board. The Fund shall fully and promptly disclose all information regarding the expertise, experience and background of the candidates to enable the shareholders to study and conduct their own background check as to the candidates' qualification and credibility.

The result of the votes on matters taken during the most recent Annual or Special Shareholders' Meeting shall be made publicly available on the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting shall be available on the website.

Notice to Shareholders

Accurate and timely information shall be made available to the Shareholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval at least 21 days before the meeting. The Directors shall pave the way for the electronic filing and distribution of Shareholder information necessary to make informed decisions subject to legal constraints. In order for the Shareholders to plan their participation in the meeting, the notice shall also be posted on the Fund's website.

ARTICLE 13: STAKEHOLDERS' RIGHTS AND PROTECTION

The Board shall identify the Fund's various Stakeholders and promote cooperation in creating wealth, growth and sustainability. These Stakeholders shall include, among others, the Fund's customers, resource providers, creditors, holders of proprietary and non-proprietary rights. and the community in which it operates.

The Board shall ensure that fair, professional, and objective dealings, as well as clear, timely and regular communication with the Stakeholders ensure fair treatment and protection of their rights.

Clear policies and programs shall be in place to provide a mechanism on the fair treatment, protection, and enforcement of the rights of Stakeholders.

ARTICLE 14: COMPREHENSIVE AND COST-EFFICIENT ACCESS TO INFORMATION

The Fund shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for an informed decision-making by investors, Stakeholders and other interested users.

Contents of the Website:

1. Manual on Corporate Governance;
2. Annual Corporate Governance Report;
3. Board Charter;
4. Committee Charters, and
5. The Code of Business Conduct and Ethics.

ARTICLE 15: LIQUIDATION OF ASSETS AND WINDING UP OF THE FUND¹⁰

The Fund Manager shall carry out the liquidation of assets on behalf of the Fund. In all cases of revocation of the Registration Statement and Certificate of Permit to Offer Securities for Sale, the Fund Manager must liquidate the assets within a period of six (6) months from the receipt of the Fund of the Order revoking the Registration Statement or Certificate. The Fund shall wind up or amend its business purposes within one (1) year from receipt of the same.

The Fund or the Fund Manager shall inform the SEC of the status of the redemption of securities every 30th of January until all the shares have been fully redeemed¹¹.

ARTICLE 16: ADMINISTRATIVE SANCTIONS

1. To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on the Fund's Directors, Officers, staff, and affiliates and their respective Directors, Officers and staff in case of violation of any of the provisions of this Manual:
 1. In case of first violation, the subject person shall be reprimanded.
 2. Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation.
 3. For the third violation, the maximum penalty of removal from office shall be imposed.
2. The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman the imposable penalty for such violation, for further review and approval of the Board.

ARTICLE 17: ADOPTION AND EFFECTIVITY OF REVISED MANUAL

Pursuant to the requirement of the SEC under Memorandum Circular No. 24; s. 2019, this amended Manual on Corporate Governance is signed on behalf of the registrant by the undersigned, thereunto duly authorized.

- Signature Page Follows -

¹⁰ SEC Memorandum Circular No. 21; series of 2019 on the Rules on the Appointment of Independent Oversight Entity, Independent Net Asset Value Calculation, Qualifications or Key Officers of Fund Managers, and Liquidation of Assets and Winding Up of Investment Companies

¹¹ Rule 13.1.8 of the ICA IRR on the Residual Obligation of the Investment Company with a Revoked Registration Statement.

SIGNATURES

ROMEO L. BERNARDO
Chairman

ATTY. PAOLO JOHN D. PURGANAN
Compliance Officer

ALFM Dollar Bond Fund, Inc.

FINAL PROSPECTUS

ALFM Dollar Bond Fund

*19/F, BPI Buendia Center, Sen. Gil J. Puyat Ave., Makati City 1209
Tel No. (02) 580-3566 / 580-3569*

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

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

	ALFM DOLLAR BOND FUND
Number of Authorized Shares	679,000
Minimum Initial Investment	USD 500.00
Par Value	PhP 10,000.00

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

BPI Investment Management, Inc.

Fund Manager

*19/F, BPI Buendia Center, Sen. Gil J. Puyat Ave., Makati City
Tel No. (02) 580-3566 / 580-3569*

BPI Investment Management, Inc., Tel. Nos. (02) 580-3566 / 580-3569

BPI Capital Corporation, Tel. Nos. (02) 845-5695 to 97

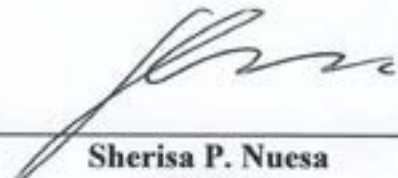
First Metro Securities Brokerage Corporation, Tel. No. (02) 859-0600

Distributors

****The date of this PROSPECTUS is May 09, 2019.***

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

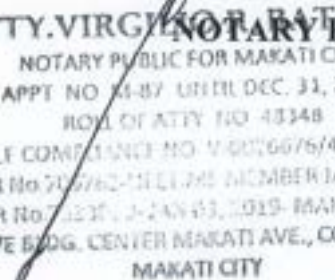
ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN IS TRUE AND CURRENT.



Sherisa P. Nuesa
President
ALFM Dollar Bond Fund, Inc.

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

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ATTY. VIRGIL P. BATAILLA
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. 43-87 UNTIL DEC. 31, 2020
ROLL OF ATTY. NO. 48348
MCLE COMPLIANCE NO. V-0026676/4-11-2018
BPO.R No. 705762-FILED AS MEMBER JAN 29 2007
PTR No. 051010-2 JAN 03, 2019- MAKATI CITY
EXECUTIVE BLDG. CENTER MAKATI AVE., COR., JUPITER ST.
MAKATI CITY

ALFM DOLLAR BOND FUND, INC.

SUMMARY OF FEES TO BE DEDUCTED FROM THE FUND	
Total Management Fee based on the average daily trading NAV of the Fund	1.25% p.a.
Management Fee	0.60% p.a.
Distribution Fee	0.60% p.a.
Transfer Agent Fee	0.05% p.a.
Sub-Distribution Fee based on the outstanding daily balance of the Fund's shares distributed	0.625% p.a.*
Safekeeping Fees based on face/nominal value of the securities at month end for fixed income securities and based on the market value of the portfolio at month end for local equities	
Scripless Securities / Book Entry	
Asset Size: USD 0 – USD 250 Mn	1.50 bps p.a.
Above USD 250 Mn to USD 750 Mn	1.25 bps p.a.
Above USD 750 Mn	1.00 bps p.a.
Physical Securities	PhP 10,000 per month
2017 External Audit Fee	PhP 423,870.72

* shall be taken from the 1.25% p.a. total management fee

OTHER FEES	
Maximum Sales Load, if any, to be collected from the subscribers, based on each amount invested by an applicant or Shareholder	5.0%
Early Redemption Fee based on the amount redeemed	
180 days or less	1.00% flat
more than 180 days	none

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THE OFFER

ALFM Dollar Bond Fund

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

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

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

An Offer of up to 679,000 shares of common stock of par value PhP10,000.00 each (the “Offer Shares”) in the capital stock of ALFM Dollar Bond Fund, Inc. (“ALFM Dollar” or the “Fund”) at the Fund’s prevailing Net Asset Value (“NAV”) per share, denominated in US\$ currency, plus any applicable sales load, on the date of sale of the shares. The Fund may terminate the Offer at any time or when the number of Shares subscribed and paid for has reached 679,000 shares.

The Fund was incorporated on October 23, 1993 as Far East Fund, Inc. with an authorized capitalization of PhP 200.0 Million consisting of 200,000,000 shares with par value of PhP1.00 each. The Fund commenced its operations on May 10, 1999. On November 16, 2000, the SEC approved the conversion of the Fund’s authorized capital stock of PhP 200.0 Million (from 200,000,000 shares of PhP 1.00 par value) into an equivalent 2,000,000 shares of PhP 100.00 par value. On December 12, 2001, the SEC approved the change in the Fund’s name to Far East Dollar Bond Fund, Inc. On January 21, 2004, the SEC again approved the change in the Fund’s name to its current name, ALFM Dollar Bond Fund, Inc. On January 21, 2004, the SEC approved the increase in the Fund’s authorized capital stock from PhP 200.0 Mn. consisting of 2,000,000 common shares of PhP 100.00 par value to PhP 5.4 Bn. consisting of 540,000 common shares of PhP 10,000.00 par value. This was further increased to PhP 6.0 Bn. consisting of 600,000 common shares of PhP 10,000.00 par value. The authorized capitalization now stands at PhP 6.79 Billion consisting of 679,000 shares with par value of PhP10,000.00 each. In case of a shortage of shares, the Fund may apply for an increase in authorized capital stock. The U.S. Dollar is the operational currency of the Fund.

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

The investment objective of the Fund is capital preservation with returns and inflows derived out of investments in primarily foreign-currency denominated investment securities which can provide the Fund with a steady stream of fixed income. The Fund can be classified as a moderate risk investment and shall have a base currency in Dollar.

USE OF PROCEEDS

The total proceeds from the sale of the 679,000 shares is estimated at USD 308.95 Million (using USD 455.00 NAVPS as of May 8, 2019). The Fund’s main business is to invest the proceeds in US\$-denominated fixed income securities such as but not limited to government securities and debt issued by or guaranteed by the Philippine government, Treasury Bills/Notes, foreign currency-denominated bonds, and US\$-denominated time deposits and other deposit substitutes transacted with commercial banks and financial institutions, in line with the Fund’s investment objective.

The Fund has entered into a Management and Distribution Contract with BPI Investment Management, Inc. authorizing BPI Investment to purchase and sell investment securities for the account of the Fund. Services include the investment and re-investment of the cash and other assets and the purchase and sale of securities which will form part of the investment portfolio of the Fund, in accordance with the investment policies or guidelines which the Board of Directors of the Fund may from time to time prescribe and in conformity with the Fund's Articles of Incorporation and By-Laws as may be amended from time to time, the Investment Company Act, and other applicable laws and regulations.

The Custodian Bank shall hold the relevant securities of the Fund including subscription payments or proceeds from the sale of this security, until they can be invested in marketable securities consistent with the Fund's objectives. No other funds outside the proceeds of this offer shall be needed to accomplish the Fund's investment objective. There is no material amount out of the proceeds of the offer that is to be used to discharge debt, acquire assets or finance the acquisition of other business, or to reimburse any officer, director, employee or shareholder for services rendered, assets previously transferred, money loaned or advanced.

Total expenses paid out or projected to be paid out of the gross proceeds are USD 3.86 Million for management, distribution, advisory and transfer agent fees/other professional fees and filing fee & business registration license of PHP 969 Thousand.

THE OFFER SHARES

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

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

REDEMPTIONS

The Fund is ready to redeem, at the applicable Net Asset Value per Share, all or any part of the Shares standing in the name of a Shareholder in the Fund. Unless redeemed earlier than the minimum holding period of 180 days when an Early Redemption Fee of 1% will apply, there is no redemption fee.

SEC MEMORANDUM CIRCULARS

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

TOTAL EXPENSES OF THE FUNDS

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

RESTRICTIONS ON THE USE OF PROCEEDS

No other funds outside the proceeds of this Offer shall be needed to accomplish the Fund's investment objectives. There is no material amount of the proceeds of these Offers that is to be used to discharge any debt, acquire assets or finance the acquisition of other businesses, or to reimburse any director, shareholder, officer, or employee of the Fund for services rendered, assets previously transferred, or money loaned or advanced.

VALUATION

The Fund's investments are valued marked-to-market pursuant to Philippine Accounting Standards ("PAS") Nos. 32 and Philippine Financial Reporting Standards ("PFRS") No. 9 and other amendments to the said standards. Under PFRS No. 9 which became effective on January 1, 2018, the Fund's financial assets are classified under (i) fair value through profit or loss, (ii) fair value through other comprehensive income, or (iii) hold-to-collect securities. The NAVPS of the Fund may fluctuate (i.e., go down or go up) due to changes in the market values of the Fund's investments and/or, in the case of foreign currency denominated funds, changes in the US Dollar-Peso exchange rates. Such changes in market values may also be attributable to various factors: internal, external and those inherent to the Fund. (Please see a more thorough discussion under "Risk Factors and Risk Monitoring and Management" on page 11).

OFFERING PRICE

The offering price of the shares is the Fund's prevailing NAV per Share computed as of end-of-day on the date of purchase of the Shares, plus the applicable sales load, to a maximum of 5%.

DIVIDEND POLICY

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

FUND MANAGER, PRINCIPAL DISTRIBUTOR, INVESTMENT ADVISOR AND TRANSFER AGENT

The Investment Manager (or "Fund Manager"), Principal Distributor, Investment Advisor and Transfer Agent of the Fund is BPI Investment Management, Inc. (or "BPI Investment"). For its services, BPI Investment shall charge a fee of not more than the rate stipulated below, based on the average daily trading NAV of the Fund.

Name of Fund	Management Fee	Distribution Fee	Transfer Agent Fee
ALFM Dollar Bond Fund	0.60% p.a.	0.60% p.a.	0.05% p.a.

DISTRIBUTORS

The Fund's Shares shall be made available to the public primarily through the Fund's authorized distributors, BPI Capital Corporation, First Metro Securities Brokerage Corporation, and BPI Investment Management, Inc., as well as other authorized and accredited distribution firms. The foregoing companies were licensed by the Securities and Exchange Commission to distribute mutual fund securities to the public. The distribution fee payable to the distributors shall be based on the outstanding daily balance of the Fund's shares distributed, as follows, and shall be taken from the 1.25% p.a. total management fee.

Sub-Distributor	Distribution Fee
BPI Capital Corporation	0.625% p.a.
First Metro Securities Brokerage Corporation	0.625% p.a.

SALES LOADS

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

Name of Fund	Amount Invested	Maximum Sales Load
ALFM Dollar Bond Fund	Any amount	5.0%

CUSTODIAN BANK

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

Scripless Securities / Book Entry

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

Physical Securities PhP 10,000 per month

Minimum Monthly Relationship Fee of USD 1,000 per month

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

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

RECEIVING BANKS

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

INDEPENDENT AUDITOR

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

INFORMATION SUPPLIED BY THE FUND

Unless otherwise stated, the information contained in this document has been supplied by the Fund which accepts full responsibility for the accuracy of the information and confirm, having made all reasonable inquiries,

that to the best of its knowledge and belief, there are no other material facts, the omission of which would make any statement in this document misleading in any material respect. Neither the delivery of this document nor any sale made hereunder shall, under any circumstances, create any implication that the information contained herein is correct as of any time subsequent to the date hereof.

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

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

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

SUMMARY OF FINANCIAL INFORMATION

The following information was lifted from the Audited Financial Statements for the years ending December 31, 2018, December 31, 2017, and December 31, 2016. The information set out below should be read in conjunction with the financial statements and related notes that are found in this Prospectus.

ALFM DOLLAR BOND FUND

As of December 31, 2018 (Audited)			
Balance Sheet		Income Statement	
Total Assets	USD 239,334,721	Revenues	USD 4,385,569
Total Liabilities	259,244	Expenses	3,313,214
		Income Before Income Tax	1,072,355
		Income Tax Expense	538,268
Total Equity	239,075,477	Net Income	534,087

Net Asset Value per Share as of December 31, 2018: USD 448.40

As of December 31, 2017 (Audited)			
Balance Sheet		Income Statement	
Total Assets	USD 263,272,226	Revenues	USD 12,920,954
Total Liabilities	632,803	Expenses	3,409,914
		Income Before Income Tax	9,511,040
		Income Tax Expense	890,446
Total Equity	262,639,423	Net Income	8,620,594

Net Asset Value per Share as of December 31, 2017: USD 445.94

As of December 31, 2016 (Audited)			
Balance Sheet		Income Statement	
Total Assets	USD 247,876,560	Revenues	USD 9,237,761
Total Liabilities	268,443	Expenses	3,287,960
		Income Before Income Tax	5,949,801
		Income Tax Expense	595,811
Total Equity	247,608,117	Net Income	5,353,990

Net Asset Value per Share as of December 31, 2016: USD 432.30

RISK DISCLOSURE STATEMENT

GENERAL RISK WARNING

- The prices of the securities can and do fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities.
- Past performance is not a guide to future performance.
- There is an extra risk of losing money when securities are bought from smaller companies. There may be a big difference between the buying price and the selling price of these securities.
- An investor deals in a range of investments each of which may carry a different level of risk.

PRUDENCE REQUIRED

This risk warning does not purport to disclose all the risks and other significant aspects of investing in these securities. An investor should undertake his or her own research and study on the trading of securities before commencing any trading activity. The investor may request information on the securities and Issuer thereof from the Commission which are available to the public.

PROFESSIONAL ADVICE

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

RISK FACTORS AND RISK MONITORING AND MANAGEMENT

The NAVPS of the Fund may fluctuate due to 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 monitor movements in interest rates.

3) Liquidity Risk

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

4) Credit Risk

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

5) Inflation Risk

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

6) Reinvestment Risk

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

7) Foreign Exchange Risk

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

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

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

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

- 2) Unlike closed-end funds, the investment potential and capability of the Fund is limited by liquidity constraints as the Fund Manager should always ensure that there are sufficient liquid assets to service redemptions at any given time.
- 3) Unlike bank accounts, investment companies / mutual funds are neither insured with the 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.

PRINCIPAL PARTIES TO THE OFFERS

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

DEFINITION OF TERMS

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

Investment Company Act	The Investment Company Act of 1960 (Republic Act No. 2629)				
Mn	Million				
Minimum Holding Period	The period during which a 1.0% early redemption fee is charged for redemptions made during the said period, as follows:				
	<table> <tr> <th>Name of Fund</th><th>Minimum Holding Period</th></tr> <tr> <td>ALFM Dollar Bond Fund</td><td>180 days</td></tr> </table>	Name of Fund	Minimum Holding Period	ALFM Dollar Bond Fund	180 days
Name of Fund	Minimum Holding Period				
ALFM Dollar Bond Fund	180 days				
NAV	Net Asset Value, defined as the value of the assets of the Fund, less the value of the liabilities				
NAV per Share	NAV divided by the total number of Shares outstanding				
Offer	The Offer to the public for subscription to the maximum number of unclassified and voting common shares of the Fund at the Offer Price, as follows:				
	<table> <tr> <th>Name of Fund</th><th>Maximum Number of Shares</th></tr> <tr> <td>ALFM Dollar Bond Fund</td><td>679,000</td></tr> </table>	Name of Fund	Maximum Number of Shares	ALFM Dollar Bond Fund	679,000
Name of Fund	Maximum Number of Shares				
ALFM Dollar Bond Fund	679,000				
Offer Price	The Fund's prevailing NAV per Share computed as of end-of-day on the date of purchase of the Shares, plus the applicable sales load, if any				
Offer Shares	The unclassified and voting common shares of the Fund				
	<table> <tr> <th>Name of Fund</th><th>Maximum Number of Shares</th></tr> <tr> <td>ALFM Dollar Bond Fund</td><td>679,000</td></tr> </table>	Name of Fund	Maximum Number of Shares	ALFM Dollar Bond Fund	679,000
Name of Fund	Maximum Number of Shares				
ALFM Dollar Bond Fund	679,000				
Par Value	The par value of the Shares, as shown below:				
	<table> <tr> <th>Name of Fund</th><th>Par Value (in PhP)</th></tr> <tr> <td>ALFM Dollar Bond Fund</td><td>10,000.00</td></tr> </table>	Name of Fund	Par Value (in PhP)	ALFM Dollar Bond Fund	10,000.00
Name of Fund	Par Value (in PhP)				
ALFM Dollar Bond Fund	10,000.00				
PAS	Philippine Accounting Standards				
PDEx	Philippine Dealing and Exchange Corporation				
Peso or PhP	Philippine peso, the lawful currency of the Republic of the Philippines				
PIFA	Philippine Investment Funds Association				
PSEi	The Philippine Stock Exchange Composite Index				
Redemption Price	The Fund's prevailing NAV per Share computed as of end-of-day on the date of sale of the Shares, less the applicable Early Redemption Fee, if any				
Registration Statement	The registration statement filed by the Fund with the SEC in compliance with the Securities Regulation Code and the Investment Company Act				

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

TERMS AND CONDITIONS OF THE OFFER

Eligible Investors

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

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

The Offer

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

Name of Fund	Authorized Capital Stock
ALFM Dollar Bond Fund	679,000

The Offer Price

The Shares shall be offered at an Offer Price based on the Fund's NAV per Share computed as of end-of-day on the date the purchase order is made, plus the applicable Sales Load, if any. Shares applied for after the Cut-off Time shall be offered at an Offer Price based on the NAV per Share calculated as of the next valuation day, plus the applicable Sales Load, if any.

Cut-off Time

1:30 p.m. of a valuation day

Minimum Subscription

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

Name of Fund	Minimum Subscription Amount	Minimum Additional Subscription	Regular Subscription Plan (RSP)
ALFM Dollar Bond Fund	USD 500.00	USD 100.00	USD 100.00

Minimum Maintaining Balance

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

Name of Fund	Minimum Maintaining Balance
ALFM Dollar Bond Fund	USD 500.00

Minimum Partial Redemption

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

Name of Fund	Minimum Partial Redemption
ALFM Dollar Bond Fund	USD 100.00

Should a partial redemption result in the investment falling below the required

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

Payment for the Shares

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

Registration of Investments

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

COMPANY BACKGROUND

The ALFM Dollar Bond Fund, Inc. (“ALFM Dollar” or the “Fund”) was organized on October 23, 1993 as Far East Fund, Inc. with an authorized capitalization of PhP 200.0 Million consisting of 200,000,000 common shares of par value PhP1.00 per share. The Securities and Exchange Commission authorized the Fund to operate as an investment company on February 23, 1999. The Fund started commercial operations on May 10, 1999. On August 18, 2000, the Fund’s Board of Directors and Shareholders approved certain amendments to the Fund’s Articles of Incorporation including the change in the par value of each common share from PhP1.00 to PhP100.00. Such amendment converted the Fund’s Authorized Capital Stock of PhP 200.0 Million into an equivalent of 2,000,000 common shares of PhP100.00 par each. On December 12, 2001, the Commission approved the amendment in the Fund’s Articles of Incorporation changing the corporate name to Far East Dollar Bond Fund, Inc. On October 29, 2003, the Board of Directors and Shareholders of the Fund approved the change in corporate name to ALFM Dollar Bond Fund, Inc., and the increase in authorized capital stock from PhP 200.0 Million consisting of 200,000,000 common shares of par value PhP1.00 per share, to PhP 5.4 Billion consisting of 540,000 common shares of par value PhP10,000.00 per share. The Commission approved such amendments on January 21, 2004. The following table provides information on the history of the Fund’s authorized capital stock increases:

Increase No.	Authorized Capital Stock	Date of SEC Approval
1	540,000 shares	January 21, 2004
2	600,000 shares	February 27, 2006
3	679,000 shares	June 5, 2013

The Authorized Capital Stock of the Fund currently stands at PhP 6.79 Billion consisting of 679,000 common shares of par value PhP10,000.00 per share.

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

ALFM Dollar is categorized as a Dollar-denominated bond fund. There are currently seventy (70) investment companies in the Philippines, of which nine (9) are Dollar-denominated bond funds. ALFM Dollar competes directly with the other Dollar-denominated bond funds currently available in the market (i.e., ATRAM Total Return Dollar Bond Fund, Inc. (formerly, ATR KimEng Total Return Bond Fund, Inc.), First Metro Save and Learn Dollar Bond Fund, Inc., Grepalife Dollar Bond Fund Corp., MAA Privilege Dollar Fixed Income Fund, Inc., PAMI Global Bond Fund Phils., Inc., Philam Dollar Bond Fund, Inc., Philequity Dollar Income Fund, Inc., and Sun Life Prosperity Dollar Abundance Fund, Inc.). With about PhP 12.67 Billion (equivalent in Pesos) in Net Asset Value as of March 31, 2019, ALFM Dollar stands as the largest Dollar-denominated mutual fund in the country, accounting for 72% of the Dollar-denominated bond fund segment.

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

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

BPI Investment Management, Inc.
BPI Investment Management, Inc.
BPI Capital Corporation
First Metro Securities Brokerage Corporation

REGULATORY ENVIRONMENT

Investment companies are regulated by the Securities and Exchange Commission and are registered under the Investment Company Act of 1960 and the Securities Regulation Code (“SRC”) of 2000. Prior to the SRC,

investment companies were registered under the Revised Securities Act. Any amendments to these or their implementing rules and other applicable laws may have effects on the operations of investment companies. Moving forward, market and regulatory developments such as the proposed Collective Investments Schemes Law and the Asian Region Fund Passporting, will further drive and shape the mutual fund landscape.

LEGAL PROCEEDINGS

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

ANNUAL MEETING OF THE SHAREHOLDERS

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

DESCRIPTION OF CAPITAL STOCK

I. Capital Structure

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

Name of Fund	Number of Authorized Shares	Par Value (in PhP)	Authorized Capital Stock (in PhP)
ALFM Dollar Bond Fund	679,000	10,000.00	6,790,000,000

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

II. Rights and Privileges

A. Voting Rights

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

B. Preemptive Rights

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

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

C. Appraisal Right

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

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

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

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

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

III. Dividends

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

The Board of Directors of the Fund has adopted a policy, consistent with the Fund's objective of capital appreciation, to retain the surplus profits of the Fund in the retained earnings account. Such accumulation is reflected in the computation of the net asset value per share. Shareholders realize their gains when shares are redeemed. To date, there have been no distributions of dividends to shareholders. The Board of Directors of the Fund may amend the dividend policy as conditions warrant. In said event, the declaration of cash dividends is subject to the restriction that no dividends will be declared that will impair the capital stock of the company.

IV. Other Provisions

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

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

Principal Market

The Shares of the ALFM Dollar Bond Fund are available for purchase primarily by resident citizens or investors of legal age, or by duly authorized and existing corporations, partnerships or other entities, subject to existing Philippine laws, through Certified Investment Solicitor (CISol) of the Fund's Distributors. Investors who want to diversify their bond fund investments into U.S. dollar funds, with a medium-term to long-term investment horizon, are the primary target market of the Fund. The Shares of the Fund are not traded publicly on an exchange since the Fund stands ready to redeem or buy back the Shares from the Shareholders any time.

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

Stated below are the NAV per Share of the Fund at the end of the quarters from 2009 to 2019.

Market Price (NAVPS in USD)	2014	2013	2012	2011	2010	2009
Quarter ending March 31	393.01	396.53	370.77	348.49	333.35	315.23
Quarter ending June 30	400.58	381.06	378.34	355.37	337.48	317.34
Quarter ending September 30	403.51	381.30	390.87	354.93	348.38	324.10
Quarter ending December 31	408.24	385.42	398.24	362.70	348.53	328.51

Market Price (NAVPS in USD)	2019	2018	2017	2016	2015
Quarter ending March 31	453.72	442.72	435.87	428.59	414.24
Quarter ending June 30	-	442.40	440.47	435.22	414.05
Quarter ending September 30	-	445.54	444.47	440.34	415.46
Quarter ending December 31	-	448.40	445.94	432.30	418.55

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

		2012		2011		2010		2009	
Jan-Mar	high	3/11/12	372.53	01/05/11	349.43	03/27/08	309.74	03/31/09	315.11
	low	1/2/12	362.69	01/24/11	346.61	01/02/08	305.57	01/07/09	311.84
Apr-Jun	high	6/29/12	378.48	06/09/11	355.60	05/20/08	311.20	06/29/09	317.40
	low	4/1/12	370.76	04/19/11	346.69	04/03/08	309.65	04/01/09	315.23
Jul-Sep	high	9/30/12	390.87	09/08/11	362.58	09/16/08	312.61	09/24/09	324.03
	low	7/1/12	378.39	09/30/11	354.93	07/04/08	309.98	07/01/09	317.34
Oct-Dec	high	12/3/12	398.55	12/23/11	362.56	10/06/08	312.55	12/28/09	328.22
	low	10/1/12	391.00	10/05/11	352.91	10/27/08	297.56	10/01/09	324.10

		2017		2016		2015		2014		2013	
Jan-Mar	high	3/30/17	435.99	3/31/16	428.59	3/25/15	414.42	3/31/14	393.01	1/8/13	399.97
	low	1/3/17	432.45	1/4/2016	418.69	1/5/15	408.67	1/7/14	384.71	2/6/13	392.68
Apr-Jun	high	6/27/17	440.99	6/30/16	435.22	4/28/15	416.69	6/30/14	400.58	5/5/13	403.33
	low	4/3/17	435.93	4/1/16	428.97	6/11/15	413.40	4/3/14	392.81	6/24/13	380.38
Jul-Sep	high	9/8/17	445.30	9/23/16	440.86	9/21/15	416.96	8/29/14	404.91	7/29/13	385.19
	low	7/7/17 and 7/10/17	440.02	7/1/16	435.96	7/2/15	413.91	7/4/14	400.42	8/20/13	347.67
Oct-Dec	high	12/29/17	445.85	10/3/16	440.43	10/20/15	419.37	12/5/14	408.50	10/30/13	387.27
	low	10/9/17	444.17	12/15/16 and 12/16/16	431.17	10/1/15	415.90	10/1/14	403.48	10/2/13	381.14

		2018		2019	
Jan-Mar	high	01/09/18	446.50	03/29/19	453.65
	low	03/01/18	441.73	01/02/19	448.46
Apr-Jun	high	04/12/18	443.30	-	-
	low	05/18/18	441.17	-	-
Jul-Sep	high	09/28/18	445.47	-	-
	low	07/04/18	442.34	-	-
Oct-Dec	high	12/28/18	448.28	-	-
	low	10/08/18	445.47	-	-

Number of Shareholders

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

Name of Fund	Number of Shareholders
ALFM Dollar Bond Fund	8,197

Share Options and Treasury Shares

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

Issue of Shares

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

Stock Certificates

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

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

Share Register

The Fund's official share register shall be maintained by the Corporate Secretary, through the Fund's Service Administrator, who shall likewise be principally responsible for the maintenance of the official stock and transfer book of the Funds in coordination with the Stock Transfer Agent who, in turn, shall be responsible for the issuance of stock certificates, as may be requested by Shareholders, and the payment of dividends, *if any*.

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

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

DIRECTORS, OFFICERS, AND SIGNIFICANT SHAREHOLDERS

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

1. Romeo L. Bernardo, Chairman / Independent Director

Mr. Romeo L. Bernardo, Filipino, born in 1954, 64 years old, is the Chairman of the fund since 2003. He is also the Chairman of ALFM Peso Bond Fund, Inc. from 2003 to present, ALFM Growth Fund, Inc. from 2007 to present, ALFM Money Market Fund, Inc. from 2009 to present, ALFM Euro Bond Fund, Inc. from 2005 to present, Philippine Stock Index Fund, Corp. from 2007 to present, and ALFM Global Multi-Asset Income Fund, Inc. from 2018 to present. He is currently the Managing Director of Lazaro Bernardo Tiu & Associates, Inc. and GlobalSource economist in the Philippines. Mr. Bernardo is likewise a director of several companies and organizations including Aboitiz Power, BPI, Globe Telecom Inc., RFM Corporation, Philippine Investment Management, Inc. (PHINMA), BPI-Philam Life Assurance Corporation, National Reinsurance Corporation of the Philippines, Financial Executives Institute of the Philippines (FINEX) Foundation. Mr. Bernardo was an Alternate Executive director of the Asian Development Bank from 1997 to 1998 and Undersecretary for International Finance, Privatization & Treasury Operations of the Department of Finance of the Republic of the Philippines from 1990 to 1996. Mr. Bernardo received a Bachelor of Science degree in Business Economics (magna cum laude) from the University of the Philippines and a Masters in Development Economics degree from Williams College in Williamstown, Massachusetts.

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

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

3. Sherisa P. Nuesa, President / Regular Director

Sherisa P. Nuesa, Filipino, born in 1954, 64 years old, is a former Managing Director of conglomerate Ayala Corporation until her retirement in 2011. Currently, she is a member of the Boards of Directors/Trustees of: Manila Water Company, the ALFM Mutual Funds, Far Eastern University, Inc., the Generika group of companies, FERN Realty Corp. and East Asia Computer Center. She also serves as a Board Trustee of The Institute of Corporate Directors (ICD), Judicial Reform Initiative and Financial Executives Institute of the Phils (FINEX). She is also a Senior Board Adviser of Metro Retail Stores Group Inc. (MRSGI) and Board Adviser/Consultant of VICSAL Development Corporation. As a Managing Director of Ayala Corp., she served in various senior management positions: 1) Chief Finance Officer and Chief Administrative Officer, Integrated Micro-Electronics, Inc. - IMI (January 2009 to July 2010); 2) Chief Finance Officer, Manila Water Company Inc. - MWC (January 2000 to December 2008); 3) Group Controller and later Vice President for Commercial Centers, Ayala Land, Inc. - ALI (January 1989 to March 1999); and 4) member of the boards of various subsidiaries of ALI, MWC and IMI. Ms. Nuesa attended the Advanced Management Program of the Harvard Business School in the US in June 1999 and completed her Master in Business Administration (MBA) degree from the Ateneo-Regis Graduate School of Business in 2011. She also attended the Financial Management Program of the Stanford University in 1991 and Audit Committee Seminar for Directors at Harvard Business School in 2016. A Certified Public Accountant, she holds a BS in Commerce degree (Summa cum Laude, 1974) from the Far Eastern University. She is the ING-FINEX CFO of the Year awardee for the year 2008.

4. John Philip S. Orbeta, Independent Director

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

5. Adelbert A. Legasto, Regular Director

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

Other Officers of the Fund

1. Fernando J. Sison III – Treasurer

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

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

Atty. Sabino B. Padilla IV, born in 1960, 58 years old, is the Corporate Secretary and Compliance Officer of the ALFM Mutual Funds. Atty. Padilla graduated with a degree in Bachelor of Laws from the University of the Philippines in 1985. He then received his Master of Laws from the Harvard University, USA in 1988. He is currently a partner of the Padilla Law Office which is legal counsel to BPI and its subsidiaries and to various religious orders, societies and congregations for men and women as well as educational institutions and hospitals operated by them. He is also the Corporate Secretary and Compliance Officer of other mutual funds such as the Solidaritas Fund and Ekklesia Mutual Fund.

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

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

Significant employees

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

Additional Information Required under Annex C of SRC Rule 12.1:

- ☐ The incorporators of the Fund are:

Mr. James L. Go, Mr. Ramon V. del Rosario, Sr., Mr. Wilfredo V. Vergara, Atty. Antonio A. Picazo, Atty. Purisimo S. Buyco, Mr. Mario C. Lorenzo, and Ms. Ma. Adelina S. Gatdula

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

- ☐ Security Ownership of Management, as of April 30, 2019

Title of Class	Name of Owner	Position	Amount & Nature of Ownership	Citizenship	Percentage
Common	Romeo L. Bernardo	Chairman/ Independent Director	1 (beneficial)	Filipino	0.0002%
Common	Sherisa P. Nuesa	Director/President	1 (beneficial)	Filipino	0.0002%
Common	Adelbert A. Legasto	Director	1,004 (record, beneficial)	Filipino	0.1926%
Common	Simon R. Paterno	Director	1 (beneficial)	Filipino	0.0002%
Common	John Philip S. Orbeta	Independent Director	1 (beneficial)	Filipino	0.0002%
Common	Fernando J. Sison III	Treasurer	319 (record)	Filipino	0.0612%
Common	Sabino Padilla IV	Corp. Secretary/ Compliance Officer	0	Filipino	0.0000%
Common	Atty. Francis Lorenz E. Espiritu	Chief Data Protection Officer/Chief Risk Officer	0	Filipino	0.0000%

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

Director / Officer	Position	Year	Salary	Bonus	Other Salary
Romeo L. Bernardo	Chairman	2010	93,500.00	-	-
		2011	93,500.00	-	-
		2012	85,000.00	-	-
		2013	89,250.00	-	-
		2014	89,250.00	-	-
		2015	80,750.00	-	-
		2016	55,250.00	-	-
		2017	63,750.00	-	-
		2018	58,500.00	-	-
		2019 (estimated)	120,000.00	-	-
Simon R. Paterno	Director (Starting March 2015)	2010	-	-	-
		2011	-	-	-
		2012	-	-	-
		2013	-	-	-
		2014	-	-	-
		2015	-	-	-
		2016	-	-	-
		2017	-	-	-
		2018	-	-	-
		2019 (estimated)	-	-	-
Sherisa P. Nuesa	Director (Starting April 2012)	2010	-	-	-
		2011	-	-	-
		2012	34,000.00	-	-
		2013	102,000.00	-	-
		2014	89,250.00	-	-
		2015	72,250.00	-	-
		2016	63,750.00	-	-
		2017	63,750.00	-	-
		2018	58,500.00	-	-
		2019 (estimated)	120,000.00	-	-
John Philip S. Orbeta	Independent Director (Starting April 2012)	2010	-	-	-
		2011	-	-	-
		2012	34,000.00	-	-
		2013	72,250.00	-	-
		2014	59,500.00	-	-
		2015	59,500.00	-	-
		2016	51,000.00	-	-
		2017	51,000.00	-	-
		2018	42,500.00	-	-
		2019 (estimated)	120,000.00	-	-
Adelbert A. Legasto	Director (Until December 2012) (Starting June 2015)	2010	107,450.00	-	-
		2011	93,500.00	-	-
		2012	85,000.00	-	-
		2013	-	-	-
		2014	-	-	-
		2015	42,500.00	-	-
		2016	55,250.00	-	-
		2017	55,250.00	-	-
		2018	63,000.00	-	-
		2019 (estimated)	120,000.00	-	-
Atty. Sabino B. Padilla IV	Corporate Secretary and Compliance	2010	93,500.00	-	-
		2011	93,500.00	-	-

	Officer	2012	85,000.00	-	-
		2013	106,250.00	-	-
		2014	93,500.00	-	-
		2015	85,000.00	-	-
		2016	68,000.00	-	-
		2017	63,750.00	-	-
		2018	63,000.00	-	-
		2019 (estimated)	120,000.00	-	-
Fernando J. Sison III	Treasurer	2010	-	-	-
		2011	-	-	-
		2012	34,000.00	-	-
		2013	97,750.00	-	-
		2014	93,500.00	-	-
		2015	55,250.00	-	-
		2016	59,500.00	-	-
		2017	59,500.00	-	-
		2018	54,000.00	-	-
		2019 (estimated)	120,000.00	-	-
Atty. Francis Lorenz E. Espiritu	Chief Data Protection Officer and Chief Risk Officer	2017	-	-	-
		2018	-	-	-
		2019 (estimated)	-	-	-

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

Corporate Governance

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

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

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

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

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

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

Procedures to Ensure Compliance with Relevant Laws and Regulation

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

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

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

Certain Relationships and Related Transactions

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

Notwithstanding the above, Mr. Adelbert A. Legasto is a Director of the Fund and is also a Director of BPI Investment Management Inc. (BIMI). Mr. Simon R. Paterno is also an officer of the Bank of the Philippine Islands. Mr. Romeo L. Bernardo is an Independent Director of the Fund and an Independent Director of the Bank of the Philippine Islands.

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

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

As fund manager, BPI Investment shall formulate and implement the investment strategy, provide and render management, technical, and administrative services, whereby authorizing BPI Investment to purchase and sell investment securities for the account of the Fund. As investment advisor, it is tasked to render services which include investment research and advice; the preparation of economic, industry, market, corporate, and security analyses; and assistance and recommendations in the formulation of investment guidelines. For its services, the Fund pays BPI Investment a fee of not more than 1.25% p.a. of the Fund's average daily trading NAV.

The Fund has distribution agreements with subsidiaries of BPI, namely, BPI Investment and BPI Capital Corporation (BPI Capital). Under the terms of the agreement, BPI Investment and BPI Capital are appointed as co-distributors to perform principally all related daily functions in connection with the marketing and the growth of the level of assets of the Fund. BPI and its thrift bank subsidiary, BPI Family Savings Bank, Inc., act as the receiving banks for the contributions and withdrawals related to the Fund as transacted by the distributors and shareholders.

Voting Trust Holders of More Than 5%

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

Legal Proceedings

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

Involvement in Certain Legal Proceedings

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

Changes in Control

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

External Audit Fees

Audit and Audit Fees

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

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

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

Audit fees paid for the years 2017 and 2016:

	2017	2016
Audit fees	PhP423,870.72	PhP443,292.55

Audit Policies

The Audit Committee approves any engagement for the services of the external auditor. The final draft of the Audited Financial Statement is presented to the Audit Committee, before the Board's final approval and confirmation.

Changes in and Disagreements with Account on Accounting and Financial Disclosure

Isla Lipana & Co. was appointed as independent public accountant of the Fund with respect to its operations for the year 2018. Ms. Blesida A. Pestaño was the signing partner for the external auditor from fiscal year 2009 to 2013. For the Fund's Financial Statements as of December 31, 2014, December 31, 2015, December 31, 2016, December 31, 2017, and December 31, 2018, the signing partner is Mr. John-John Patrick V. Lim. The Fund is compliant with SRC Rule 68, as amended, on the rotation of external auditor or Partner every five (5) years. 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.

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

PRINCIPAL PARTIES

THE FUND MANAGER

BPI Investment Management, Inc. (“BPI Investment”), a wholly-owned subsidiary of the Bank of the Philippine Islands, 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, technical, and administrative services to the Fund. BPI Investment was incorporated as Ayala Investment Management, Inc. on July 30, 1974 to principally engage in the business of managing an investment company. On March 5, 1991, the SEC approved the change in corporate name to the present name. On March 16, 2010, BPI Investment is licensed by the SEC to act as Investment Company Adviser of the Fund.

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

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

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

1. Mercedita S. Nollado, Chairman

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

2. Roberto Martin S. Enrile, President

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

3. Ma. Ysabel P. Sylanteng, Independent Director

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

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

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

5. Adelbert A. Legasto, Regular Director

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

LIABILITY OF BPI INVESTMENT

Nothing in this Prospectus shall be construed as a guaranty of return or income; nor does it entitle the INVESTOR/s to a fixed rate of return on the money invested by him/her in the FUND. BPI Investment shall not be liable for any loss or depreciation in the value of the FUND or in the value of INVESTOR's shareholdings unless attributable to BPI Investment's act of fraud, willful default, gross negligence or evident bad faith. It is understood that mutual funds are not bank deposit products, not guaranteed by BPI Investment, not covered by the Philippine Deposit Insurance Corporation, and that losses, if any, are for the sole account of the INVESTOR/s.

MANAGEMENT AND DISTRIBUTION CONTRACT

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

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

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

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

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

PLAN OF DISTRIBUTION

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

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

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

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

THE CUSTODIAN BANK

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

THE RECEIVING BANKS

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

OTHER INFORMATION REQUIRED

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

HANDLING CUSTOMERS' COMPLAINT

For any concerns, investors can contact BPI Investment thru any of the following numbers: (02) 580-3565, (02) 580-3566, and (02) 580-3569. Investors may also send an e-mail at bpi_investment@bpi.com.ph.

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

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

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

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

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

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

If an actual or potential conflict of interest may arise on the part of a director or officer, he or she should fully and immediately disclose it and should not participate in the decision-making process. A director or officer who has a continuing material conflict of interest should seriously consider resigning from his or her position.

MECHANICS OF THE FUND

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

PURCHASE OF SHARES

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

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

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

REDEMPTION OF SHARES

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

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

Name of Fund	Holding Period	Early Redemption Fee
ALFM Dollar Bond Fund	180 days or less	1.00% flat
	more than 180 days	none

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

SPECIAL CONSIDERATIONS

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

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

VALUATION AND ACCOUNTING PROCEDURES

The Fund's investment securities shall be valued based on the valuation standards specified under PAS Nos. 32 and PFRS No. 9 and other amendments to the said standards. The NAV per Share (NAVPS) shall be obtained by dividing the market value of the assets of the Fund, less the value of its liabilities, reserves for expenses and adjustments for market risk, by the total number of Shares outstanding at such valuation date. (See "Determination of the Funds' Net Asset Value" below.)

The Fund shall secure the services of an independent auditor to verify its financial statements at least on an annual basis.

DETERMINATION OF THE FUND'S NET ASSET VALUE

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

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

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

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

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

3. For the purposes thereof:

(i) capital stock subscribed for shall be deemed to be outstanding as of the time of acceptance of any subscription and the entry thereof in the books of the Fund, and the net proceeds thereof shall be deemed to be an asset of the Fund; and (ii) capital stock surrendered for purchase by the Fund pursuant to the provisions of its Articles of Incorporation or By-Laws shall be deemed to be outstanding until the

close of business on the business day as of which such Net Asset Value is being determined and, thereupon and until paid, the price thereof shall be deemed to be a liability of the Fund.

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

The Fund sets up a provision for market risk on its investment portfolio which is deducted from the Fund's net asset value to protect the Fund from market price fluctuations. To estimate its exposure to market risk, the Fund Manager computes the statistical "value at risk" (VAR) of its investments. The VAR measurement estimates the maximum loss due to adverse market movements that could be incurred by the portfolio during a given holding period with a given level of confidence. The Fund Manager uses a one month holding period, estimated as the number of days required to liquidate the investment portfolio, and a 99% degree of confidence in the computation of VAR. As such, there remains a 1% statistical probability that the portfolio's actual loss could be greater than the VAR estimate.

TAXATION

Investors are advised to consult their own professional advisers as to the tax implications of subscribing for, purchasing, holding and redeeming shares of the Fund. Tax rulings and other investment factors are subject to rapid change.

INVESTMENT OBJECTIVES AND RESTRICTIONS OF THE FUND

The primary investment objective of ALFM Dollar is capital preservation with returns and inflows derived out of investments in primarily foreign currency denominated investment instruments which can provide the Fund with a steady stream of fixed income.

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

The Fund shall pursue a general investment policy of maintaining an optimal balance between maximizing long-term investment returns and minimizing investment risk by the proper allocation of assets among selected marketable securities and instruments depending on prevailing and anticipated market conditions.

CHANGE IN INVESTMENT OBJECTIVES

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

INVESTMENT LIMITATIONS

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

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

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

- e. Investment in foreign government debt securities or money markets where the issuer or the guarantor is a government, sovereign or central bank with an international long-term issuer rating of investment grade may be increased to a maximum of thirty five percent (35%) of the net assets of the Investment Company;
- f. A maximum of five percent (5%) of the net assets of the Investment Company may be invested in government debt securities issued or guaranteed by a government, sovereign or central bank with an international long-term issuer rating that is non-investment grade;
- g. In investing in financial derivative instruments for the Investment Company, the Fund Manager shall see to it that it employs a risk-management process which captures the risks associated with the use of financial derivatives and satisfies all the following requirements:
 - i. The total exposure to financial derivatives or embedded financial derivatives, including counterparty transactions, shall not exceed ten percent (10%) of the net assets of the Investment Company, or five percent (5%) of the net assets if the derivatives are not investment grade, unless the derivatives counterparty is used for efficient portfolio management which the investment aggregate shall not exceed more than twenty percent (20%);
 - ii. The Investment Company shall invest five percent (5%) of its net assets to liquid assets to meet all its payment and delivery obligations;
 - iii. The Fund Manager shall not act as a counterparty to an OTC derivative invested into by the Investment Company.
- h. The MFC shall be prohibited from investing in the securities it is issuing.
- i. No Investment Company shall purchase from or sell to any of its officers or directors or the officers or directors of its investment advisor/s, manager or distributor/s or firm/s of which any of them are members, any securities other than the capital stock of the Investment Company.
- j. The Investment Company shall not engage in short selling;
- k. Unless the Commission shall provide otherwise, the Investment Company shall not invest in any of the following:
 - i. margin purchase of securities (investment in partly paid shares are excluded);
 - ii. commodity futures contracts;
 - iii. precious metals; and
 - iv. unlimited liability investments.

Liquidity Requirements

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

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

Other Limitations

Operational expenses

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

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

Borrowing limit

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

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

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

PHILIPPINE LAWS APPLICABLE TO THE COMPANY

INVESTMENT COMPANY ACT OF 1960

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

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

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

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

DIVIDENDS

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

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

RIGHTS OF SHAREHOLDERS

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

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

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

MANAGEMENT

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

GOVERNMENT POLICIES AND REGULATIONS

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

THE SECURITIES AND EXCHANGE COMMISSION

The Securities and Exchange Commission was established on October 26, 1936 by virtue of Commonwealth Act No. 83 (the "Securities Act"). It was reorganized on September 29, 1975 under Presidential Decree No. 902-A. Then on December 1, 2000, it was reorganized as mandated by Republic Act No. 8799 (the "Securities Regulation Code"). The SEC is responsible for regulating the securities market.

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

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

THE INVESTMENT COMPANY ACT OF 1960

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

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

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

THE SECURITIES REGULATION CODE

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

MANAGEMENT DISCUSSION OR ANALYSIS ON PLAN OF OPERATIONS

Based on management's assessment, the effectivity of Philippine Financial Reporting Standards (PFRS) 9: Financial Instruments will NOT have any significant impact on the Fund given the facts stated below:

- a. The Fund does not carry any significant investment items left for re-classification from Available-for-sale (AFS) to Fair Value Through Profit and Loss (FVTPL) security.
- b. The Fund does not intend to classify any future acquisition of investment item as an AFS security.

AS OF DECEMBER 31, 2018

2018 was a year of negative returns for all asset class except for the money market industry. Foreign funds went out of Emerging Market largely on the back of China's trouble fear as its equity mainland shares in CSI300 index plummeted to a year-to-date return of negative 26% and its escalating rheuotio trade war with the United States. To top it off, there was a contagion fear that the other countries will be affected by the US-China trade relations, US' sanction versus Iran and the volatile oil market which saw oil prices going up as high as US\$70/barrel to US\$40/ barrel. 2018 was also the year where we actually saw the real effect of the end of the US' quantitative easing as the US Federal hiked four times from 1.25% -1.50% range to 2.25% -2.50% range, the fastest hike since 2015. Asian Central Banks followed suit to protect its own currencies from depreciating versus the strengthening US Dollar. Despite the four hikes in the US, the US ten-year treasuries only rose 20 basis points from 2.40% to 2.64% by year-end.

In Europe, the European Union's GDP growth printed strong in the first half but showed a tepid growth in the second half. Despite the development, the European Central Bank have decided to end its own quantitative easing by December of 2018 but remained dovish to maintain its policy rate for an extended period of time citing risks from the global growth slowdown which could stem from the escalating US-China trade war and its moderating core inflation.

ALFM Dollar Bond Fund remains to be the largest in the US dollar denominated bond fund segment. The Fund's market share is flat from previous year's 71.8% to 71.9% as of 2018 year-end, and gave a full-year return of 0.55%, net of taxes and fees. Interesting to note due to the tight liquidity in the market due to risk aversion from EM, the US dollar denominated bond fund shrank 8.91% while the Fund shrank slightly less by 8.78%.

As for the Fund's Net Asset Value per Share (NAVpS), it rose by USD 2.46 to USD 448.40 by year-end 2018, from USD 445.94 per share at the end of 2017. The Fund's NAVpS experienced volatility of 0.58% in 2018 versus 0.78% or prior year, providing its customers with stable and positive returns.

It is notable that due to the difficult year that the Fund had to navigate due to flight of money from the Emerging Markets and back to the US, the fund incurred a deferred income tax asset in 2018 as indicated in the balance sheet amounting to US\$ 155,956 relating to the unrealized fair value losses on the Fund's global debt securities that are classified under fair value through profit and loss (FVTPL). This is the opposite in 2017 where the Fund had a deferred tax income liability relating to the unrealized gains on the Fund's global debt securities classified under FVTPL. At the same time, it is notable to note that the composition of the fund had been largely tilted to the short-term investments and lower percentage allocated to the FVTPL securities to shelter the investors from the rising interest rate of the long duration global securities.

Total income is as expected lower for the year on the back of withdrawals from the fund as well as valuation of the securities of the Fund which are largely invested in the Emerging Market such as the Philippine ROPs, Philippine corporates and other Asian sovereigns and corporates. Thus, earnings per share is down to \$ 0.95/ share.

Moving forward to 2019, expect global economy to grow but at a tepid pace depending largely on the on-going US-China trade talk and geopolitical risks globally. We expect the US Federal Reserve to continue its path to rate normalization and hike one to two more times for the year. ECB is expected to maintain its monetary policy throughout 2019 on the back of various elections across Europe including the change of presidency for the ECB, EU Parliament, EU Commission and EU Council.

Cautious optimism will be largely predominant as there are a couple of downside risks namely the global growth slowdown largely led by China as shown in its weakening manufacturing data, geopolitical risk in Iran and Valenzuela, and the inflationary risk of oil which is largely dependent on the supply production.

Philippines will likely to be borrowing more in peso denominated currency, as usual, but the Government is open in borrowing in other currencies such as the Renminbi and Yen apart from the usual US Dollar. Philippine economy will remain resilient with economic growth projected at 6% to 7% on the back of strong government spending on various big ticket infra projects, election spending and rebound consumer spending due to lower inflation.

Given this, the Fund will be defensive and cautious of any global events. Nevertheless, the fund is ready to take a position to take advantage of any volatility that may arise as the bond market is quite dynamic. The Fund will continue to favor higher yielding corporate securities.

TOP FIVE KEY PERFORMANCE INDICATORS

1. **Performance vis-à-vis the Benchmark** – As of December 2018, the Fund posted a full year return of positive 0.55%, net of fees and taxes, underperforming its benchmark of 3-month US Treasury bill plus 1% by 239 basis points.
2. **Market Share in the Industry** - The local US Dollar fixed income mutual bond fund industry is comprised mostly of three major players namely ALFM Dollar Bond Fund, PHILAM Dollar Bond Fund and Sun Life Prosperity Dollar Abundance Fund. ALFM Dollar Bond Fund maintained its number one market share by the end of 2018 at 71.9%, flat from 2017's 71.8%.
3. **NAV Growth vis-à-vis Industry Growth** - The Fund's average daily NAV for 2018 was at USD 248.88 Million. The US Dollar fixed income mutual bond fund industry registered a decline in net asset value by USD 32.39 Million or by 8.91% for the year 2018. The NAV of the Fund also declined by the same magnitude of 8.78% mostly due to withdrawals. The entire industry stood at USD 331.07 Million while ALFM Dollar is at USD 238.08 Million.
4. **Portfolio Quality** – As of December 2018, in terms of its trading NAV, 33.30% is invested in sovereign bonds, 33.90% in corporate debts, 0.55% in other fixed income funds, 32.25% in short-term investments/ cash, deposits and other receivables – net of liabilities and allowances. The duration of the Fund was almost half in 2018 to 2.16 from 4.50 of December 2017.
5. **Performance vis-à-vis Competition** – ALFM Dollar ranked top out of nine funds based on its full year ROI in 2018.

Finding of SEC's Office of the General Accountant (OGA) upon review of the Fund's Unaudited Interim Financial Statements (UIFS) for the period ended September 30, 2018

Notes to Financial Statements (Changes in accounting policies and disclosures)

There are no disclosures on the Company's adoption of PFRS 15. The said standard has been effective beginning January 1, 2018, thus, the Company should have already adopted the same.

Likewise, the impact of adopting the said standard should be disclosed in the UIFS.

Response of Company

The company will include below disclosures in future submission of Financial Statements.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Fund has adopted the following new accounting pronouncements starting January 1, 2018. The Adoption of these pronouncements did not have any significant impact on the Fund's financial position or performance unless otherwise indicated.

- Amendments to PFRS 12, *Disclosure of Interests in Other Entities, Clarification of the Scope of the Standard* (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)
- Amendments to Philippine Accounting Standard (PAS) 7, *Statement of Cash Flows, Disclosure Initiative*

- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*
 - Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*
 - Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4*
 - PFRS 15, *Revenue from Contracts with Customer*
 - PFRS 9, *Financial Instruments*
- PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Retrospective application is required but providing comparative information is not compulsory.
- a. Classification and Measurement
- Having completed its assessment on the classification and measurement of its financial assets, the Fund has concluded the following:
- Financial assets classified as loans and receivables under PAS 39 are expected to be measured at amortized cost under PFRS 9.
 - Financial assets held for trading and financial assets designated at FVPL are expected to continue to be measured at FVTPL.
 - Debt securities classified as held-to-maturity (HTM) are expected to continue to be measured at amortized cost.
- b. Impairment
- The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under PAS 39. It applies to financial assets classified at amortized cost, debt instruments measured at FVOCI, loan commitments and certain financial guarantee contracts.

The Fund fully adopt the new standard on the mandatory effective date and will not restate comparative information.

The Fund adopted the following standards effective January 1, 2018:

- *PFRS 15, 'Revenue from contracts with customers'* replaces PAS 18, 'Revenue' which covers contracts for goods and services and PAS 11, 'Construction contracts' which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards. A new five-step process must be applied before revenue can be recognized: (1) identify contracts with customers, (2) identify the separate performance obligation, (3) determine the transaction price of the contract, (4) allocate the transaction price to each of the separate performance obligations, and (5) recognize the revenue as each performance obligation is satisfied.

The impact of PFRS 15 adoption did not result to a significant change in the revenue recognition of the Fund.

AS OF DECEMBER 31, 2017

2017 is the year full of surprises despite the political headlines that grabbed the market. Global equity market returned double-digit amidst strong global growth and modest inflation that gave robust corporate earnings. 2017 was a roller-coaster for the US as it started the year with investors enthusiastic with the pro-business agenda of Trump, which was later on plagued with failed attempts to reform healthcare and travel bans, word war with North Korea and the frequent turnover of President Trump's personnels.

In Europe, the European Union's GDP growth printed strong and there was a continuity of its accommodative economic stance. In the quiet political front, Emmanuel Macron won the French election which further strengthened the unity in the region with his pro-Euro agenda. The Euro currency benefitted from the improved economic environment and was 14.1% up versus the US Dollar. Japan has also remained to be ultra-conservative and maintained its negative interest rate policy.

Fixed income also returned positively despite the on-and-off reflation trade view that dominated the latter half of the year, along with the hikes (three times) made by the US Fed. As a result, yield curve flattened with the short-term rates rising faster than ever but the long-term yields failed to rise as inflation remains moderate. Global bond yields, in general, were weighed down by the monetary policy of Europe and Japan.

ALFM Dollar Bond Fund remains to be the largest in the US dollar denominated bond fund segment. The Fund's market share grew slightly from previous year's 69.7% to 71.8% as of December 2017, and gave a full-year return of 3.155%, net of taxes and fees.

As for the Fund's Net Asset Value per Share (NAVpS), it rose by USD 13.64 to USD 445.94 by year-end 2017, from USD 432.30 per share at the end of 2016. The Fund's NAVpS experienced volatility of 0.78% in 2017 versus 1.41% or prior year, providing its customers with stable and positive returns. Main driver for the higher Income Before Income Tax was led by the Net Unrealized Fair value gain of almost USD 2.95 Million where it was a negative USD 2.75 Million in 2016. Total expenses remained flat. Thus bringing the Fund's Earnings per Share to US\$ 14.91 from US\$ 9.44 in 2016.

Moving forward to 2018, expect global economy to remain bouyant with moderate inflation. We also expect the US Federal Reserve will continue its path to rate normalization and hike two to three times regardless who will be the next Fed Chairman as Janet Yellen steps down in early February. ECB is expected to be slightly hawkish as it ends its Quantitative Easing Programme by end of the year. Philippines will likely to be borrowing more in peso denominated currency, as usual, but dollar-denominated bonds yields will be under pressure with all the accommodative stance is seen to end and with inflation picking up as well in the country as well as the rest of the world.

Given this, the Fund will be defensive amidst the expected rising interest environment. Nevertheless, the fund is ready to take a position to take advantage of any volatility that may arise as the bond market is quite dynamic. The Fund will continue to favor higher yielding corporate securities.

TOP FIVE KEY PERFORMANCE INDICATORS

1. ***Performance vis-à-vis the Benchmark*** – As of December 2017, the Fund posted a full year return of positive 3.155%, net of fees and taxes, outperforming its benchmark of 3-month US Treasury bill plus 1%.
2. ***Market Share in the Industry*** - The local US Dollar fixed income mutual bond fund industry is comprised mostly of three major players namely ALFM Dollar Bond Fund, Philam Dollar Bond Fund and Sun Life Prosperity Dollar Abundance Fund. ALFM Dollar Bond Fund maintained its number one market share by the end of 2017 at 71.8% with an increase of 5.78% year-on-year; outpacing the industry's growth by 2.70%.
3. ***NAV Growth vis-à-vis Industry Growth*** - The Fund's average daily NAV for 2017 was at USD 254.43 Million. The US Dollar fixed income mutual bond fund industry registered an increase in net asset value by USD 9.56 Million or by 2.70% for the year 2017. The NAV for the entire industry stood at USD 363.46 Million while ALFM Dollar is at USD 260.98 Million.
4. ***Portfolio Quality*** – As of December 2017, 43.35% is invested in sovereign bonds, 40.06% in corporate bonds and notes, 3.29% in other fixed income funds, 13.30% in short-term investments/ cash, deposits and other receivables. The duration of the Fund was lowered in 2017 to 4.50 from 4.75 of December 2016.
5. ***Performance vis-à-vis Competition*** – ALFM Dollar ranked fifth out of nine funds based on its full year ROI in 2017.

AS OF DECEMBER 31, 2016

2016, similar to the prior year, continued to be a challenging and turbulent year for the fixed income market. It was predominantly remembered as a year full of political surprises. Starting off onshore with the electoral win of Ex- Davao Mayor Rodrigo Duterte to the Philippine presidency in May, followed by the British electorate in June to leave the European Union and the election of Donald Trump to the US presidency in November. All of these political changes will continue to have ramification in 2017 with the uncertainties of its respective economies as well as the campaign promises of trade protectionism and anti-immigration should become policies in the US and UK.

China, the world's second largest economy, also didn't escape 2016 unscathed. In the first week of the year, its stock market tumbled and sent shock waves around the world reviving concerns on China's sustainable growth. Despite China's rough start in 2016, it ended the year with a 6.7% growth, above the government's target. In March 2016, China adopted the 13th version of its Five-Year Plan where it outlined the country's goals, principles and development from 2016 to 2020 where it had set its annual growth target of 6.5%. On the positive side, the Chinese Yuan, in recognition of China's key role in the world economy, was added to the basket of reserve currencies by the International Monetary Fund; alongside the US Dollar, British Sterling, Euro and Japanese Yen.

In Europe, the European Central Bank pledged to continue its Asset Purchase Programme (APP) at the current pace of €80 Billion until end of March 2017. Thereafter, the monthly purchase will be reduced to €60 Billion until end of 2017, or beyond if necessary. If in any case, the economic condition becomes less favorable, the ECB can increase the size or duration of the programme. Purchases below the interest rate on the deposit facility will also be permitted in the APP. As of December 2016, the interest rates for the main refinancing operations, marginal lending facility and deposit remained unchanged at 0.00%, 0.25% and -0.40%.

The US economy remained sluggish with a 1.6% growth for 2016. Despite the low growth, the job market is consistently improving with its unemployment rate below 5%. Thus, the US Federal Reserve hiked the US interest rate policy by 25 basis points in December, citing improved job market and drop in unemployment rate to a prerecession low. The Federal Reserve also upped its expectation of rate hike in 2017. For the year, the 10-year US treasury yield initially declined by 88 basis points from January to July and subsequently rose and ended the year 2.48% or 24 basis points higher than January level.

The Philippine dollar bonds also experienced volatility in the year as the bond yields rally in the first half of the year, declining by 70 basis points, only to reverse in the second half of the year by 60 basis points. All told, the dollar bonds declined by 10 basis points only for the year.

ALFM Dollar Bond Fund remains to be the largest in the US dollar denominated bond fund segment. The Fund's market share grew slightly by 14.23%, from previous year's 68.1% to 69.7% as of December 2016, and gave a full-year return of 3.285%, net of taxes and fees.

As for the Fund's Net Asset Value per Share (NAVpS), it rose by USD13.75 to USD432.30 by year-end 2016, from USD418.55 per share at the end of 2015. The Fund's NAVpS experienced volatility of 1.41% in the year, providing its customers with stable and positive returns.

Moving forward to 2017, expect global political risks to occupy the headlines. France and Germany will hold their respective national elections and with the new governments in place, the world will watch how the new and existing economic policies set by their predecessor will affect global trade and their own respective country. We also expect the US Federal Reserve will continue its path to rate normalization and hike two to three times, ECB to be less accommodative as they end their APP and the Philippines to at least hike one time.

Given this, the Fund will remain to be nimble to take advantage of any volatility that may arise in 2017 as pockets of opportunity are foreseen to arise given the dynamic nature of the bond market. The Fund will continue to favor higher yielding and more stable corporate securities.

TOP FIVE KEY PERFORMANCE INDICATORS

1. **Performance vis-à-vis the Benchmark** – As of December 2016, the Fund posted a full year return of positive 3.285% p.a., net of fees and taxes, outperforming its benchmark of 3-month US Treasury bill plus 1%.
2. **Market Share in the Industry** - The local US Dollar fixed income mutual bond fund industry is comprised mostly of three major players namely ALFM Dollar Bond Fund, Philam Dollar Bond Fund and Sunlife Prosperity Dollar Abundance Fund. ALFM Dollar Bond Fund maintained its number one market share by the end of 2016 at 69.7% with an increase of 14.23% year-on-year; outpacing the industry's growth by 2.72%.
3. **NAV Decline vis-à-vis Industry Decline** - The Fund's average daily NAV for 2016 was at USD 239.60 Million. The US Dollar fixed income mutual bond fund industry registered an increase in net asset value by USD 36.51 Million or by 11.50% in 2015. The NAV for the entire industry stood at USD 353.90 Million while ALFM Dollar is at USD 246.73 Million.
4. **Portfolio Quality** – As of December 2016, 41.12% is invested in government bonds, 42.96% in corporate bonds and notes, 2.44% in other fixed income funds, 11.76% in short-term time deposits while the remaining 1.72% is in cash and other receivables. The duration Fund was 4.75 as of December 2016.
5. **Performance vis-à-vis Competition** – ALFM Dollar ranked first out of nine funds based on its full year ROI in 2016.

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 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.

Board Self-Assessment Form

Rating Scale: 1. Needs Improvement 2. Satisfactory 3. Good 4. Very Good 5. Excellent
 (Director to check (✓) the box that corresponds to the selected rating and provide comments, if any)

EVALUATION FACTOR	RATINGS					COMMENTS
	1	2	3	4	5	
A. Strategic Foresight						
1. The Board evaluates the financial results periodically vis-à-vis its investment objectives to assess the ALFM Mutual Funds as well as Management's performance, considers new opportunities and responds promptly to industry trends and external developments.						
2. The Board reviews and evaluates changes in fund features, major investment movements, significant expenses, including key assumptions, major risks and critical issues before approval and monitors outcomes.						
B. Board Structure and Committee Effectiveness						
1. Each ALFM Mutual Fund has an appropriate board size and structure that promotes efficiency, allows critical discussion of issues and thorough review of matters, and proper discharge of its functions, taking into account the nature and complexity of operations, and size and types of risks to which ALFM Mutual Funds are exposed.						
2. The Board is guided by a Manual of Corporate Governance.						
3. The composition of the Board has the right mix of expertise, diversity and independence, allowing it to add value, critical thinking and judgment to effectively govern ALFM Mutual Funds' formulation and implementation of sound corporate strategies and policies.						
4. The Board has appropriately constituted the committees necessary to heighten efficiency of board operations and assist in exercising its authority for oversight of internal control, risk management and performance monitoring of ALFM Mutual Funds, with well-defined charters and board reporting requirements.						
C. Board Meetings and Procedures						
1. The number of board meetings during the year is adequate. The schedule of matters is up to date and regularly reviewed.						

EVALUATION FACTOR	RATINGS					COMMENTS
	1	2	3	4	5	
2. Board members receive accurate minutes and board packs; written agendas and meeting notices; and relevant material to prepare in advance of meetings and enable full and proper consideration to be given to important issues.						
3. Board meetings are conducted with sufficient time and management presence, as well as in a manner that encourages open communication and meaningful participation.						
4. All board decisions, other than those that have been properly delegated are made in the board room.						
5. The level of support from the Corporate Secretary that is placed at the Board's disposal is satisfactory.						
6. There is a proper level of follow-up on outstanding actions arising from board meetings.						
D. Board and Management Relations						
1. The relationship between the Board and the Fund Manager and Principal Distributor strikes the right balance between challenge and mutuality.						
2. The Board's discussions enhance the quality of Fund Manager's decision making (e.g., engaging them in dialogue that stimulates and enhances their thinking and performance).						
3. The Board sets the overall tone and direction of ALFM Mutual Funds and establishes guidelines on the nature and amount of risk that the Funds may take.						
4. The Board has approved comprehensive policies and procedures for all material activities and risks in the organization. The Board is kept fully informed on all material matters between meetings (e.g., appropriate external information on emerging risks, regulatory changes, etc).						
E. Induction and Continuing Education						
1. The continuing education program, special briefings by external advisors, formal courses and conferences and focused seminars received by the Board and new members are timely and appropriate (e.g., regulatory matters, cyber risks, industry developments)						

EVALUATION FACTOR	RATINGS					COMMENTS	
	1	2	3	4	5		
and assist Board members in the execution of their duties.							
F. Performance Evaluation							
1. The Board has in place an appropriate process for regular board, committee and individual board member evaluation.							
2. The Board's performance assessment process enhances Board effectiveness.							
G. Value Creation							
1. The Board has good key relationships with ALFM Mutual Funds' major stakeholders and there is respect for what the Board does.							
2. The Board makes well-informed and high quality decisions based on a clear line of sight into the business that creates stakeholder value.							
3. The Board creates a performance culture that drives value creation without exposing ALFM Mutual Funds to excessive risk of value destruction.							
4. The Board holds executive or private sessions as often as needed to discuss sensitive matters.							
OVERALL RATING OF BOARD PERFORMANCE	Excellent		Very Good		Good	Satisfactory	Needs Improvement
OTHER COMMENTS/ SUGGESTIONS	<div>.....</div> <div>.....</div> <div>.....</div>						
Name of Director: Signature: _____ Date: _____							

ALFM XXXX FUND, INC.
AUDIT COMMITTEE CHARTER

The Audit Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of the XXXXX (the “Company”). It shall monitor and evaluate the adequacy and effectiveness of the internal control system, including financial reporting control and information technology security. It shall oversee:

- a) The financial reporting framework.
- b) Risk Management
- c) The external audit function
- d) Implementation of corrective actions
- e) Activities of the Fund Manager in relation to its role as Independent Oversight Entity¹
- f) Monitoring of compliance with applicable laws, rules and regulations
- g) Governance process of the Company

The Audit Committee shall report regularly to the Board regarding the execution of the Audit Committees’ duties, responsibilities, activities, and any issues encountered and any recommendations.

I. Composition of the Audit Committee

The Audit Committee shall be composed of at least three (3) non-executive members of the board of directors, majority of whom shall be independent directors including the chairperson, preferably with accounting, auditing, risk management or related financial management expertise or experience. The members of the Audit Committee shall not be allowed to hold interlocking directorships in other entities involved in the operation of the Company such as the Fund Manager, Fund Distributor, Fund Advisor, Transfer Agent and Custodian¹. The Chairperson of the audit committee shall not be the Chairperson of the board of directors or of any other board level committees.

The selection and appointment of the Audit Committee members, including its Chairman shall rest with the Board in accordance with the existing rules and regulations.

New Audit Committee members shall be oriented on the Audit Committee’s authorities/duties/responsibilities and shall be provided with an overview of the company’s internal control organization and risk management systems. The Audit Committee shall also ensure that all members are provided with regular and timely updates on changes in regulatory environment, accounting standards, and best practices in corporate governance and industry.

II. Meetings

The Audit Committee shall meet at least semi-annually, at such date, time, and place to be fixed by the Committee. Special meetings shall be convened by any member of the Audit Committee or the Company’s Compliance Officer. anytime as the need arises. A majority of the members of the Committee shall constitute a quorum.

The Company’s Compliance Officer, in consultation with the Corporate Secretary, the Fund Manager’s Chief Compliance Officer, any other Officer the Fund Manager appoints, and/or external auditors, shall be responsible for determining meeting agendas and attendees, subject to the overall authority of the Committee.

When necessary or desirable, the Committee may request any officer or employee of the Company, the Fund Manager, outside counsels, external auditors, or consultants to attend a meeting of the Committee or to meet with any members of the Committee, to act as consultants or advisors of the Committee.

¹ SEC Memorandum Circular 21 Series of 2019

Attendance shall be on a "need basis" and limited only on the portion required as resource speaker, subject matter expert which must be approved by the Committee.

Action required or permitted to be taken by the Committee may be taken without or in lieu of a meeting by written consents, identical in content, setting out the action taken and signed by all the members of the Committee. The written consents shall have the same effect as a unanimous vote and may be made in electronic counterparts. The consents shall be documented as minutes of action.

Special meetings or actions may be called for as needed.

The Secretary of the Board, , shall act as the Secretary of the Committee.

III. Minutes of Meeting or Action

- a. The Committee members will be furnished with copies of the minutes of each meeting and any action taken by unanimous consent (i.e. minutes of action).
- b. Unanimous consent resolutions shall be documented as minutes of action. The written action is effective and dated as of the date that the last board or committee member (as the case may be) has given his/her consent by electronic mail, unless a different effectivity date is provided in the resolution.
- c. Any member of the Committee may request that the proposal for which a written consent is sought be discussed and deliberated upon by the Committee, in which case the proposal shall be included in the agenda of the next meeting.
- d. The key matters reviewed and approved by the Committee and their minutes of meetings, minutes of action, including agenda and supporting materials if needed, are to be presented regularly to the full Board of Directors for confirmation.

IV. Compensation

The members of the Committee shall receive such compensation as may be determined and approved by the Board of Directors.

Directors shall be paid a per diem for every decision-making exercise or instance utilizing written unanimous consent resolutions, which is half the per diem allocated in an actual meeting (physical or virtual).

V. Duties and Responsibilities of the Committee

The Audit Committee shall have the following duties and responsibilities:

- a. General Procedures
 1. Review and reassess the adequacy of this Charter at least annually and submit the revised Charter, if any, to the Board of Directors for re-approval.
 2. Undertake an annual evaluation assessing its performance with respect to its purposes and its duties and tasks set forth in this Charter. The entire assessment process shall be documented and shall form part of the records of the Company.
 3. Ensure that a review of the effectiveness of the institution's internal controls, including financial, operational and compliance controls, and risk management, is conducted annually.
- b. Independent Oversight Entity

1. Exercise care and diligence when monitoring the transactions and functions of the fund manager;
2. Oversee the transactions and functions of the fund manager to ensure compliance with the disclosures made in the Registration Statement (RS), prospectus, ICA, SRC and their implementing rules and regulations (IRR). For cross-border offerings or transactions, in addition to the abovementioned, oversee the transactions of the fund manager in order to ensure that it also complies with the standards/requirements of bilateral or multilateral agreements allowing cross-border offerings/transactions that the Philippines is party to;
3. Oversee the subscription and redemption of shares or units facilitated by the fund manager and to approve the request of the fund manager in the case of suspension of redemption of shares or units whenever necessary for the protection of the investors subject to the rules on Suspension of Redemption provided under Rule 10.4 of ICA-IRR;
4. Oversee the activities of the fund manager in order to ensure that it complies with the rules on investment restrictions/limitations, liquidity requirements and other regulations involving the operationalization of the investment objectives, investment policy or strategy of the investment company;
5. Oversee the transactions of the fund manager to ensure that delegation will not result in unnecessary fees to be paid by the investment company and ensure that it will not delegate its function to the extent that it becomes a letter box such as when it no longer has the power to make decisions in the implementation of the investment policy and strategies nor retain the suitable processes to monitor, control the activities and evaluate the performance of the delegatee;
6. If, in the reasonable opinion of the IOE, the fund manager has not complied with any of the laws, rules or regulations applicable to the investment company and/or it failed to report to the SEC the said non-compliance, notify the SEC of its opinion, including particulars of the non-compliance, not later than five (5) business days after forming the opinion or upon knowledge of the non-compliance. The notification shall be done by filing an SEC Form 17-C. It shall also notify, without delay, the members of the Board of Directors of the investment company of its opinion so that the Board can apprise the fund manager of the said non-compliance and address any resulting breach;
7. Report to the SEC, any act of the fund manager which in its opinion may be detrimental to the interests of the shareholders or unitholders even if the said act is not in violation of any law, rule or regulation, not later than five (5) business days from knowledge thereof; and
8. If necessary, recommend to the Board of Directors of the investment company that the fund manager be removed due to its inability to fulfill its functions.

c. External Audit

1. Ensure that a ~~BSP~~/SEC accredited external auditor had been appointed by the Board of Directors, as recommended by the Committee, and Stockholders for the purpose of preparing or issuing an audit report or related work.
2. Assess the external auditor's effectiveness, integrity, independence and objectivity, ensuring that key partners and quality control partners of the audit firm are rotated in accordance with the relevant provisions of the Code of Ethics for Professional Accountants in the Philippines as adopted by the

Philippine Board of Accountancy. The Committee shall oversee the resolution of disagreements between management and the external auditors in the event that they arise.

3. Review with Fund Manager the scope of the proposed external audit for the current calendar year, considering the coordination of internal and external audit procedures to promote an effective use of resources and ensure a complete but non-redundant audit.
4. Ensure that the scope of the proposed external audit likewise cover areas prescribed by Securities and Exchange Commission (SEC) and other regulators, as may be applicable. This include:
 - a) Review of the adoption of applicable reporting framework as well as the assessment of the accuracy, adequacy, and reliability of accounting records and financial reports;
 - b) Assessment of the propriety and adequacy of disclosures in the financial statements;
 - c) Assessment of the adequacy and effectiveness of controls and risk management systems;
 - d) Assessment of the quality of capital in relation to risk exposures; and
 - e) Evaluation of the quality of corporate governance.
5. Approve all audit and non-audit services, including its fees, to be provided by the external auditor to the Company. The Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to its independence. The non-audit work, if allowed, shall be disclosed in the annual report . Review the external audit fees and recommend it for approval by the Board.
6. Ensure that in the selection of external auditor:
 - a) No external auditor may be engaged by the Company if he/she or any member of his/her immediate family had or has committed to acquire any direct or material indirect financial interest in the company.
 - b) External auditors have free and full access to all of the Company's records, properties, and personnel to enable them to perform their audit functions.
 - c) Ensure that external auditors have access to the Fund Manager's personnel to enable them to perform their audit functions on the Company.

d. Financial Statements and Disclosure Matters

1. Review and discuss with management the quarterly, half year financial reports, and with the external auditor, the annual financial statements before submission to the Board, focusing on changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards/ financial reporting regulation, and compliance with tax, legal, and stock exchange requirements;
2. Review and discuss with management, the Fund Manager and the external auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in selection or application of accounting principles, any major issues as to the adequacy of Company's controls, unusual or complex transactions including all related party transactions, and any special steps adopted in light of material control deficiencies.
3. Review with the external auditor any problems or difficulties encountered and the Fund Manager's response; review the external auditor's attestation and report on management's internal control report, and hold timely discussions with the external auditors regarding the following:
 - a) All critical accounting policies and practices;
 - b) All alternative treatments of financial information within Philippine Financial Reporting Standards, the International Accounting Standards (IAS) or any applicable accounting standards that have been discussed with management, implications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditor.

- c) Other material written communications between the external auditor and management including, but not limited to, the management letter, audit adjustments, and schedule of unadjusted differences;
 - d) An analysis of the auditor's judgment as to the quality of the Company's accounting principles, setting forth significant reporting issues and judgments made in connection with the preparation of the financial statements.
4. Receive and review reports of external auditors, including reports of regulatory agencies, and ensure that management is taking appropriate corrective actions in a timely manner in addressing control and compliance functions with regulatory agencies.

e. Internal Controls

- 1. Discuss with the Fund Manager major risk exposures and the steps taken to monitor and control such exposures, including Fund Manager's risk assessment and risk management processes, policies, controls and governance processes;
- 2. Ensure that the Company maintains its compliance with the international standards on accounting processes, practices, and methodologies.
- 3. Oversee the quality of compliance by operating management of the Fund Manager, Principal Distributor, Transfer Agent with its internal policies and procedures relating to its arrangement with the Company and existing rules and regulations. including but not limited to:
 - a) Employing the proper documentation to ensure enforceability of rights and contracts.
 - b) Installing the appropriate control mechanisms, system and processes (e.g. policy manuals, risk measurement and control systems, performance reports, internal audit programs, reviews, and reports, external audit program and reports, etc.) to ensure the identity and authority of counterparties, the validity and integrity of transactions and data, and the competent management of risks;
 - c) Ensuring the preparation and implementation of contingency plans to ensure business continuity in the event of any major crisis;
 - d) Ensuring the alignment of financial accounting, measurement, reporting, and auditing methodologies and practices with international standards and best practices;
 - e) Ensuring full compliance with the law and regulations and the specific requirements of the BSP, SEC, SRC OIG, AMLC, and other regulatory bodies, where applicable.
 - f) Ensuring a framework for fraud prevention and detection including whistle blower policy/program as well as a robust independent investigation process with appropriate follow up action and subsequent resolution of complaints.

f. Compliance and Anti – Money Laundering

On a regular basis monitor and evaluate the Fund Manager and/or Principal Distributor processes to ensure compliance with rules and regulations and examine it's Anti-Money Laundering control framework. This shall be based on reports from Fund Manager and/or Principal Distributor. It shall ensure that the Fund Manager is taking necessary corrective actions in a timely manner to address compliance issues.

V. Support

The officers of the Company, Fund Manager, Principal Distributor and Transfer Agent shall support the Audit Committee in the rendition of its function.