

01 July 2024

SECURITIES AND EXCHANGE COMMISSION

8/F SEC Headquarters, 7907 Makati Avenue

Bel-Air, Makati City 1209

Attention: **Director Rachel Esther J. Gumbang-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 Philippine Stock Index Fund Corp. 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 **CS2002-61702**
3. BIR Tax Identification Number **222-870-053**
4. Exact Name of the Issuer as specified in its charter **PHILIPPINE STOCK INDEX FUND CORP.**
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	<p>Hany Mae V. Dureza assumed the function of the Compliance Officer for the Fund last March 2024.</p> <p>The Compliance Officer is not a member of the Board.</p>	
4	The Compliance Officer attends annual training/s on corporate governance.	Compliant	<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	<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 	
3	The Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant		

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	Identify transactions that were approved pursuant to the policy. 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_Phil-Stock-Index-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>	

			<p>The Chairperson of the Board in 2023 is Jose Teodoro K. Limcaoco and the President is Simon R. Paterno. Please refer to:</p> <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	<p><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></p> <p>The duties and responsibilities of the chairperson and Chief Executive Officer/President are on:</p> <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	<p><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></p> <p>Mario Antonio V. Paner is the Lead Independent Director.</p>	
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	<p><i>Provide proof of full disclosure and abstention, if any, of the interested director/trustee.</i></p> <p>The Directors are required to abstain from transactions in which they have adverse interest. Please refer to:</p> <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	<p><i>Provide proof and details of said meeting, if any. Provide information on the frequency and attendees of meetings.</i></p>	
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>	<p>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.</p> <p>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.</p>
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>	

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 have 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.	

			<p><i>Indicate frequency of review of the enterprise risk management framework.</i></p> <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:</p> <p>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. https://www.alfmmutualfunds.com/page/2023-alfm-mutual-funds-annual-stockholders-meeting</p> <p>Kindly also refer to:</p> <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	<p><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></p> <p><i>Provide link to minutes of meeting in the company website.</i></p>	
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	<p><i>Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.</i></p> <p><i>Indicate also if the voting on resolutions was by poll.</i></p> <p><i>Include whether there was opportunity to ask question and the answers given, if any.</i></p> <p>The minutes of the Annual Stockholders Meeting (ASM) are made available on the website after the ASM and are removed before the following ASM.</p> <p>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.</p> <p>The results were reflected in the minutes of the meeting.</p>	
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	<p><i>Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes.</i></p> <p><i>Provide link/reference to where it is found in the Manual on Corporate Governance.</i></p> <p>Please refer to:</p> <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 **Philippine Stock Index Fund Corp. 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 **JUN 28 2024**
20____

Jose Teodoro K. Limcaoco
Jose Teodoro K. Limcaoco
Chairman of the Board



Raymund Martin T. Miranda
Independent Director

Atty. Sabino B. Padilla IV
Atty. Sabino B. Padilla IV
Corporate Secretary

Simon R. Paterno
Simon R. Paterno
President & CEO

David G. Sarmiento Jr.
David G. Sarmiento Jr.
Independent Director

Hany Mae V. Dureza
Hany Mae V. Dureza
Compliance Officer

SUBSCRIBED AND SWORN to before me this **JUN 28 2024** day of _____ 20____, by the following who are also personally known to me (or whom I have identified through competent evidence of identity) and who exhibited their respective identification document as follows:

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. 010
Page No. 44
Book No. 41
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 VII 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 /
107 Bataan St., Guadalupe Nuevo, Makati City

COVER SHEET

C S 2 0 0 2 6 1 7 0 2

S.E.C. Registration Number

P H I L I P P I N E S T O C K I N D E X

F U N D C O R P .

(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 **CS2002-61702**
3. BIR Tax Identification No. **222-870-053**
4. Exact name of issuer as specified in its charter **PHILIPPINE STOCK INDEX FUND CORP.**

Metro Manila, Philippines

5. Province, Country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

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

7. Address of principal office Postal Code

(632) 8580-0900

8. Issuer's telephone number, including area code

N/A

9. 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"

**10,705,439 shares
676,893.0970 Units**

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").

Shares: PhP 8,034,244 (NAVPs of Php 750.48 and **10,705,439** Outstanding Shares), and
Units: PhP 616,686 (NAVPu of Php 911.05 and **676,893.0970** Outstanding units) 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

The Philippine Stock Index Fund, Corp. ("PSIF" of the "Fund") is a domestic corporation duly authorized to operate as an open-ended investment company. The Fund was incorporated on 11 December 2002 with an authorized capitalization of PhP200,000,000 consisting of 2,000,000 common shares of par value PhP100.00 per share. The Fund was organized and incorporated to engage in the sale of its shares of stock and in the investment of the proceeds of these sales into a basket of stocks that is included in the Philippine Stock Exchange Composite Index (PSEi) designed to provide investment returns that tracks the performance of the Index. In June 2003, the SEC approved the registration of its 3,000,000 new shares bringing total authorized capital from P 200Mn to P 500Mn equivalent to 5,000,000 shares at par value of PhP100.00 each. The Philippine Stock Index Fund is best suited for long term equity investors who believe in the potential of the Philippine Stock Market and who want to achieve returns similar to the PSEI. In February 2006, the stockholders of the Fund approved the increase in the Fund's authorized capital stock from PhP500Mn to PhP50Billion. The increase to PhP50Billion will be applied in tranches, the first of which is from PhP500Mn to PhP680Mn which was approved by SEC on 5 September 2006. Last 13 September 2007, the increase in authorized capital stock by 7,880,000 shares was approved by SEC. Last July 12, 2013, the SEC approved a further increase in the Fund's capital stock from 14.68 Million shares (PhP1,468,000,000) to 20 Million shares (PhP2,000,000,000). A further increase from 20 Million shares (PhP2,000,000,000) to 22.4 Million shares (PhP2,240,000,000) was approved by SEC on May 6, 2015. Most recently, a further increase from 22.4 Million shares (PhP2,240,000,000) to 26.4 Million shares (PhP2,640,000,000) was approved by SEC on February 28, 2017.

The investment objective of the Fund is to provide returns that track the performance of the Philippine Stock Exchange Composite Index ("PSEi"). Due to its inherent nature, PSIF can be classified as high risk given the wide swings in the stock market. The Funds shall best cater to investors who are aware of risks in investing in stocks and who believe in the upside potential of the Philippine stock market.

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. BPI Investment is licensed by the SEC to act as Investment Company Adviser as well as a distributor of the Fund. 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 based on the average daily trading NAV of the Fund, the rate, being not more than 1.00% per annum.

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 the rates stipulated below:

Name of Fund	Amount Invested	Maximum Sales Load
Philippine Stock Index Fund	Any amount	1.5%

PSIF, 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) 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.
- 3) Tracking Error / Active Risk - the risk that the fund return is not able to mimic its benchmark. To properly manage active risk, the fund manager does a regular rebalancing of the portfolio to match the benchmark index as well as minimize the fund's expenses.

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*

The Fund's Shares shall be made available to the public primarily through the Fund's authorized distributors, BPI Capital Corporation, BPI Investment Management, Inc. (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.

3. *Competition*

Philippine Stock Index Fund Corp. directly competes with other equity mutual funds in the Philippine Mutual Fund Industry. As of December 2023, the net asset value of the equity mutual funds primarily invested in Peso securities amounted to Php 8.67 Billion. Of this amount, Php8.65 Billion Shares and Units or 9.29% was cornered by PSIF. Other mutual funds that were primarily invested in peso equities include Philequity Fund, Philam Strategic Growth Fund, Sun Life Prosperity Phil. Equity Fund, First Metro Save and Learn Equity Fund, PAMI Equity Index Fund, and ATRAM Phil. Equity Opportunity Fund (formerly, ATRKE Equity Opportunity Fund).

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

PSIF 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*

PSIF does not have employees of its own since Fund management and administrative operations are already being handled by its Investment Manager and Service Administrator, BPI Wealth – A Trust Corporation.

PROPERTIES

PSIF 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/stockholders, through the solicitation of proxies or otherwise, during the fourth quarter of the fiscal year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS

1. Market Information

Market Price (NAVPS in Pesos)	2016	2015	2014	2013	2012	2011	2010	2009
Quarter Ending March 31	811.59	887.72	719.34	759.55	563.06	442.60	345.10	216.79
Quarter Ending June 30	867.45	845.83	766.10	719.49	577.25	468.37	368.11	266.10
Quarter Ending September 30	847.84	771.66	815.36	692.38	589.99	436.79	447.51	305.71
Quarter Ending December 31	758.32	775.31	806.31	654.94	641.80	476.36	458.52	333.17

Market Price (NAVPS/NAVPU in Pesos)	2023	2022	2021	2020	2019	2018	2017
Quarter Ending March 31	750.13	817.96	727.19	598.69	880.96	883.34	811.45
Quarter Ending June 30	749.83	701.42	779.61	698.21	893.95	799.40	870.12
Quarter Ending September 30	733.55		785.78	660.22	868.52	808.15	905.56
Quarter Ending December 31 - shares	750.48	654.9	804.71	801.6	871.98	828.43	945.72
Quarter Ending December 31 - units	911.05	748.97	1,003.52	1			

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.

		2012		2011		2010		2009	
Jan-Mar	high	03/16/12	566.61	01/04/11	460.46	03/30/10	349.50	03/27/09	222.69
	low	01/01/12	476.35	02/24/11	407.21	02/09/10	305.35	03/17/09	192.02
Apr-Jun	high	05/03/12	585.34	05/11/11	473.15	06/29/10	368.12	06/15/09	285.18
	low	05/16/12	537.99	04/01/11	450.72	05/25/10	338.64	04/01/09	214.72
Jul-Sep	high	07/05/12	590.82	08/01/11	496.67	09/28/10	450.11	08/04/09	315.10
	low	07/23/12	565.73	09/26/11	406.09	07/02/10	359.2	07/03/09	265.37
Oct-Dec	high	12/26/12	644.19	10/05/11	417.42	11/04/10	479.95	12/02/09	340.53
	low	10/01/12	585.86	12/26/11	478.11	11/30/10	431.53	10/05/09	307.71

		2016		2015		2014		2013	
Jan-Mar	high	03/21/16	823.30	03/31/15	887.72	03/11/14	725.90	03/27/13	759.66
	low	01/21/16	677.92	01/05/15	811.26	01/10/14	649.47	01/01/13	641.80
Apr-Jun	high	06/29/16	867.76	04/10/15	908.07	06/26/14	771.51	05/22/13	820.59
	low	05/05/16	783.62	06/09/15	819.41	04/01/14	728.81	06/25/13	645.29
Jul-Sep	high	07/21/16	898.97	07/24/15	856.67	09/24/14	823.64	07/24/13	757.88
	low	09/14/16	838.87	08/24/15	760.81	07/01/14	764.09	08/28/13	640.78
Oct-Dec	high	10/04/16	857.66	10/27/15	817.97	12/03/14	821.98	10/23/13	741.86
	low	12/23/16	727.75	12/15/15	747.53	10/14/14	777.37	12/12/13	641.16

		2020		2019		2018		2017	
Jan-Mar	high	01/03/20	874.65	02/01/19	902.94	01/29/18	999.54	01/23/17	816.34

	low	03/23/20	534.21	01/02/19	830.95	03/21/18	875.02	01/03/17	760.44
Apr-Jun	high	06/09/20	739.41	06/03/19	903.14	04/03/18 and 04/12/18	890.88	06/05/17 and 06/07/17	888.50
	low	04/02/20	600.99	05/16/19	835.28	6/25/18	776.04	04/03/17	814.66
Jul-Sep	high	07/03/20	716.46	07/15/19	934.30	09/04/18	875.59	09/18/17	920.49
	low	08/03/20	643.20	08/27/19	865.71	09/20/18	792.69	07/04/17	869.55
Oct-Dec	high	12/16/20	819.64	11/05/19	916.24	12/04/18	855.01	12/29/17	945.80
	low	10/07/20	660.54	10/03/19	842.44	11/13/18	759.51	12/04/17	893.67

		2023		2022		2021	
Jan-Mar	high	03/30/23	381.02	02/09/22	846.55	01/08/21	819.92
	low	01/03/23	377.73	12/29/22	748.97	03/22/21	720.83
Apr-Jun	high	06/26/23	383.95	04/04/22	813.3	06/15/21	788.18
	low	04/01/23	380.97	06/23/22	691.31	05/24/21	697.17
Jul-Sep	high	09/27/23	386.66	08/19/22	782.26	07/05/21	794.61
	low	07/10/23	383.72	09/30/22	654.90	07/30/21	708.29
Oct-Dec	high	12/31/23	390.57	11/29/22	773.29	11/09/21	840.3
	low	10/01/23	386.62	10/03/22	659.43	10/08/21	780.44

PSIF shares are not listed and as such are not traded in any exchange. The shares are made available to the public primarily through accredited broker firms and authorized distributors and sales agents enumerated under Distribution Methods of this report.

2. Dividends

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. To the extent possible, the Fund's expenses, including management fees and other related administration and distribution fees shall first be paid out of the income /dividends it receives. The remaining dividend income will be appropriated for the Fund's future expenses and is not included in the computation of the NAV per share. Such appropriation will prevent an abrupt decline in the NAV per share, thereby allowing the Fund to achieve its investment objective of tracking the performance of the PSEi. Consistent with the nature of the Fund, income received by PSIF, net of aforementioned expenses, shall be temporarily invested in readily marketable fixed-income investments and accordingly accounted for as reserves. Dividend distribution dates shall be determined and announced by the Fund, as and when applicable, in accordance with the Corporation Code and related laws.

3. Number of holders

PSIF has a total of 13,462 security holders and 573,660 Unit holders as of 31 December 2023. The corporation has only one class of common stock.

4. Institutional and retail investors

The table below shows the Fund's total number of institutional and retail investors and the percentage of their investments as of December 31, 2023.

Philippine Stock Index Fund Shares	Retail	Institutional
Number of investors (shares)	13,056	406
Percentage of investments (shares)	32.27%	67.73%
Number of investors (units)	573,557	103
Percentage of investments (units)	58.37%	41.63%

5. Geographic concentration of investments

The geographic concentration of investments as of December 31, 2023 is as follows: Luzon (89.10%), Visayas (5.70%), and Mindanao (5.20%).

6. Investment company return information

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

Philippine Stock Index Fund				
2019	2020	2021	2022	2023
-1.96	-3.68	-2.17	-3.43	0.21

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 OPERATION

AS OF DECEMBER 31, 2023

The PSEi continued to be challenged in 2023 returning -1.77% for the year, settling somewhere in the middle of how its ASEAN peers performed. Foreign investors continued to be sellers, with net outflows reaching USD863.3 million according to Bloomberg data. On a per sector basis, only Financials saw gains buoyed by the high interest rate environment which supported expansion of net interest margins. All other sectors underperformed the index as overall sentiment was dragged by macroeconomic concerns (e.g., high inflation & decelerating growth) and lingering hawkishness of central banks.

Market valuation remained close to 13x PE based on consensus estimates, below its 10-year mean of around 17x.

As of end December 2023, PSIF's trading NAV per share stood at Php750.52, an increase of 0.21% from 2022's Php748.97.

KEY PERFORMANCE INDICATORS:

1. **Performance vis-à-vis the Benchmark** – The Philippine Stock Index Fund (PSIF) is an index tracker equity mutual fund. The Fund's investment policy is to provide a return that tracks the performance of the PSEi. The Fund's return on investment (ROI) net of fees and taxes for full year 2023 was 0.21%, compared to the benchmark's -1.77%.
2. **Portfolio Quality** – The Fund's portfolio should, at all times, adhere to the investment parameters as indicated in the Fund's prospectus. Being an index-tracker fund, PSIF is fully invested in Philippine stocks, whose portfolio composition and weightings are very close to that of the PSEi.
3. **Market Share in the Industry** – The Fund cornered 12.3% of the Php65.289 Billion total net asset value of equity funds based on PIFA's December 2023 report.

4. **NAV Growth vis-à-vis Industry Growth** – PSIF’s net asset value declined by 11.65% in 2023, compared to the 4.12% reported decrease in equity mutual funds.
5. **Performance vis-a-vis Competition** – PSIF ranked 13th among the equity mutual funds in 2023.

AS OF DECEMBER 31, 2022

The PSEi fell 7.8% in 2022, underperforming much of its ASEAN peers. On flows, foreigners were net sellers amounting to Php1.245 billion based on Bloomberg data. In the Philippines, Telcos underperformed mainly on issues surrounding the capex of a major industry player as well as tougher competition along with Property amid the sharp rise in interest rates. On the other hand, Banks outperformed.

The PSEi closed at almost 13x forward PE based on consensus estimates, below its 10-year mean of around 17x.

The major theme for 2022 was inflation. The BSP matched the US Federal Reserve’s aggressive tightening to support the Peso and tame inflation. Peso eventually rebounded after its weakest level in mid-October.

As of end December 2022, PSIF’s trading NAV per share stood at Php748.97, a decrease of 6.93% from 2021’s Php804.71.

KEY PERFORMANCE INDICATORS:

1. **Performance vis-à-vis the Benchmark** – The Philippine Stock Index Fund (PSIF) is an index tracker equity mutual fund. The Fund’s investment policy is to provide a return that tracks the performance of the PSEi. The Fund’s return on investment (ROI) net of fees and taxes for full year 2022 was -6.93%, compared to the benchmark’s -7.81%.
2. **Portfolio Quality** – The Fund’s portfolio should, at all times, adhere to the investment parameters as indicated in the Fund’s prospectus. Being an index-tracker fund, PSIF is fully invested in Philippine stocks, whose portfolio composition and weightings are very close to that of the PSEi.
3. **Market Share in the Industry** – The Fund cornered 13.4% of the Php68.096 Billion total net asset value of equity funds based on PIFA’s December 2022 report. The Fund’s market share increased from 9.2% of the industry in 2021.
4. **NAV Growth vis-à-vis Industry Growth** – PSIF’s net asset value fell by 16.96% in 2022, compared to the 42.59% reported decrease in equity mutual funds.
5. **Performance vis-a-vis Competition** – PSIF ranked 5th among the equity mutual funds 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 Php447,216.00 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 PhP386,200.00. The fund did not engage the external auditor for other services apart from those mentioned above.

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

PART III - CONTROL AND COMPENSATION INFORMATION

DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

The 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, 70 years old, is the Treasurer of the Fund since 2004. He used to be the President of BPI Investment Management, Inc. from May 2004 up to June 2012. He previously served as Vice President and head of many of BPI's divisions, including AMTG Retail Trust Division, AMTG Portfolio Management Division, SDG Retail Funds Distribution, and Private Banking Unit. He was assigned to BPI International Finance Ltd. (HK) as Head of Investment Management Division and to BPI Capital Corporation – Corporate Finance Group as Vice President and Head of Syndications and Underwriting. He completed the corporate finance module of JP Morgan in New York and underwent on-the-job training in corporate finance with JP Morgan in Hong Kong. He previously served as President of the Investment Company Association of the Philippines (ICAP) for 3 terms up to 2006 and as Chairman of the Board of the Philippine Investment Funds Association (PIFA), formerly ICAP, for 5 terms up to 2012-2013. He served as Industry Governor of the Market Governance Board of the Philippine Dealing and Exchange Corp. in 2008 and 2011 and as Alternate Governor for 5 terms. He is a SEC-licensed Certified Investment Solicitor from 2001 to 2012. He is currently the Investments Administrator and the Director for Business Affairs of the Ateneo de Manila University. He is a member of the Retirement Commission and the Investment Committee of the CEAP Retirement Fund. He is also a member of the Board of Senior Advisers of PIFA. Mr. Sison graduated from the Ateneo de Manila University in 1974 with the degree A.B. General Studies (Honorable Mention). He obtained his M.B.A. degree in 1976 from the University of the Philippines (Diliman).

2. Atty. Sabino B. Padilla IV, Corporate Secretary

Atty. Sabino B. Padilla IV, born in 1960, 62 years old, is the Corporate Secretary 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 PSIF 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 (Starting March 2015)	2011	-	-	-
		2012	-	-	-
		2013	-	-	-
		2014	-	-	-
		2015	-	-	-
		2016	-	-	-
		2017	-	-	-
		2018	-	-	-
		2019	9,000.00	-	-
		2020	20,250.00	-	-
		2021	11,250.00	-	-
		2022	97,618.00	-	-
		2023	48,528.27	-	-
		2024 (estimated)	68,571.00	-	-
Mario Antonio V. Paner	Independent Director (Jan2022)	2022	83,000.00	-	-
		2023	41,525.55	-	-
		2024 (estimated)	57,142.00		
Raymun Martin T. Miranda	Independent Director	2022	83,333.00	-	-
		2023	41,525.55	-	-
		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	35,010.90	-	-
		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	28,455.57	-	-
		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	34,990.56	-	-
		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 Php230,026.64.

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.

SECURITY OWNERSHIP OF MANAGEMENT

- As of 31 December 2023

Name	Position	No. of Shares	Percentage
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Jose Teodoro K. Limcaoco	Chairman/Director	50 (beneficial)	0.00047%
Adelbert A. Legasto	Director	10,383 (record, beneficial)	0.09699%
Simon R. Paterno	President/Director	50 (beneficial)	0.00047%
Antonio V. Paner	Independent Director	50 (beneficial)	0.00047%
Raymund Martin T. Miranda	Independent Director	50 (beneficial)	0.00047%
Fernando J. Sison III	Treasurer	15,344 (record)	0.14333%
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, administration and advisory services, the Fund pays BPI Wealth – A Trust Corporation a fee of not more than 1.00% 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 0.25% 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 V - 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
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

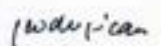
SIGNATURES

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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Page No. 62
Book No. 14
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 # 129-871-009-000
MCLE No. 788 FROM APRIL 15, 2023 UNTIL APRIL 14, 2025
Address: 31-F Harvard St. Cubao, Q.C.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

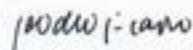
The management of The Philippine Stock Index Fund Corporation is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended 31 December 2022 and 2023, in accordance with the prescribed financial reporting framework indicated 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.

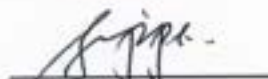
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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 METRO 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. 62
Book No. 1X
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 # 129-871-009-000
MCLE No. 788 FROM APRIL 15, 2023 UNTIL APRIL 14, 2025
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REPUBLIC OF THE PHILIPPINES)
QUEZON CITY)S.S.

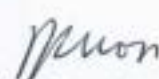
TREASURER'S CERTIFICATION

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 Philippine Stock Index Fund, Corp (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. CS2002-61702 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.


11 APR 2024

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


FERNANDO J. SISON III
Treasurer

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

Doc. No. 24 :
Page No. 06 :
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 / RoR 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.

REPUBLIC OF THE PHILIPPINES)

)S.S.

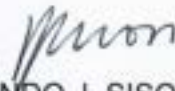
QUEZON CITY

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 Philippine Stock Index Fund, Corp (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. CS2002-61702 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.

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


FERNANDO J. SISON III

Treasurer

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

Doc. No. 25 :
Page No. 06 :
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 # 129-87109-000
MCLE No. 768 FROM APRIL 15, 2023 UNTIL APRIL 14, 2024
Address: 31-F Harvard St. Cubao, Q.C.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 0 2 - 6 1 7 0 2

Company Name

P H I L I P P I N E S T O C K I N D E X

F U N D C O R P .

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

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

Form Type

A F S

Department requiring the report

Secondary License Type, if applicable

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, Shareholders and Unit Holders of
Philippine Stock Index Fund Corp.
7th Floor, BPI Buendia Center
Sen. Gil J. Puyat Avenue
Makati City

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Philippine Stock Index Fund Corp. (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.

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
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Independent Auditor's Report
To the Board of Directors, Shareholders and Unit Holders of
Philippine Stock Index Fund Corp.
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, Shareholders and Unit Holders of
Philippine Stock Index Fund Corp.

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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, Shareholders and Unit Holders of
Philippine Stock Index Fund Corp.
Page 4

Report on the Bureau of Internal Revenue Requirement

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 15 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 audit 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.


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- 2023, 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)
As Amended on October 3, 2019**

To the Board of Directors, Shareholders and Unit Holders of
Philippine Stock Index Fund Corp.
7th Floor, BPI Buendia Center
Sen. Gil J. Puyat Avenue
Makati City

We have audited the financial statements of Philippine Stock Index Fund Corp. 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.

Zaldy D. Aguirre
Partner

CPA Cert No. 0105660

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

TIN 221-755-698

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Makati City
March 27, 2024

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Philippine Stock Index Fund Corp.
Statements of Financial Position
As at December 31, 2023 and 2022
(All amounts in thousands of Philippine Peso)

		2023			2022		
	Notes	Shareholders	Unit holders	Total	Shareholders	Unit holders	Total
ASSETS							
Cash and cash equivalents	2	71,333	7,755	79,088	47,222	5,971	53,193
Financial assets at fair value through profit or loss	3	7,965,673	609,939	8,575,612	9,042,555	475,373	9,517,928
Other receivables	4	11,878	891	12,769	18,764	749	19,513
Total assets		8,048,884	618,585	8,667,469	9,108,541	482,093	9,590,634
LIABILITIES							
Management and distribution fees payable	5	6,051	447	6,498	6,822	319	7,141
Other liabilities	6	8,407	1,634	10,041	6,678	4,932	11,610
Total liabilities		14,458	2,081	16,539	13,500	5,251	18,751
EQUITY							
Redeemable shares and units	9	1,070,544	631,115	1,701,659	1,214,274	496,893	1,711,167
Share premium		3,573,923	-	3,573,923	4,504,445	-	4,504,445
Retained earnings (deficit)		3,389,959	(14,611)	3,375,348	3,376,322	(20,051)	3,356,271
Total equity	10	8,034,426	616,504	8,650,930	9,095,041	476,842	9,571,883
Total liabilities and equity		8,048,884	618,585	8,667,469	9,108,541	482,093	9,590,634

(The notes on pages 1 to 18 are integral part of these financial statements.)

APR 11 2024



Philippine Stock Index Fund Corp.
Statements of Comprehensive Income
For each of the three years ended December 31, 2023
(All amounts in thousands of Philippine Peso)

		2023			2022			2021		
	Notes	Shareholders	Unit holders	Total	Shareholders	Unit holders	Total	Shareholders	Unit holders	Total
INCOME (LOSS)										
Net losses on financial assets at fair value through profit or loss	3	(123,300)	(2,674)	(125,974)	(839,930)	(20,261)	(860,191)	(28,995)	(105)	(29,100)
Dividend income	3	232,008	13,913	245,921	216,540	6,732	223,272	191,202	16	191,218
Interest income	2	1,337	283	1,620	581	76	657	378	1	379
Other income		9	60	69	-	1	1	248	-	248
		110,054	11,582	121,636	(622,809)	(13,452)	(636,261)	162,833	(88)	162,745
EXPENSES										
Management and distribution fees	7	85,544	5,251	90,795	96,788	3,291	100,079	108,307	50	108,357
Custodian fees	12	2,952	384	3,336	4,482	301	4,783	3,207	-	3,207
Professional fees		1,176	77	1,253	1,094	29	1,123	547	-	547
Taxes and licenses		456	422	878	312	2,025	2,337	2,015	792	2,807
Others		129	8	137	1,178	21	1,199	761	2	763
		90,257	6,142	96,399	103,854	5,667	109,521	114,837	844	115,681
INCOME (LOSS) BEFORE INCOME TAX		19,797	5,440	25,237	(726,663)	(19,119)	(745,782)	47,996	(932)	47,064
INCOME TAX EXPENSE	8	-	-	-	-	-	-	-	-	-
NET INCOME (LOSS) FOR THE YEAR		19,797	5,440	25,237	(726,663)	(19,119)	(745,782)	47,996	(932)	47,064
OTHER COMPREHENSIVE INCOME		-	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		19,797	5,440	25,237	(726,663)	(19,119)	(745,782)	47,996	(932)	47,064
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE	9	1.73	-	-	(49.90)	-	-	3.04	-	-
PER UNIT		-	9.35	-	-	(15.53)	-	-	(186.04)	-

(The notes on pages 1 to 18 are integral part of these financial statements.)



Philippine Stock Index Fund Corp.
Statements of Changes in Equity
For each of the three years ended December 31, 2023
(All amounts in thousands of Philippine Peso)

	Shareholders				Unitholders			
	Redeemable shares (Note 9)	Share Premium	Retained earnings (deficit)	Total equity (Note 10)	Redeemable shares (Note 9)	Retained earnings (Deficit)	Total equity (Note 10)	Total equity (Note 10)
Balances as at January 1, 2021	1,401,798	5,763,304	4,071,787	11,236,889	-	-	-	11,236,889
Comprehensive income (loss)								
Net income (loss) for the year	-	-	47,996	47,996	-	(932)	(932)	47,064
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	47,996	47,996	-	(932)	(932)	47,064
Transactions with owners								
Issuance of shares	162,449	1,090,488	-	1,252,935	79,741	-	79,741	1,332,676
Redemption of shares	(203,292)	(1,364,656)	(18,170)	(1,586,118)	(1,406)	-	(1,406)	(1,587,524)
Total transactions with owners	(40,843)	(274,170)	(18,170)	(333,183)	78,335	-	78,335	(254,848)
Balance at December 31, 2021	1,360,955	5,489,134	4,101,613	10,961,702	78,335	(932)	77,403	11,029,105
Comprehensive income (loss)								
Net loss for the year	-	-	(726,663)	(726,663)	-	(19,119)	(19,119)	(745,782)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	(726,663)	(726,663)	-	(19,119)	(19,119)	(745,782)
Transactions with owners								
Issuance of shares and units	7,418	48,799	-	57,217	616,670	-	616,670	673,887
Redemption of shares and units	(154,099)	(1,034,488)	1,372	(1,187,215)	(198,112)	-	(198,112)	(1,385,327)
Total transactions with owners	(146,681)	(984,689)	1,372	(1,129,998)	418,558	-	418,558	(711,440)
Balance at December 31, 2022	1,214,274	4,504,445	3,376,322	9,095,041	496,893	(20,051)	476,842	9,571,883
Comprehensive income (loss)								
Net income for the year	-	-	19,797	19,797	-	5,440	5,440	25,237
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	19,797	19,797	-	5,440	5,440	25,237
Transactions with owners								
Issuance of shares and units	3,149	20,389	-	23,538	336,001	-	336,001	359,539
Redemption of shares and units	(146,879)	(950,911)	(6,160)	(1,103,950)	(201,779)	-	(201,779)	(1,305,729)
Total transactions with owners	(143,730)	(930,522)	(6,160)	(1,080,412)	134,222	-	134,222	(946,190)
Balance at December 31, 2023	1,070,544	3,573,923	3,389,959	8,034,426	631,115	(14,611)	616,504	8,650,930

(The notes on pages 1 to 18 are integral part of these financial statements.)

Philippine Stock Index Fund Corp.
Statements of Cash Flows
For each of the three years ended December 31, 2023
(All amounts in thousands of Philippine Peso)

		2023			2022			2021		
	Notes	Shareholders	Unit holders	Total	Shareholders	Unit holders	Total	Shareholders	Unit holders	Total
CASH FLOWS FROM OPERATING ACTIVITIES										
Income (loss) before income tax		19,797	5,440	25,237	(726,663)	(19,119)	(745,782)	47,996	(932)	47,064
Adjustments for:										
Unrealized fair value losses, net		(111,834)	(966)	(112,800)	836,715	15,010	851,725	4,812	(163)	4,649
Dividend income	3	(232,008)	(13,913)	(245,921)	(216,540)	(6,732)	(223,272)	(191,202)	(16)	(191,218)
Dividend received	3,4	238,894	13,644	252,538	201,683	6,117	207,800	192,431	10	192,441
Interest income	2	(1,337)	(283)	(1,620)	(581)	(76)	(657)	(378)	(1)	(379)
Operating (loss) income before changes in operating assets and liabilities		(86,488)	3,922	(82,566)	94,614	(4,800)	89,814	53,659	(1,102)	52,557
Changes in operating assets and liabilities										
Decrease (increase) in:										
Financial assets at fair value through profit or loss		1,188,716	(134,709)	1,054,007	988,923	(419,282)	569,641	285,464	(74,746)	210,718
(Decrease) increase in:										
Management and distribution fees		(771)	128	(643)	(1,467)	305	(1,162)	(300)	14	(286)
Other liabilities		(149)	(57)	(206)	(376)	(519)	(895)	269	5,746	6,015
Cash generated from (absorbed by) operations		1,101,308	(130,716)	970,592	1,081,694	(424,296)	657,398	339,092	(70,088)	269,004
Interest received	2,4	1,337	283	1,620	571	75	646	507	1	508
Net cash from (used in) operating activities		1,102,645	(130,433)	972,212	1,082,265	(424,221)	658,044	339,599	(70,087)	269,512
CASH FLOWS FROM FINANCING ACTIVITIES										
Proceeds from issuance of shares and units	9	23,538	336,001	359,539	57,217	616,670	673,887	1,252,935	79,741	1,332,676
Redemptions of shares and units		(1,102,072)	(203,784)	(1,305,856)	(1,197,998)	(195,213)	(1,393,211)	(1,595,846)	(919)	(1,596,765)
Net cash (used in) from financing activities		(1,078,534)	132,217	(946,317)	(1,140,781)	421,457	(719,324)	(342,911)	78,822	(264,089)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS										
CASH AND CASH EQUIVALENTS	2	24,111	1,784	25,895	(58,516)	(2,764)	(61,280)	(3,312)	8,735	5,423
January 1		47,222	5,971	53,193	105,738	8,735	114,473	109,050	-	109,050
December 31		71,333	7,755	79,088	47,222	5,971	53,193	105,738	8,735	114,473

(The notes on pages 1 to 18 are integral part of these financial statements.)

Philippine Stock Index Fund Corp.

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 thousands of Philippine Peso, except for number of shares and units and per share/unit amounts)

1 General information

Philippine Stock Index Fund Corp. (the “Fund”) was incorporated in the Philippines primarily to establish and carry on the business of an open-end investment company. It was registered on December 11, 2002 with the 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).

The Fund aims to provide the Fund’s investors with a return that tracks the performance of the Philippine Stock Exchange (PSE) index (PSEi), the main stock index of the PSE, through investments in the component stocks of PSEi. As an open-end investment company, the Fund stands ready at any time to redeem its outstanding shares at a value determined under the Fund’s prospectus (Note 10).

The Fund is considered to be an issuer of securities that are registered 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 permit to offer securities for sale was approved by the SEC on February 28, 2017 and August 4, 2017, respectively (Note 9).

The Fund’s registered and principal place of business is at 7th Floor, BPI Buendia Center, Sen. Gil J. Puyat Avenue, Makati City.

On September 30, 2022, the shareholders approved the planned merger of the Fund and PAMI Equity Index Fund, Inc., with the Fund as the surviving entity, subject to regulatory approvals. Subsequently, on December 18, 2023, the planned merger was acknowledged by the Philippine Competition Commission.

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 11).

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		
	Shareholders	Unit Holders	Total	Shareholders	Unit Holders	Total
Short-term time deposits	55,080	6,510	61,590	46,043	5,002	51,045
Regular savings deposit	16,253	1,245	17,498	1,179	969	2,148
	71,333	7,755	79,088	47,222	5,971	53,193

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 during the year amounts to P1,620 (2022 - P657; 2021 - P379).

3 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss consist of investments in listed equity securities listed in the PSE. Financial assets at fair value through profit or loss are considered held for trading.

Dividend income arising from investments in listed equity securities recognized in the statement of comprehensive income for the year ended December 31, 2023 amounts to P245,921 (2022 - P223,272; 2021 - P191,218).

Net gains (losses) in fair value of financial assets at fair value through profit or loss for the years ended December 31 are summarized as follows:

	2023	2022	2021
Unrealized fair value gains (losses), net			
Shareholders	111,834	(836,715)	4,812
Unit Holders	966	(15,010)	(163)
	112,800	(851,725)	4,649
Realized (losses) gains, net			
Shareholders	(235,134)	(3,215)	(33,807)
Unit Holders	(3,640)	(5,251)	58
	(238,774)	(8,466)	(33,749)
	(125,974)	(860,191)	(29,100)

4 Other receivables

The account at December 31 consists of:

	2023			2022		
	Shareholders	Unit Holders	Total	Shareholders	Unit Holders	Total
Dividend income receivable	11,867	890	12,757	18,753	621	19,374
Accrued interest receivable	11	1	12	11	1	12
Securities sold receivable	-	-	-	-	127	127
	11,878	891	12,769	18,764	749	19,513

Other receivables are considered current as at December 31, 2023 and 2022.

5 Management and distribution fees payable

The account at December 31 consists of:

	2023			
	Note	Shareholders	Unit Holders	Total
Management and distribution fees payable				
Related parties	11	3,824	326	4,150
Third parties		2,227	121	2,348
		6,051	447	6,498
	2022			
	Note	Shareholders	Unit Holders	Total
Management and distribution fees payable				
Related parties	11	4,789	319	5,108
Third parties		2,033	-	2,033
		6,822	319	7,141

Management and distribution fees payable is considered current as at December 31, 2023 and 2022.

6 Other liabilities

The account at December 31 consists of:

2023	Shareholders	Unit Holders	Total
Capital shares redeemed payable	7,639	1,381	9,020
Withholding tax payable on management and distribution fees	768	71	839
Securities purchased payable	-	-	-
Other payables	-	182	182
	8,407	1,634	10,041

2022	Shareholders	Unit Holders	Total
Capital shares redeemed payable	5,761	3,386	9,147
Withholding tax payable on management and distribution fees	908	82	990
Securities purchased payable	-	1,235	1,235
Other payables	9	229	238
	6,678	4,932	11,610

Capital shares redeemed payable represents amounts due to investors arising from share and unit redemptions as at reporting. The amounts have been paid in the subsequent month after the reporting date.

Securities purchased payable represents amounts due to brokers for purchases of securities not yet paid as at reporting period. The amounts have been paid in the subsequent month after the reporting date.

7 Management and distribution fees

The account for the years ended December 31 consists of:

2023	Shareholders	Unit Holders	Total
Management and distribution fees to:			
Related parties	56,762	4,018	60,780
Third parties	28,782	1,233	30,015
	85,544	5,251	90,795

2022	Shareholders	Unit Holders	Total
Management and distribution fees to:			
Related parties	70,371	3,291	73,662
Third parties	26,417	-	26,417
	96,788	3,291	100,079

2021	Shareholders	Unit Holders	Total
Management and distribution fees to:			
Related parties	84,555	50	84,605
Third parties	23,752	-	23,752
	108,307	50	108,357

8 Income taxes

The reconciliation between income tax expense at the statutory rate and the actual income tax expense presented in the statement of comprehensive income for the years ended December 31 follows:

	2023	2022	2021
Income (loss) before income tax	25,237	(745,782)	47,064
Statutory income (loss) tax at statutory tax rate of 25%	6,309	(186,446)	11,766
Tax effects of:			
Income subjected to lower tax rates, net	(405)	(164)	(95)
Tax-exempt income	(61,480)	(55,818)	(47,804)
Net operating loss carryover (NOLCO)	24,082	27,380	28,858
Unrealized fair value losses	31,494	215,048	7,275
Effective income tax expense	-	-	-

The details of the Fund's unused NOLCO at December 31 are as follows:

Year of Incurrence	Year of Expiration	2023	2022
2023	2026	96,330	-
2022	2025	109,520	109,520
2021	2026	115,431	115,431
2020	2025	105,513	105,513
2019	2022	-	133,892
		426,794	464,356
Expired NOLCO		-	(133,892)
		426,794	330,464
Income tax rate		25%	25%
Unrecognized deferred income tax asset		106,699	82,616

9 Redeemable shares and units

The details of the Fund's authorized number of shares and units are as follows:

	Number of shares or units	Par value per share or unit	Amount
Shareholders	26.4 million	P100	P2.64 billion
Unit Holders	50.0 billion	P1,000	P50.00 trillion

The movement in the Fund's redeemable shares and units for the years ended December 31 follow:

(a) Shareholders

	2023	2022	2021
Issued and outstanding shares, January 1	12,142,740	13,609,557	14,017,986
Issuance of shares	31,494	74,182	1,624,490
Redemptions of shares	(1,468,795)	(1,540,999)	(2,032,919)
Issued and outstanding shares, December 31	10,705,439	12,142,740	13,609,557

(b) Unit Holders

	2023	2022	2021
Issued and outstanding units, January 1	524,448	77,844	-
Issuance of units	371,313	662,764	77,844
Redemptions of units	(218,868)	(216,160)	-
Issued and outstanding units, December 31	676,893	524,448	77,844

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

(a) Issuance of shares/units

	2023	2022	2021
Shareholders	23,538	57,217	1,252,935
Unit Holders	336,001	616,670	79,741
	359,539	673,887	1,332,676

(b) Redemption of shares/units

	2023	2022	2021
Shareholders	1,103,949	1,187,215	1,586,118
Unit Holders	201,779	198,112	1,406
	1,305,728	1,385,327	1,587,524

As at December 31, 2023, the Fund has 13,462 shareholders and 573,660 unit holders (2022 - 14,453 shareholders and 304,649 unit holders).

On February 20, 2006, the shareholders approved to increase the Fund's authorized shares from 5 million shares to 500 million shares with par value of P100 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
2,000,000	5,000,000	February 15, 2003	June 17, 2003
5,000,000	6,800,000	September 5, 2006	October 17, 2006
6,800,000	14,680,000	September 13, 2007	April 3, 2008
14,680,000	20,000,000	July 12, 2013	October 11, 2013
20,000,000	22,400,000	May 6, 2015	November 16, 2015
22,400,000	26,400,000	February 28, 2017	August 4, 2017

On September 26, 2019, the Board of Directors approved to offer and register 50 billion units with par value of P1 per unit. The SEC approved the Fund's application to offer and sell to the public 50 billion units of participation with par value of P1 per unit on December 22, 2020. On December 3, 2021, SEC approved to increase the par value per unit from P1 to P1,000.

Earnings (loss) per share and unit

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

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

(a) Shareholders

	2023	2022	2021
Net income (loss) for the year	19,797	(726,663)	47,996
Weighted average number of shares outstanding during the year (in thousands)	11,439	14,563	15,807
Basic earnings (loss) per share	1.73	(49.90)	3.04

(b) Unit Holders

	2023	2022	2021
Net income (loss) for the year	5,440	(19,119)	(932)
Weighted average number of units outstanding during the year (in thousands)	582	1,231	5
Basic earnings (loss) per unit	9.35	(15.53)	(186.40)

The following are the features of redeemable shares:

- i. 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 Board of Directors shall determine. No dividend shall be declared which shall impair the capital of the Fund. Stock dividends may be declared in accordance with law. The Fund may pay dividends in cash, property or in additional shares.
- v. Shareholders have appraisal right.

The following are the features of redeemable units:

- i. Unit Holders are not entitled to any vote at any meeting of Shareholders of the Fund but are entitled to be notified of any material change to the Registration Statement and the subscription agreement.
- ii. Investors in redeemable units issued by the fund shall have the right to have the securities redeemed in accordance with the terms if the issue thereof.
- iii. Unit Holders have no pre-emptive right.
- iv. The board of directors of the Fund may declare dividends out of the unrestricted retained earnings which shall be payable in cash or units to all unit holders on the basis of outstanding units held by them.
- v. The loss to the unit holders is limited to their investments to the Fund.

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

The consideration received or paid for ordinary shares and units issued or re-purchased, respectively, is based on the value of the Fund's NAV per share and per unit 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, 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 and unit issuances and redemptions ("trading NAV").

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

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

2023	Shareholders	Unit Holders	Total
PFRS NAV	8,034,426	616,504	8,650,930
Recognition of documentary stamp tax	(182)	182	-
Trading NAV	8,034,244	616,686	8,650,930

2022	Shareholders	Unit Holders	Total
PFRS NAV	9,095,041	476,842	9,571,883
Recognition of documentary stamp tax	(182)	183	1
Others	(827)	(26)	(853)
Trading NAV	9,094,032	476,999	9,571,031

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

		2023		2022	
	Note	Shareholders	Unit Holders	Shareholders	Unit Holders
Trading NAV		8,034,244	616,686	9,094,032	476,999
Total number of shares and units issued and outstanding	9	10,705,439	676,893	12,142,740	524,448
Trading NAV per share		750.48	911.05	748.93	909.53

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

11 Related party transactions

As at December 31, 2022, BIMl was the fund manager and transfer agent of the Fund. In consideration of the services, the Fund pays BIMl a fee of not more than 1.00% 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 and advisor 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 0.50% 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 Bank of the Philippines Islands (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 0.50% p.a. based on the outstanding daily balance of the Fund's shares distributed. Such agreements were effective year after year unless terminated by each party. As at December 31, 2023 and 2022, there were no transactions and outstanding balances with BPI Capital.

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 0.45% 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.

Shareholders			
December 31, 2023	Transactions	Outstanding balances	Terms and conditions
Management and distribution fees			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 Wealth	35,293	3,239	
BIMI	21,469	585	
	56,762	3,824	
Unit Holders			
December 31, 2023	Transactions	Outstanding balances	Terms and conditions
Management and distribution fees			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 Wealth	2,435	274	
BIMI	1,583	52	
	4,018	326	
Shareholders			
December 31, 2022	Transactions	Outstanding balances	Terms and conditions
Management and distribution fees			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	70,371	4,789	
	70,371	4,789	

Unit Holders			
December 31, 2022	Transactions	Outstanding balances	Terms and conditions
Management and distribution fees BIMI	3,291	319	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.
	3,291	319	

The directors and officers of the Fund are entitled to receive a per diem allowance in the amount of P100 (in absolute amount) 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 P541 (2022 - P583; 2021 - P205) and is presented as part of professional fees in the statements of comprehensive income. As at reporting date, there were no outstanding balances related to these fees.

12 Custodian agreements

The Fund has an existing custodian agreement with Citibank N.A. - Philippine Branch (Citibank) for custodial services of the Fund's proprietary assets and/or assets owned in the Philippines. Relative to this, the Fund pays monthly custodian fees of not more than 2% of the average daily market value of the assets. As at December 31, 2023, the market value of securities in custody of Citibank amounts to P8,575,612 (2022 - P9,517,928).

Custodian fees for the year ended December 31, 2023 amount to P3,336 (2022 - P4,783, 2021 - P3,207).

13 Financial risk and capital management

13.1 Strategy in using financial instruments

The Fund's activities expose it to financial risks, mainly market price risk, credit risk and liquidity risk. The Fund has minimal exposures on interest rate risk and foreign exchange risk. 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 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's objective is to provide investment returns that track the performance of the PSEi through investing in equity securities comprising the PSEi.

13.2 Price risk

The NAV per share or per unit of the Fund will behave depending on the movement of the shares included in the PSEi. There is a possibility that when stock prices go down, the market value of the stock will be less than its purchase price. As a result, an investor might incur losses when stock prices fall. The Fund's price risk exposure principally relates to financial assets at fair value through profit or loss whose values fluctuate as a result of changes in market prices.

Below is a summary of the significant sector concentrations within the portfolio at December 31:

	2023	2022
Holdings	32%	35%
Banks	19%	19%
Property	17%	17%
Food	11%	6%
Transportation	7%	8%
Communications	5%	6%
Power and energy	4%	5%
Others	4%	4%
Mining	1%	0%
	100%	100%

The primary responsibility of the Fund Manager is to reflect changes in the allocation and composition of the shares comprising the PSEi in the Fund's NAV by adjusting and re-balancing the shares that make up the portfolio. The Fund's risk policy requires daily tracking of the movement of the PSEi with the intention of limiting the deviation from the movement of the index. Tracking errors are monitored and reported by the risk manager on a daily basis to ensure that the Fund closely mimics the movement of the PSEi. The lower number means that the Fund's return is closely aligned with the benchmark. The tracking error percentage of the Fund as at December 31, 2023 is 0.40% (2022 - 0.34%).

If the PSEi has strengthened/weakened by 14.42% (2022 - 20.85%) based on the volatility of PSEi for the past one year with all other variables held constant, net income and equity would have been approximately P1,236,603 (2022 - P2,326,540) higher/lower mainly due to mark-to-market fluctuations of financial assets at fair value through profit or loss.

13.3 Credit risk

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		
	Shareholders	Unit Holders	Total
Cash and cash equivalents	71,333	7,755	79,088
Other receivables	11,878	891	12,769
	83,211	8,646	91,857

	2022		
	Shareholders	Unit Holders	Total
Cash and cash equivalents	47,222	5,971	53,193
Other receivables	18,764	749	19,513
	65,986	6,720	72,706

As at December 31, 2023 and 2022, the Fund's financial assets as shown in the table above are fully performing.

The Fund's cash and cash equivalents as at December 31, 2023 and 2022 are placed with a reputable local universal bank with solid financial standing.

All transactions in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Fund's other receivables are primarily composed of dividend income receivable from its investments in listed securities and accrued interest receivable from its cash and cash equivalents.

13.4 Liquidity risk

The Fund is exposed to daily cash redemptions of redeemable shares and units. 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 equity 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. The Fund's investments in listed equity securities classified as financial assets at fair value through profit or loss are considered readily realizable as they are listed in the PSE and are heavily traded being component stocks of the PSE's main index. The Fund's financial assets at fair value through profit or loss 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 liabilities pertain to management and distribution fees payable and capital shares and units redeemed payable which are contractually due in less than one (1) month. The Fund expects to settle its obligations in accordance with their contractual maturity dates.

13.5 Capital management

The capital of the Fund is represented by total equity as shown in the statement of financial position. The BOD and the Fund Manager monitor capital on the basis of the Fund's total NAV 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 and unit holders.

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.

13.6 Fair value estimation

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

Recurring fair value measurements

December 31, 2023	Shareholders			Unit Holders		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<i>Financial assets at fair value through profit or loss</i>						
Listed equity securities	7,965,673	-	-	609,940	-	-
	7,965,673	-	-	609,940	-	-

December 31, 2022	Shareholders			Unit Holders		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<i>Financial assets at fair value through profit or loss</i>						
Listed equity securities	9,042,555	-	-	475,373	-	-
	9,042,555	-	-	475,373	-	-

The carrying amounts of the Fund's other financial assets and financial liabilities at reporting periods approximate their fair values considering that these have short-term maturities.

There were no transfers between the fair value hierarchy categories during 2023 and 2022.

14 Summary of material accounting policies

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

14.1 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 the Financial Reporting Standards Council (FRSC) 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. There are currently no areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Fund's financial statements.

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 14 series.

(a) 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.

14.2 Financial assets

14.2.1 Recognition and initial measurement

Financial assets are recognized 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.

14.2.2. 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.

The classification for debt and equity 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 and other receivables.

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 total comprehensive income under 'Net gains (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.

Equity investments

The Fund subsequently measures all equity investments at fair value through profit or loss, except where the Fund's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. When this election is used, fair value gains and losses are recognized in other comprehensive income and are not subsequently reclassified to profit or loss, even on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Fund's right to receive payments is established. Gains and losses on equity investments at fair value through profit or loss are included in 'Net gains (losses) from financial assets at fair value through profit or loss' in the statements of comprehensive income.

14.2.3. 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 payment status of the debtor or economic conditions that correlate with defaults. An asset that is in Stage 3 (nonperforming) 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 undrawn 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.

14.3 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 comprises 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 or 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 and capital shares redeemed 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.

14.4 Redeemable shares and units

The shares and units issued by the Fund are redeemable at the holder's option and are classified as equity. The consideration received for the issuance of shares and units 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 amount of consideration received for the issuance of units is recognized as redeemable units.

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: the puttable instruments must entitle the holder to a pro-rata share of net assets; the puttable instruments must be the most subordinated class and the features of that class must be identical; there must be no contractual obligations to deliver cash or another financial asset other than the obligation on the issuer to repurchase; and 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 and units 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. For units, the excess of redemption amount over the amount of received upon issuance of units are applied against related retained earnings (deficit).

14.5 Functional and presentation currency

Subscriptions and redemptions of the Fund's redeemable shares are denominated in Philippine Peso ("Peso"). The primary activity of the Fund is to invest in equity securities comprising the PSEi to track the performance of the PSEi. Such securities are denominated in Peso. The performance of the Fund is measured and reported to the investors in Peso. The Board of Directors considers the Peso 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 Peso, which is the Fund's functional and presentation currency.

14.6 Current and deferred income tax

Current income tax

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

The Fund primarily earns dividend income from its investments in equity securities which is tax-exempt. Sale of financial assets at fair value through profit or loss is subject to other percentage tax while interest income from bank deposits is subject to final withholding tax. Such income is presented net of taxes paid or withheld.

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.

15 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.

Documentary stamp tax

Total documentary stamp taxes on share subscriptions for the year ended December 31, 2023 amount to P402 which is already paid as at year-end.

Withholding taxes

Withholding taxes for the year ended December 31, 2023 amount to P10,367 of which P839 is outstanding as at December 31, 2023 and is lodged under other liabilities in the statement of financial position.

iii) All other local and national taxes

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

	Amount
Municipal and other related taxes	432
Annual fees for Unitized Mutual Fund	33
Community tax	11
	476

The above local and national taxes, including the 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

As at December 31, 2023, open taxable years are 2023, 2022 and 2021. The Fund has not received any Final Assessment Notice from the BIR. 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 customer duties and tariff.

Philippine Stock Index Fund Corporation
Reconciliation of Retained Earnings Available for Dividend Declaration
For the year ended December 31, 2023
(All amounts in thousands of Philippine Peso)

Unappropriated Retained Earnings, beginning of the year/period	3,352,784
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	3,352,784
Add/Less: Net Income (loss) for the current year/period	25,237
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)	84,600
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)	-
	84,600

(continued)

Philippine Stock Index Fund Corp.**Reconciliation of Retained Earnings Available for Dividend Declaration**

For the year ended December 31, 2023

Page 20

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		(59,363)
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)	-	-

(continued)

Philippine Stock Index Fund Corp.**Reconciliation of Retained Earnings Available for Dividend Declaration**

For the year ended December 31, 2023

Page 21

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	(6,160)	(6,160)
Total Retained Earnings, end of the year/period available for dividend declaration		3,287,261

Philippine Stock Index Fund Corp.

As at December 31, 2023

Annex A - Financial Assets

(All amounts in thousands of Philippine Peso, except for number of shares and units)

Shareholders				
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>Cash and cash equivalents</i>				
<i>Short-term time deposits</i>				
BPIC-XTDT 20240102	24,080	24,080	24,080	
RCBC-TD 20240102	31,000	31,000	31,000	
	55,080	55,080	55,080	
<i>Regular savings deposit</i>				
	-	16,253	16,253	
TOTAL CASH AND CASH EQUIVALENTS	55,080	71,333	71,333	1,337
<i>Fair value through profit or loss (FVTPL)</i>				
<i>Listed equity securities</i>				
SM	1,310,474	1,142,733	1,142,733	
SMPH	23,872,373	785,401	785,401	
BDO	5,178,746	675,826	675,826	
BPI	5,634,571	584,868	584,868	
ICT	2,315,254	571,405	571,405	
ALI	16,023,694	552,016	552,016	
AC	706,212	480,930	480,930	
JFC	1,125,909	283,054	283,054	
AEV	5,900,990	263,184	263,184	
MER	654,705	261,227	261,227	
JGS	6,721,175	256,413	256,413	
URC	2,140,822	253,045	253,045	
MBT	4,822,942	247,417	247,417	
TEL	178,597	228,426	228,426	
EMI	7,031,400	146,605	146,605	
MONDE	16,057,675	134,563	134,563	
GTCAP	211,623	124,858	124,858	
GLO	70,890	121,931	121,931	
SMC	1,065,187	108,756	108,756	
ACEN	20,388,270	89,301	89,301	
BLOOM	8,682,500	85,436	85,436	
CNPF	2,690,700	83,277	83,277	
DMC	7,712,525	75,351	75,351	
AGI	6,246,139	70,456	70,456	
SCC	2,279,150	68,944	68,944	
WLCON	3,114,150	65,086	65,086	
PGOLD	2,252,150	60,583	60,583	
LTG	6,285,820	56,447	56,447	
NIKL	8,387,000	45,961	45,961	
CNVRG	5,032,625	42,173	42,173	
Total	174,094,268	7,965,673	7,965,673	232,008
<i>Other receivables</i>				
Dividend income receivable		11,867		
Accrued interest receivable		11		
TOTAL OTHER RECEIVABLES		11,878		

Philippine Stock Index Fund Corp.
As at December 31, 2023 Annex A - Financial Assets
(All amounts in thousands of Philippine Peso)
Page 2

Unit Holders				
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>Cash and cash equivalents</i>				
<i>Short-term time deposits</i>				
BPIC-XTDT 20240102	3,510,000	3,510	3,510	
RCBC-TD 20240102	3,000,000	3,000	3,000	
	6,510,000	6,510	6,510	
<i>Regular savings deposit</i>		1,245	1,245	
TOTAL CASH AND CASH EQUIVALENTS	6,510,000	7,755	7,755	283
<i>Listed equity securities</i>				
SM	100,330	87,488	87,488	
SMPH	1,827,600	60,128	60,128	
BDO	396,468	51,739	51,739	
BPI	431,372	44,776	44,776	
ICT	177,250	43,745	43,745	
ALI	1,228,800	42,332	42,332	
AC	54,070	36,822	36,822	
JFC	86,190	21,668	21,668	
AEV	451,800	20,150	20,150	
MER	50,150	20,010	20,010	
JGS	514,540	19,630	19,630	
URC	163,900	19,373	19,373	
MBT	369,230	18,941	18,941	
TEL	13,685	17,503	17,503	
EMI	538,300	11,224	11,224	
MONDE	1,229,300	10,302	10,302	
GTCAP	16,200	9,558	9,558	
GLO	5,425	9,331	9,331	
SMC	81,550	8,326	8,326	
ACEN	1,560,440	6,835	6,835	
BLOOM	664,700	6,541	6,541	
CNPF	206,000	6,376	6,376	
DMC	590,400	5,768	5,768	
AGI	479,300	5,407	5,407	
SCC	174,500	5,279	5,279	
WLCON	238,400	4,982	4,982	
PGOLD	172,400	4,637	4,637	
LTG	481,200	4,321	4,321	
NIKL	642,100	3,519	3,519	
CNVRG	385,300	3,228	3,228	
TOTAL FVTPL	13,330,900	609,939	609,939	13,913

Philippine Stock Index Fund Corp.
As at December 31, 2023
Annex A - Financial Assets
(All amounts in thousands of Philippine Peso)
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>Other receivables</i>				
Dividend income receivable	-	890	-	-
Accrued interest receivable	-	1	-	-
TOTAL OTHER RECEIVABLES	-	891	-	-

Philippine Stock Index Fund Corp.

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
NOTHING TO REPORT							

Philippine Stock Index Fund Corp.

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	Amounts collected	Amounts written off	Current	Not current	Balance at end of the period
NOT APPLICABLE							

Philippine Stock Index Fund Corp.

As at December 31, 2023

Annex D - Long-Term Debt

Name 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			

Philippine Stock Index Fund Corp.

As at December 31, 2023

Annex E - Indebtedness to Related Parties (Long-Term Loans from Related Companies)

(All amounts in thousands of Philippine Peso)

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

Philippine Stock Index Fund Corp.
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
NOTHING TO REPORT				

Philippine Stock Index Fund Corp.

As at December 31, 2023

Annex G - Capital Stock

Shareholders and Unit Holders						
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	26,400,000	10,705,439	-	-	25,927	10,679,512
Redeemable units	50,000,000,000	676,893	-	50,000	1,779	625,114

Control No.:

Form Type:

PHFS1

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

NAME OF CORPORATION: PHILIPPINE STOCK INDEX FUND CORP.

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			2022		
		Shareholders (in P'000)	Unit Holders (in P'000)	Total (in P'000)	Shareholders (in P'000)	Unit Holders (in P'000)	Total (in P'000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6)		8,048,884	618,585	8,667,469	9,108,541	482,093	9,590,634
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)		8,048,884	618,585	8,667,469	9,108,541	482,093	9,590,634
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)		71,333	7,755	79,088	47,222	5,971	53,193
A.1.1.1 On hand							
A.1.1.2 In domestic banks/entities		71,333	7,755	79,088	47,222	5,971	53,193
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)		7,965,673	609,939	8,575,612	9,042,555	475,373	9,517,928
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)							
A.1.2.1.1 National Government							
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							
A.1.2.1.5 Private Non-Financial Institutions							
A.1.2.2 Short-term placements or investments in securities issued by foreign entities							
A.1.2.3 Others, specify		7,965,673	609,939	8,575,612	9,042,555	475,373	9,517,928
Financial assets at fair value through profit or loss		7,965,673	609,939	8,575,612	9,042,555	475,373	9,517,928
Others, specify							
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)		11,878	891	12,769	18,764	749	19,513
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)		11,878	891	12,769	18,764	749	19,513
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		11,878	891	12,769	18,764	749	19,513
Dividend income receivable		11,867	890	12,757	18,753	621	19,374
Accrued interest receivable		11	1	12	11	1	12
Securities Sold Receivable						127	127
A.1.3.1.4 Allowance for doubtful accounts/bad debts/probable losses (negative entry)							
A.1.3.2 Due from foreign entities, specify (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)							
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)							
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: PHILIPPINE STOCK INDEX FUND CORP.

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			2022		
	Shareholders (in P'000)	Unit Holders (in P'000)	Total (in P'000)	Shareholders (in P'000)	Unit Holders (in P'000)	Total (in P'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)						
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)						
A.3.1 Equity in domestic subsidiaries/affiliates						
A.3.2 Equity in foreign branches/subsidiaries/affiliates						
A.3.3 Others, specify						
A.3.4 Allowance for decline in market value (negative entry)						
A.4 Intangible Assets						
A.5 Long-term receivables						
A.5.1 Long-term receivables (net of current portion) (A.5.1 + A.5.2 + A.5.3)						
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)						
A.6.1 Deferred charges - net of amortization						
A.6.2 Advance/Miscellaneous deposits						
A.6.3 Others, specify						
Reserve for dividend declaration						
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)	14,458	2,081	16,539	13,500	5,251	18,751
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3)	14,458	2,081	16,539	13,500	5,251	18,751
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)	14,458	2,081	16,539	13,500	5,251	18,751
B.1.1.1 Trade Payables					1,235	
B.1.1.2 Payables to Subsidiaries						
B.1.1.3 Payables to Related Parties	3,824	326	4,150	4,789	319	5,108
B.1.1.4 Advances from Directors, Officers, Employees and Principal Stockholders						
B.1.1.5 Accruals with tax	768	71	839	908	82	990

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

NAME OF CORPORATION: PHILIPPINE STOCK INDEX FUND CORP.

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			2022		
	Shareholders (in P'000)	Unit Holders (in P'000)	Total (in P'000)	Shareholders (in P'000)	Unit Holders (in P'000)	Total (in P'000)
B.1.1.6 Others, specify	9,866	1,684	11,550	7,803	3,615	11,418
Management and distribution fees payable to third parties	2,227	121	2,348	2,033		2,033
Capital shares redeemed payable	7,639	1,381	9,020	5,761	3,386	9,147
Other Payable	0	182	182	9	229	238
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)						
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)						
B.6.1 Deferred Income Tax						
B.6.2 Others, specify						
C. MINORITY INTEREST						
D. EQUITY (D.3 + D.4 + D.5 + D.6 + D.7 + D.8 + D.9)	8,034,426	616,504	8,650,930	9,095,041	476,842	9,571,883
D.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (D.1.1+D.1.2+D.1.3)	2,640,000	52,445	2,692,445	2,640,000	52,445	2,692,445
D.1.1 Common shares 26,400,000; P100	2,640,000		2,640,000	2,640,000		2,640,000
D.1.2 Preferred Shares						
D.1.3 Others 50,000,000,000.00 Units		52,445	52,445		52,445	52,445
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)	1,070,544	631,115	1,701,659	1,214,274	496,893	1,711,167
D.3.1 Common shares	1,070,544		1,070,544	1,214,274		1,214,274
D.3.2 Preferred Shares						
D.3.3 Others: Units 524,447.78		631,115	631,115		496,893	496,893
D.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus	3,573,923		3,573,923	4,504,445		4,504,445
D.5 Others, specify						
Net increase in assets resulting from operations						
Net investment income						
Deposit for future subscriptions						
D.6 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus						
D.7 Retained Earnings (D.7.1 + D.7.2)	3,389,959	(14,611)	3,375,348	3,376,322	(20,051)	3,356,271
D.7.1 Appropriated						
D.7.2 Unappropriated	3,389,959	(14,611)	3,375,348	3,376,322	(20,051)	3,356,271
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)	8,048,884	618,585	8,667,469	9,108,541	482,093	9,590,634

Control No.:

Form Type:

PHFS1

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

NAME OF CORPORATION: PHILIPPINE STOCK INDEX FUND CORP.

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			2022			2021		
	Shareholders	Unit Holders	Total	Shareholders	Unit Holders	Total	Shareholders	Unit Holders	Total
	(in P'000)	(in P'000)	(in P'000)	(in P'000)	(in P'000)	(in P'000)	(in P'000)	(in P'000)	(in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3)	110,054	11,582	121,636	(622,809)	(13,452)	(636,261)	162,833	(88)	162,745
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)									
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)	110,054	11,582	121,636	(622,809)	(13,452)	(636,261)	162,833	(88)	162,745
A.3.1 Interest Income	1,337	283	1,620	581	76	657	378	1	379
A.3.2 Dividend Income	232,008	13,913	245,921	216,540	6,732	223,272	191,202	16	191,218
A.3.3 Gain / (Loss) from selling of Assets, specify	(123,300)	(2,674)	(125,974)	(839,230)	(20,261)	(860,191)	(28,995)	(105)	(29,100)
Net gains (losses) on financial assets at fair value through profit or loss	(123,300)	(2,674)	(125,974)	(839,230)	(20,261)	(860,191)	(28,995)	(105)	(29,100)
A.3.4 Others, specify	9	60	69		1	1	248		248
Gain / (Loss) on Foreign Exchange									
Other Income	9	60	69		1	1	248		248
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)									
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)									
C.1 Purchases									
C.2 Merchandise Inventory, Beginning									
C.3 Merchandise Inventory, End (negative entry)									
D. GROSS PROFIT (A - B - C)	110,054	11,582	121,636	(622,809)	(13,452)	(636,261)	162,833	(88)	162,745

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

NAME OF CORPORATION: PHILIPPINE STOCK INDEX FUND CORP.

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			2022			2021		
	Shareholders	Unit Holders	Total	Shareholders	Unit Holders	Total	Shareholders	Unit Holders	Total
	(in P'000)	(in P'000)	(in P'000)	(in P'000)	(in P'000)	(in P'000)	(in P'000)	(in P'000)	(in P'000)
E. OPERATING EXPENSES (E.1 + E.2 + E.3 + E.4)	90,257	6,142	96,399	103,854	5,666	109,521	114,837	844	115,681
E.1 Selling or Marketing Expenses									
E.2 Administrative Expenses									
E.3 General Expenses									
E.4 Other Expenses, specify	90,257	6,142	96,399	103,854	5,666	109,521	114,837	844	115,681
Management and distribution fees	85,544	5,251	90,795	96,788	3,291	100,079	108,307	50	108,357
Taxes and licenses	456	422	878	312	2,025	2,337	2,015	792	2,807
Custodian fees	2,952	384	3,336	4,482	301	4,783	3,207		3,207
Professional fees	1,176	77	1,253	1,094	29	1,123	547		547
Others	129	8	137	1,178	21	1,199	761	2	763
F. FINANCE COSTS (F.1 + F.2 + F.3)									
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)	19,797	5,440	25,237	(726,663)	(19,119)	(745,784)	47,996	(932)	47,064
I. Income Tax Expense (negative entry)	0			0			0		
J. Income After Tax	19,797	5,440	25,237	(726,663)	(19,119)	(745,784)	47,996	(932)	47,064
K. Minority Interest (negative entry)	0			0			0		
L. Net Income (Loss - negative entry) from Ordinary Activities (J - K)	19,797	5,440	25,237	(726,663)	(19,119)	(745,784)	47,996	(932)	47,064
M. Extraordinary Items	0			0			0		
N. Net Income (Loss - negative entry) for the Year (L + M)	19,797	5,440	25,237	(726,663)	(19,119)	(745,784)	47,996	(932)	47,064
O Earnings (Loss) Per Share/Unit									
O.1 Basic	1.73	9.35		(49.90)	(15.54)		3.04	(186.40)	
O.2 Diluted	1.73	9.35		(49.90)	(15.54)		3.04	(186.40)	

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

NAME OF CORPORATION:	PHILIPPINE STOCK INDEX FUND CORP.		
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			2022			2021		
	Shareholders (in P'000)	Unit Holders (in P'000)	Total (in P'000)	Shareholders (in P'000)	Unit Holders (in P'000)	Total (in P'000)	Shareholders (in P'000)	Unit Holders (in P'000)	Total (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES									
Net Income (Loss) Before Tax and Extraordinary Items	19,797	5,440	25,237	(726,663)	(19,120)	(745,784)	47,996	(932)	47,064
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities									
Depreciation									
Amortization, specify: Unrealized fair value losses (gains), net	(111,834)	(966)	(112,800)	836,715	15,010	851,725	4,812	(163)	4,649
Others, specify:									
Dividend income	(232,008)	(13,913)	(245,921)	(216,540)	(6,732)	(223,272)	(191,202)	(16)	(191,218)
Dividend received	238,894	13,644	252,538	201,683	6,117	207,800	192,430	10	192,440
Interest income	(1,337)	(283)	(1,620)	(581)	(76)	(657)	(378)	(1)	(379)
Interest received	1,337	283	1,620	571	75	646	507	1	508
Write-down of Property, Plant, and Equipment									
Changes in Assets and Liabilities:									
Decrease (Increase) in:									
Investments, net									
Financial assets at fair value through profit or loss	1,188,716	(134,709)	1,054,007	988,922	(419,279)	569,642	285,464	(74,746)	210,718
Receivables									
Others, specify:									
Increase (Decrease) in:									
Trade and Other Payables									
Income and Other Taxes Payable									
Others, specify: Management and distribution fees payable	(771)	128	(643)	(1,467)	305	(1,162)	(300)	14	(286)
Other liabilities	(149)	(57)	(206)	(376)	(519)	(895)	269	5,746	6,015
A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)	1,102,645	(130,433)	972,212	1,082,265	(424,221)	658,044	339,599	(70,087)	269,512
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)									
CASH FLOWS FROM FINANCING ACTIVITIES									
Proceeds from:									
Loans									
Long-term Debt									
Issuance of Shares	23,538		23,538	57,217		57,217	1,252,935		1,252,935
Others, specify: Deposit for future subscriptions									
Issuance of Units		336,001	336,001		616,670	616,670		79,741	79,741
Payments of:									
(Loans)									
(Long-term Debt)									
(Stock Subscriptions)									
Others, specify (negative entry):									
Redemption of shares	(1,102,072)		(1,102,072)	(1,197,998)		(1,197,998)	(1,595,846)		(1,595,846)
Redemption of Units		(203,784)	(203,784)		(195,213)	(195,213)		(919)	(919)
C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)	(1,078,534)	132,217	(946,317)	(1,140,780)	421,457	(719,324)	(342,911)	78,822	(264,089)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	24,111	1,784	25,895	(58,516)	(2,764)	(61,280)	(3,312)	8,735	5,423
D. Effects of Exchange Rate Changes on Cash & Cah Equivalents									
Cash and Cash Equivalents									
Beginning of year	47,222	5,971	53,193	105,738	8,735	114,473	109,050		109,050
End of year	71,333	7,755	79,088	47,222	5,971	53,193	105,738	8,735	114,473

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

NAME OF CORPORATION: PHILIPPINE STOCK INDEX FUND CORP.
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	Shareholders (Amount in P'000)						Unit Holders (Amount in P'000)					
	Capital Stock	Additional Paid-in Capital	Revaluation Increment	Deposits for future subscriptions	Retained Earnings	TOTAL	Capital Stock	Additional Paid-in Capital	Revaluation Increment	Deposits for future subscriptions	Retained Earnings	TOTAL
A. Balance, 2021	1,360,955	5,489,134	0	0	4,101,613	10,951,702	78,335	0	0	0	(932)	77,403
A.1 Correction of Fundamental Error												
A.2 Changes in Accounting Policy												
B. Restated Balance	1,360,955	5,489,134	0	0	4,101,613	10,951,702	78,335	0	0	0	(932)	77,403
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	(146,681)	(984,690)	0	0	(725,291)	(1,856,662)	418,558	0	0	0	(19,119)	399,438
C.1 Net Income (Loss) for the Period	0	0	0	0	(726,663)	(726,663)	0	0	0	0	(19,119)	(19,120)
C.2 Dividends (negative entry)												
C.3 Current Appropriation for Contingencies												
C.4 Issuance/Redemption of Capital												
C.4.1 Common Stock	(146,681)	(984,690)	0	0	1,372	(1,129,999)	418,558		0	0		418,558
C.4.2 Preferred Stock												
C.4.3 Deposits for future subscriptions				0		0				0		0
D. Balance, 2022	1,214,274	4,504,445	0	0	3,376,322	9,095,041	496,893	0	0	0	(20,051)	476,842
D.1 Correction of Fundamental Error												
D.2 Changes in Accounting Policy												
E. Restated Balance	1,214,274	4,504,445	0	0	3,376,322	9,095,041	496,893	0	0	0	(20,051)	476,842
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	(143,730)	(930,522)	0	0	13,637	(1,060,615)	134,222	0	0	0	5,440	139,662
F.1 Net Income (Loss) for the Period	0	0	0	0	19,797	19,797	0	0	0	0	5,440	5,440
F.2 Dividends (negative entry)												
F.3 Current Appropriation for Contingencies												
F.4 Issuance/Redemption of Capital												
F.4.1 Common Stock	(143,730)	(930,522)	0	0	(6,160)	(1,080,412)	134,222		0	0		134,222
F.4.2 Preferred Stock												
F.4.3 Others- DFFS				0		0				0		0
F. Balance, 2023	1,070,544	3,573,923	0	0	3,389,959	8,034,426	631,115	0	0	0	(14,611)	616,504

Table 4a. Statement of Recognized Gains and Losses

FINANCIAL DATA	(Amount in P'000)								
	2023			2022			2021		
	Shareholders	Unit Holders	Total	Shareholders	Unit Holders	Total	Shareholders	Unit Holders	Total
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	19,797	5,440	25,237	(726,663)	(19,119)	(745,782)	47,996	(932)	47,064
Total Recognized Gains (Losses) (A + B + C + D + E)	19,797	5,440	25,237	(726,663)	(19,119)	(745,782)	47,996	(932)	47,064
Effect of Changes in Accounting Policy									

TOTAL ASSETS-December 1 to December 31, 2023	618,585
NET ASSET VALUE-December 1 to December 31, 2023	616,504

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.
EQUITIES :							
AYALA CORP	AC	36,822	5.97%	5.95%	54	439,753,368	0.01%
AC ENERGY	ACEN	6,835	1.11%	1.10%	1,560	169,819,250	0.00%
ABOTIZ EQUITY VENTURES INC	AEV	20,150	3.27%	3.26%	452	277,696,406	0.01%
ALLIANCE GLOBAL INC	AGI	5,407	0.88%	0.87%	479	102,633,671	0.01%
AYALA LAND INC	ALI	42,332	6.87%	6.84%	1,229	514,010,845	0.01%
BDO UNIBANK INC	BDO	51,739	8.39%	8.36%	396	682,779,107	0.01%
BLOOMBERRY RESORTS CORP	BLOOM	6,541	1.06%	1.06%	665	17,046,907	0.01%
BANK OF THE PHILIPPINE ISLANDS	BPI	44,776	7.26%	7.24%	431	545,379,173	0.01%
CENTURY PACIFIC FOOD INC	CNPF	6,376	1.03%	1.03%	206	108,570,226	0.01%
CONVERGE ICT SOLUTIONS INC	CNVRG	3,229	0.52%	0.52%	385	65,035,829	0.00%
DMCI HOLDINGS INC	DMC	5,768	0.94%	0.93%	590	132,774,700	0.00%
EMPERADOR, INC	EMI	11,224	1.82%	1.81%	538	327,318,602	0.00%
GLOBE TELECOM INC	GLO	9,331	1.51%	1.51%	5	248,505,885	0.00%
GT CAPITAL HOLDINGS INC	GTCP	9,558	1.55%	1.55%	16	129,601,321	0.01%
INTERNATIONAL CONTAINER TERMINAL SERVICES INC	ICT	43,745	7.10%	7.07%	177	504,745,969	0.01%
JOLIBEE FOODS CORP	JFC	21,668	3.51%	3.50%	86	283,113,571	0.01%
JG SUMMIT HOLDINGS INC	JGS	19,630	3.18%	3.17%	515	304,599,838	0.01%
LT GROUP INC	LTG	4,321	0.70%	0.70%	481	98,258,211	0.00%
METROPOLITAN BANK & TRUST	MBT	18,941	3.07%	3.06%	369	240,611,732	0.01%
MANILA ELECTRIC CO	MER	20,010	3.25%	3.23%	50	440,695,594	0.00%
MONDE NISSAN CORP	MONDE	10,302	1.67%	1.67%	1,229	155,608,176	0.01%
NICKEL ASIA CORP	NIKL	3,519	0.57%	0.57%	642	72,717,401	0.00%
PUREGOLD PRICE CLUB INC	PGOLD	4,638	0.75%	0.75%	172	78,339,743	0.01%
SEMIARA MINING & POWER CORP	SCC	5,279	0.86%	0.85%	175	127,303,901	0.00%
SM INVESTMENTS CORP	SM	87,488	14.19%	14.14%	100	1,085,767,754	0.01%
SAN MIGUEL CORP	SMC	8,326	1.35%	1.35%	82	261,990,235	0.00%
SM PRIME HOLDINGS	SMPH	60,128	9.75%	9.72%	1,828	971,786,147	0.01%
PLDT, INC.	TEL	17,503	2.84%	2.83%	14	275,687,169	0.01%
UNIVERSAL ROBINA CORP	URC	19,373	3.14%	3.13%	164	265,210,118	0.01%
WILCON DEPOT INC.	WLCON	4982.56	0.81%	0.81%	238	95,113,599	0.01%
TOTAL FAIR VALUE THROUGH PROFIT OR LOSS		609,939					
INVESTMENT IN LIQUID OR SEMI-LIQUID ASSETS							
BPIC-XTDT20240102940		3,510	0.57%	0.57%	3,510	n/a	n/a
RCBC-TDZ20240102940		3,000	0.49%	0.48%	3,000	n/a	n/a
Cash in bank		5,245	0.20%	0.20%	n/a	n/a	n/a
CASH AND CASH EQUIVALENTS		7,755	1.26%	1.25%	n/a	n/a	n/a
TOTAL OPERATING EXPENSES							
AVERAGE NET ASSET VALUE-December 1 to December 31, 2023		525,473					
		AMOUNT	PERCENTAGE TO NET ASSET VALUE				
MANAGEMENT AND DISTRIBUTION FEES		5,251	1.00%				
TAXES AND LICENSES		422	0.08%				
CUSTODIAN FEES		384	0.07%				
PROFESSIONAL FEES		77	0.01%				
OTHERS		8	0.00%				
		6,142					
TOTAL ASSETS TO TOTAL BORROWINGS:							
NO BORROWINGS FOR THE YEAR							

TOTAL ASSETS-December 1 to December 31, 2022	482,093
NET ASSET VALUE-December 1 to December 31, 2022	476,842

SECURITY NAME	MARKE T 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.
EQUITIES :						
AYALA CORP	29,218	6.13%	6.06%	42	619,704	0.0068%
AC ENERGY	7,648	1.60%	1.59%	1,004	38,315,838	0.0026%
ABOITIZ EQUITY VENTURES	20,328	4.26%	4.22%	352	5,630,225	0.0063%
ALLIANCE GLOBAL INC	4,637	0.97%	0.96%	390	9,465,965	0.0041%
AYALA LAND INC	32,072	6.73%	6.65%	1,041	14,795,595	0.0070%
ABOITIZ POWER	6,670	1.40%	1.38%	196	7,358,604	0.0027%
BANCO DE ORO UNIV. BANK	32,593	6.84%	6.76%	308	4,385,915	0.0070%
BANK OF THE PHIL ISLANDS	30,032	6.30%	6.23%	294	4,513,128	0.0065%
CONVERSE INFORMATION & COMMUNICATION	4,762	1.00%	0.99%	300	7,526,294	0.0040%
EMPERADOR INC	6,475	1.36%	1.34%	314	16,242,391	0.0019%
GLOBE TELECOM GMCR	9,200	1.93%	1.91%	4	133,619	0.0032%
GT CAPITAL HOLDINGS INC.	5,485	1.15%	1.14%	13	215,285	0.0069%
INTL CONT TERM SVC INC	27,572	5.78%	5.72%	138	2,039,880	0.0068%
JOLLIBEE FOODS CORP	14,732	3.09%	3.06%	64	1,110,769	0.0058%
JG SUMMIT HOLDINGS INC	20,147	4.23%	4.18%	401	7,520,984	0.0053%
LT GROUP INC	3,446	0.72%	0.71%	375	10,821,389	0.0035%
METROPOLITAN BANK & TRUST	15,520	3.25%	3.22%	287	4,497,416	0.0064%
MEGAWORLD PROP & HOLDINGS	2,682	0.56%	0.56%	1,341	31,840,893	0.0042%
MANILA ELECTRIC CO	11,211	2.35%	2.33%	38	1,127,099	0.0033%
MONDE NISSIN CORP	10,602	2.22%	2.20%	957	17,968,611	0.0053%
METRO PACIFIC INVESTMENTS	4,966	1.04%	1.03%	1,452	29,554,783	0.0049%
PUREGOLD	4,684	0.98%	0.97%	134	2,581,638	0.0047%
ROBINSONS LAND CORP	3,727	0.78%	0.77%	249	5,106,789	0.0049%
SEMIKARA MINING AND POWER CORP	4,685	0.98%	0.97%	136	4,250,547	0.0032%
SM INVESTMENTS CORP.	70,290	14.74%	14.58%	78	1,204,583	0.0065%
SAN MIGUEL CORP	4,710	0.99%	0.98%	51	2,378,525	0.0021%
SM PRIME HOLDINGS	50,502	10.59%	10.48%	1,423	28,879,232	0.0049%
PHIL LONG DIS TEL CO	14,395	3.02%	2.99%	11	216,056	0.0051%
UNIVERSAL ROBINA CORP	17,356	3.64%	3.60%	128	2,190,165	0.0068%
WILCON DEPOT INC	5475.2	1.15%	1.14%	186	4,099,724	0.0045%
TOTAL FAIR VALUE THROUGH PROFIT OR LOSS		475,824				
INVESTMENT IN LIQUID OR SEMI-LIQUID ASSETS						
CASH AND CASH EQUIVALENTS	5,971	1.25%	1.24%	n/a	n/a	n/a
TOTAL OPERATING EXPENSES						
AVERAGE NET ASSET VALUE-December 1 to December 31, 2022		330,180				
AMOUNT		PERCENTAGE TO NET ASSET VALUE				
MANAGEMENT AND DISTRIBUTION FEES		3,291 1.00%				
TAXES AND LICENSES		2,025 0.61%				
CUSTODIAN FEES		301 0.09%				
PROFESSIONAL FEES		29 0.01%				
OTHERS		20 0.01%				
5,666						
TOTAL ASSETS TO TOTAL BORROWINGS:						
NO BORROWINGS FOR THE YEAR						

Financial Statement Ratios
As at December, 2023 and December, 2022

	January 1 to December 31, 2023			January 1 to December 31, 2022		
	Shareholders	Unit Holders	Total	Shareholders	Unit Holders	Total
Current Asset	8,048,884	618,585	8,667,469	10,977,826	83,651	11,061,477
Current Liabilities	14,458	2,081	16,539	26,124	6,248	32,372
Current /Liquidity Ratio	556.71	297.25	524.06	420.22	13.39	341.70
Total Liabilities	14,458	2,081	16,539	26,124	6,248	32,372
Total Equity	8,034,426	616,504	8,650,930	10,951,702	77,403	11,029,105
Debt-to-Equity Ratio	0.0018	0.0034	0.0019	0.0024	0.0807	0.0029
Total Assets	8,048,884	618,585	8,667,469	10,977,826	83,651	11,061,477
Total Equity	8,034,426	616,504	8,650,930	10,951,702	77,403	11,029,105
Asset-to-Equity Ratio	1.00	1.00	1.00	1.00	1.08	1.00
Earnings Before Income Tax	19,797	5,440	25,237	47,996	(932)	47,064
Interest Expense	-	-	-	-	-	-
Interest Rate Coverage Ratio	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net Income	19,797	5,440	25,237	47,996	(932)	47,064
Total Equity	8,034,426	616,504	8,650,930	10,951,702	77,403	11,029,105
Return on Investments	0.00	0.01	0.00	0.00	(0.01)	0.00

PHILIPPINE STOCK INDEX FUND, CORP.
MANUAL ON CORPORATE GOVERNANCE
(Revised July 2020)

Philippine Stock Index Fund, Corp.

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ARTICLE 1: CORPORATE GOVERNANCE PHILOSOPHY

The Board of Directors of the Philippine Stock Index Fund, Corp. (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 or 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 PHILIPPINE STOCK INDEX FUND, CORP.

This document and the information herein are proprietary and for the internal use of the Philippine Stock Index Fund, Corp. (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

Philippine Stock Index Fund, Corp.

FINAL PROSPECTUS PHILIPPINE STOCK INDEX FUND

(UNITIZED MUTUAL FUND)

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

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

An Offer of up to the Number of Authorized Units of Participation to
Philippine Stock Index Fund at an Offer Price of Net Asset Value per Unit
on the date of subscription

	PHILIPPINE STOCK INDEX FUND
Number of Authorized Units	50,000,000,000
Minimum Initial Investment	PHP 1,000.00
Initial NAVpU	PHP 1,000.00

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

BPI Investment Management, Inc.
Fund Manager & Principal Distributor


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

Affinity Capital Corp., Tel. Nos. (02) 8812-1344
Bank of the Philippine Islands, Tel. Nos. (02) 889-10000
BPI Capital Corporation, Tel. Nos. (02) 8845-5695 to 97
Citicorp Financial Services and Insurance Brokerage Philippines, Inc., Tel. Nos. (02) 8995-9999
COL Financial Group, Inc., Tel. No. (02) 7636-5411
First Metro Securities Brokerage Corporation, Tel. No. (02) 8859-0600
Wealth Securities, Inc., Tel. No. 7634-5038
Unicapital Securities, Inc., Tel. No. 8892-0991
Sub-Distributors

***The date of this PROSPECTUS is November 15, 2021**

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

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




Ms. Romeo L. Bernardo
Chairman
Philippine Stock Index Fund, Corp.

29 NOV 2021

SUBSCRIBED AND SWORN TO before me this ____ day of ____ 20__ Affiant, Ms. Romeo L.
Bernardo exhibiting to me his TIN 124-135-087

NOTARY PUBLIC

Doc. No. 86
Page No. 19
Book No. 10
Series of 20 21


ATTY. HENRY D. ADASA
NOTARY PUBLIC, CITY OF MANILA
UNTIL DECEMBER 31, 2021
NOTARIAL COMMISSION 2019-097 MIA
RFP NO. 141255 - 01/04/2021, PASIG
PTR NO. 9326148 - 01/05/2021 MIA
ROLL NO. 29679, TIN: 172-528-620
MCLE COMPL. NO. VII-0000165
URBAN DECA HOMES MANILA, D-2, UNIT 307

PHILIPPINE STOCK INDEX FUND CORP.
(Unitized Mutual Fund)

SUMMARY OF FEES TO BE DEDUCTED FROM THE FUND	
Total Management Fee based on the average daily trading NAV of the Fund	1.00% p.a.
Management Fee*	0.475% p.a.
Distribution Fee*	0.475% p.a.
Transfer Agent Fee*	0.050% p.a.
<i>(*shall be taken from the 1.00% p.a. total management fee)(exclusive of VAT)</i>	
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
Independent NAV Calculation Agent	2.50 bps p.a.
SEC Annual Fee (based on the average net asset value of the fund's outstanding units)	1 bp
Index License Fee	1 – 3 bps p.a.
Director's Fees	PHP 40,000 per director per meeting attended
2018 External Audit Fee	PhP 494,466.56

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

OTHER FEES (TO BE SHOULDERED BY THE INVESTOR)	
Maximum Sales Load, if any, to be collected from the subscribers, based on each amount invested by an applicant or Unitholder	3%
Early Redemption Fee based on the amount redeemed	
90 days or less	1.00% flat
more than 90 days	none

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THE OFFER

Philippine Stock Index 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 units of participation of the Philippine Stock Index Fund.

This is an Offer of up to Fifty Billion (50,000,000,000) units of participation with an Initial Net Asset Value per Unit of Php 1,000.00 each (the "Offer Units"), in Philippine Stock Index Fund Corp. ("Philippine Stock Index Fund" or "PSIF" or the "Fund") at the Fund's prevailing Net Asset Value ("NAV") per unit, plus any applicable sales load, on the date of sale of the units. The Fund may terminate the Offer at any time or when the number of units subscribed and paid for has reached 50 billion units.

The Fund, a domestic corporation established to carry on the business of an open-end investment company in accordance with R.A. 2629, was incorporated on December 11, 2002 with an authorized capitalization of PhP 200.0 Million consisting of 2,000,000 shares with par value of PhP100.00 each. On February 15, 2003, the Fund's authorized capital stock was increased from PhP 200.0 Million consisting of 2,000,000 shares with par value of PhP100.00 each to PhP 500.0 Million consisting of 5,000,000 shares with par value of PhP100.00 each. On September 5, 2006, the authorized capital stock was increased to PhP 680.0 Million consisting of 6,800,000 shares with par value of PhP100.00 each. On September 13, 2007, the authorized capital stock was increased to PhP 1.468 Billion consisting of 14,680,000 shares with par value of PhP100.00 each. A further increase to PhP 2.0 Billion consisting of 20,000,000 shares with par value of PhP100.00 each was approved on July 12, 2013. A further increase to PhP 2.24 Billion divided into 22,400,000 shares with par value PhP100.00 each was approved on May 6, 2015. Most recently, a further increase to PhP 2.64 Billion divided into 26,400,000 shares with par value PhP100.00 each was approved on February 28, 2017.

The investment objective of the Fund is to provide returns that track the performance of the Philippine Stock Exchange Composite Index ("PSEi"). Due to its inherent nature, PSIF can be classified as high risk given the wide swings in the stock market. The Funds shall best cater to investors who are aware of risks in investing in stocks and who believe in the upside potential of the Philippine stock market.

USE OF PROCEEDS

The total proceeds from the sale of the 50 billion units of participation is estimated at PhP 50 Trillion (using PhP 1,000.00 initial NAVpU) which shall be invested in equity securities that comprise the Philippine Stock Exchange Composite Index ("PSEi") in the same weights as in the Index. The intent of which is for capital appreciation which will benefit the unitholders. Details of the use of proceeds & fund expenses shall be discussed in the "Use of Proceeds" section of this prospectus.

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 reinvested in marketable securities consistent

with the Fund's objectives. No other funds outside the proceeds of this offer 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.

THE OFFER UNITS OF PARTICIPATION

All of the Units of Participation 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 Units of Participation". The Units of Participation may be owned by any person regardless of citizenship or nationality, subject to the subsection on "Eligible Investors" under the section headed "Terms and Conditions of the Offer" (page 16). The liability of the unitholders 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, liquidity risk, tracking error/active 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 Unit, all or any part of the units standing in the name of a unitholders in the Fund. Unless redeemed earlier than the minimum holding period of 90 days when an Early Redemption Fee of 1% will apply, there is no redemption fee.

VALUATION

The Fund's investments are valued pursuant to Philippine Accounting Standards ("PAS") No. 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 NAVPU of the Fund may fluctuate (i.e. go up or go down) due to changes in the market values of the Fund's investments. Such changes in market values may also be attributable to various factors. See "Risk Factors and Risk Monitoring and Management".

OFFERING PRICE

The offering price of the Unit of Participation is the Fund's prevailing NAV per Unit computed as of end-of-day on the date of purchase of the Units, plus the applicable sales load, to a maximum of 3%.

DIVIDEND POLICY

The board of directors of the fund may declare dividends out of the unrestricted retained earnings which shall be payable in cash, units to all unitholders on the basis of outstanding units held by them.

A notice shall be made available to unitholders containing information on: (1) for cash dividend, total amount of cash dividend for distribution by the Fund & amount per unit held. (2) For unit dividends, total amount of dividend for distribution, NAVpU as at relevant record date, total number of units for distribution and, number of units to be distributed per unitholder.

Dividends shall be based on the equivalent pro rata unit of units held by each unitholder based on the outstanding units at the relevant record date. Distributions shall be made to holders within fifteen (15) business days from the relevant record date and proceeds are subsequently credited to the nominated settlement account of eligible Participants.

No dividends have been declared for Units of Participation.

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 “BIMI”). As fund manager, BIMI shall formulate and implement the investment strategy, provide and render management, technical, and administrative services, whereby authorizing BIMI to purchase and sell investment securities for the account of the Fund. As investment advisor, it is tasked to render services which include investment research and advice; the preparation of economic, industry, market, corporate, and security analyses; and assistance and recommendations in the formulation of investment guidelines. As Transfer Agent, BIMI shall provide transfer agency services including the maintenance of the official stock and transfer book of the Fund, the issuance of unitholders’ Transaction Advice, and payment of dividends, if any. For its services, BIMI 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	Philippine Stock Index Fund Corp. (Unitized Mutual Fund)
Total Management, Distribution, Advisory & Transfer Agent Fee (exclusive of VAT)	1.00% p.a.
Management Fee	0.475% p.a.
Distribution Fee	0.475% p.a.
Transfer Agent Fee	0.050% p.a.

DISTRIBUTORS

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

With the recent issuance of BSP Circular 844 (Cross-selling of Collective Investment Schemes and Other Amendments to Circular No. 801 on Revised Cross-selling Framework) on August 11, 2014, specifically trained and qualified bank employees are allowed to market/sell mutual funds under a cross-selling arrangement. Philippine Stock Index Fund may also enter into such cross-selling arrangements with select banking institutions. This is subject to the requirement that such bank employees shall be required to secure the necessary license from SEC to be qualified to market/sell mutual funds to the public.

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 unitholder in the Fund, in such percentages but not exceeding the rates stipulated below:

Name of Fund	Amount Invested	Maximum Sales Load
Philippine Stock Index Fund	Any amount	3%

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

CUSTODIAN BANK

As required under the Investment Company Act, a custodian bank, Citibank, N.A., has been appointed by the Fund for the purpose of holding relevant securities of the Fund, including (if applicable) subscription payments or proceeds from the sale of the Units, 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	

INDEPENDENT NAV CALCULATING AGENT

In compliance to SEC Memorandum Circular No. 21 series of 2019, the Fund has appointed the custodian bank as the independent NAV calculating agent to calculate or cross-check its Net Asset Value (NAV) every dealing day. The custodian bank charges 2.5b ps for the services rendered.

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 Units 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 Units 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 INVESTMENT DECISION. INVESTORS ARE ENCOURAGED TO READ THIS PROSPECTUS CAREFULLY AND RETAIN IT FOR FUTURE REFERENCE. ADDITIONAL INFORMATION ABOUT THE FUND HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (“SEC”) AND IS AVAILABLE UPON REQUEST.

SUMMARY OF FINANCIAL INFORMATION

The following information was lifted from the Interim Financial Statements of the Fund representing the financial information of the Shares for the period ended June 30, 2021 and Audited Financial Statements of the Fund for years ending December 31, 2020, 2019 and 2018. The latest financial reports audited by the Fund's external auditor, Isla Lipana & Co., as of December 31, 2020, appear in the last part of this Prospectus. The information set out below should be read in conjunction with the financial statements and related notes that are found in this Prospectus.

Financial information concerning unitized mutual fund will be segregated from that of the Fund representing the shares of stock.

PHILIPPINE STOCK INDEX FUND

As of June 30, 2021 (Unaudited) - In Thousand Pesos			
Balance Sheet		Income Statement	
Total Assets	11,119,510	Income (Loss)	(240,706)
Total Liabilities	42,308	Expenses	56,917
Total Equity	11,077,202	Net Income (Loss)	(297,623)

Net Asset Value per Share as of June 30, 2021: PhP 779.61

As of December 31, 2020 (Audited) - In Thousand Pesos			
Balance Sheet		Income Statement	
Total Assets	11,272,771	Income (Loss)	(747,641)
Total Liabilities	35,882	Expenses	105,653
Total Equity	11,236,889	Net Income (Loss)	(853,294)

Net Asset Value per Share as of December 31, 2020: PhP 801.61

As of December 31, 2019 (Audited) - In Thousand Pesos			
Balance Sheet		Income Statement	
Total Assets	11,998,184	Income (Loss)	818,148
Total Liabilities	29,063	Expenses	134,032
Total Equity	11,969,121	Net Income (Loss)	684,116

Net Asset Value per Share as of December 31, 2019: PhP 872.08

As of December 31, 2018 (Audited) – In Thousand Pesos			
Balance Sheet		Income Statement	
Total Assets	12,574,922	Income	(1,410,606)
Total Liabilities	20,480	Expenses	131,001
Total Equity	12,554,442	Net Income	(1,541,607)

Net Asset Value per Share as of December 31, 2018: PhP 828.43

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 NAVPU 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) 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.

3) Tracking Error / Active Risk

The risk that the fund return is not able to mimic its benchmark. To properly manage active risk, the fund manager does a regular rebalancing of the portfolio to match the benchmark index as well as minimize the fund's expenses.

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

- 1) 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.
- 2) 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.
- 3) 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.
- 4) Mutual Funds are also subject to "operational risk", prospect of loss resulting from inadequate or failed procedures, systems or policies. To mitigate the risk, the Fund Manager follows several control processes such as, but not limited to, maker-checker process, regular review of operational process, ensuring segregation of duties and proper escalation / reporting.
- 5) Mutual Funds are also subject to Regulatory risk, changes in laws and regulations will materially impact the company or the industry. The Fund Manager's compliance officer regularly checks any changes in the regulatory environment which in turn, update the Board of Directors & management of the Fund and its own. The compliance officer is required to complete a prescribe hours of training to ensure that he/she is abreast with current rules & regulations.

- 6) Mutual Funds which issues both shares and units of participation shall, through its service provider, ensure proper booking or recording of transactions to separate the assets, liabilities, income and expenses corresponding to each type of securities issuance.

USE OF PROCEEDS

USE OF PROCEEDS

The total proceeds from the sale of the 50 billion units of participation is estimated at PhP 50 Trillion (using PhP 1,000.00 initial NAVpU). The Fund's main business is to invest the proceeds in equity securities that comprise the Philippine Stock Exchange Composite Index ("PSEi") in the same weights as in the Index. The principal purpose of the net proceeds of the offering will be used to purchase listed stocks comprising the PSEi and will be based on the weightings of each of the issues comprising the index. The intent of which is for capital appreciation which will benefit the unitholders.

The Fund has entered into a Management and Distribution Contract with BPI Investment Management, Inc. authorizing BIMi 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.

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.

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 directors' fees, external auditor's fees, index license fee, and management, distribution and transfer agent fees as well as an annual fee of 1bp based on the average net asset value of the unitized funds shall be paid to the SEC.

Expenses related to the registration include but not limited to filing fees, registration fees, legal research fees of unitized mutual fund will be for the account of the fund manager.

PRINCIPAL PARTIES TO THE OFFER	
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Issuer	Philippine Stock Index Fund, Corp. 19/F, BPI Buendia Center, Sen. Gil J. Puyat Ave. Makati City 1209
Fund Manager	BPI Investment Management, Inc. 19/F, BPI Buendia Center, Sen. Gil J. Puyat Ave., Makati City 1209
Distributors / Sub-Distributors	BPI Investment Management, Inc. Affinity Capital Corp. Bank of the Philippine Islands BPI Capital Corporation Citicorp Financial Services & Insurance Brokerage Phils., Inc. COL Financial Group, Inc. First Metro Securities Brokerage Corporation Unicapital Securities, Inc. Wealth Securities, Inc.
Investment Advisor	BPI Investment Management, Inc. 19/F, BPI Buendia Center, Sen. Gil J. Puyat Ave. Makati City 1209
Custodian Bank	CITIBANK, N.A., PHILIPPINE BRANCH Citibank Tower, Citibank Plaza 8741 Paseo De Roxas Makati City
Independent NAV Calculating Agent	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
BIMI	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	Philippine Stock Index Fund Corp.
CPI	Consumer Price Index
Credit Authority	The redemption slip or the Fund Order Form for the Fund's Units, signed by a Unitholder, authorizing the Receiving Bank to credit the proceeds from the sale of said Units into the Unitholder's Settlement Account
Customer Referral Sheet	The application for subscription to the Offer Units in the form prescribed
Debit Authority	The subscription slip or Fund Order Form for the Fund's Units, signed by an applicant, authorizing the Receiving Bank to debit said applicant's Settlement Account for the full payment of the Units applied for
Distributors	BPI Investment Management, Inc. Affinity Capital Corp Bank of the Philippine Islands BPI Capital Corporation COL Financial Group, Inc. Citicorp Financial Services and Insurance Brokerage Philippines, Inc. First Metro Securities Brokerage Corporation Wealth Securities, Inc. Unicapital Securities, Inc.
Early Redemption Fee	The redemption fee of 1.0% imposed on redemptions made by Unitholders during the minimum holding period, which accrues to the Fund

Fund	Philippine Stock Index Fund Corp.
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, as follows:

Name of Fund	Minimum Holding Period
Philippine Stock Index Fund	90 days

NAV	Net Asset Value, defined as the value of the assets of the Fund, less the value of the liabilities.
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NAV per Units	NAV divided by the total number of units of participation outstanding
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Offer	The Offer to the public for subscription to the maximum number of unclassified and non- voting units of participation of the Fund at the Offer Price, as follows:
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Name of Fund	Maximum Number of Units
Philippine Stock Index Fund	50,000,000,000

Offer Price	The Fund's prevailing NAV per Unit computed as of end-of-day on the date of purchase of the Units, plus the applicable sales load, to a maximum of 3%
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Offer Units	The unclassified and non-voting units of participation of the Fund
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Name of Fund	Maximum Number of Units
Philippine Stock Index Fund	50,000,000,000

Initial Price	The initial price of the Units of Participation, as shown below:
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Name of Fund	Initial NAVpU (in PhP)
Philippine Stock Index Fund	1,000.00

PAS	Philippine Accounting Standards
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PDEX	Philippine Dealing and Exchange Corporation
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Peso or PhP	Philippine Peso, the lawful currency of the Republic of the Philippines
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PIFA	Philippine Investment Funds Association
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Redemption Price	The Fund's prevailing NAV per Unit computed as of end-of-day on the date of sale of the Units, less the applicable Early Redemption Fee, if any
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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' units in a pre-determined fixed amount
Revised Corporation Code	Revised Corporation Code of the Philippines (<i>Republic Act 11232</i>)
Sales Load	The front-end sales load, to a percentage not exceeding 3%, if any, collected from the subscribers of the Units 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 Unitholder shall transact purchases and redemptions of the Units
Settlement Account	A BPI or BFSB current or savings account required to be opened and maintained by each person or entity transacting the Units against which all payments for Units purchased shall be debited and into which all proceeds of Units sold shall be credited
Unitholder	An owner of units in the Philippine Stock Index Fund
Units	The unclassified and non-voting units of participation to the Philippine Stock Index Fund, issued out of the Fund's authorized units or, when the context requires.
Transaction Advice	The evidence of ownership of a Unitholder's holdings in the Fund
Valuation Day	A trading day when the Fund is made available for buying or selling and on which date the Fund Manager shall determine the NAV of the Fund

TERMS AND CONDITIONS OF THE OFFER

Eligible Investors The Units 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.

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

The fund is ideal for **Aggressive** investors with an investment horizon of more than five (5) years.

The Offer The Fund is offering to the public its unclassified and non-voting units of participation at the Offer Price. The Units 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 Unit subscribed and paid for has reached the Authorized Units indicated below:

Name of Fund	Authorized Units of Participation
Philippine Stock Index Fund	50,000,000,000

The Offer Price The Units shall be offered at an Offer Price based on the Fund's NAV per Unit computed by the end-of-day of each valuation date, plus the applicable Sales Load, to a maximum of 3%. Units applied for after the Cut-off Time shall be offered at an Offer Price based on the NAV per Unit calculated as of the next valuation day, plus the applicable Sales Load, to a maximum of 3%.

Cut-off Time 2:30 p.m. of a valuation day

Minimum Subscription A minimum subscription amount or worth of Units 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 units in a periodic frequency (i.e., monthly or quarterly) and at a fixed amount, the minimum of which is similar to the minimum additional subscriptions.

Name of Fund	Minimum Initial Subscription Amount	Minimum Additional Subscription
Philippine Stock Index Fund	PhP 1,000.00	PhP 500.00

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

Name of Fund	Minimum Maintaining Balance
Philippine Stock Index Fund	PhP 1,000.00

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

Name of Fund	Minimum Partial Redemption
Philippine Stock Index Fund	PhP 500.00

The Fund is ready to redeem, at the applicable Net Asset Value per Unit, all or any part of the Units standing in the name of a Unit-holder in the Fund. Unless redeemed earlier than the minimum holding period of 90 days, when an early redemption fee of 1% will apply, there is no redemption fee.

Should a partial redemption result in the investment falling below the required Minimum Maintaining Balance, the entire unitholdings of the Unitholder, multiplied by the applicable NAV per Unit as of the date of the partial redemption, shall be paid to the said unitholder via a credit to his Settlement Account, without need of prior notice to the unitholder.

Payments for the redeemed shares and units shall be made within seven (7) banking days from receipt of the request for redemption.

**Payment for the
Units**

Units 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.

COMPANY BACKGROUND

The Philippine Stock Index Fund Corp. ("PSIF" or the "Fund") is a domestic corporation established December 11, 2002 to carry on the business of an open-end investment company in accordance with R.A. 2629 and its implementing rules & regulation with an authorized capitalization of PhP 200.0 Million consisting of 2,000,000 common shares of par value PhP100.00 per share. Philippine Stock Index Fund has also been authorized to issue 50,000,000,000 units of participation with initial price of PHP 1,000.00 per unit. The Fund was organized as an index tracker fund which invests in stocks comprising the Philippine Stock Exchange Composite Index (or "PSEi") and whose objective is to achieve investment returns that track the performance of the PSEi. In June 2005, the Fund's Board of Directors and Shareholders approved the change in the Fund's name from Philippine Index Fund Corp. to Philippine Stock Index Fund Corp. 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	5,000,000 shares	February 15, 2003
2	6,800,000 shares	September 5, 2006
3	14,680,000 shares	September 13, 2007
4	20,000,000 shares	July 12, 2013
5	22,400,000 shares	May 6, 2015
6	26,400,000 shares	February 28, 2017

The Fund has entered into a Management and Distribution Contract with BPI Investment Management, Inc. authorizing BIMi 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 BIMi. The Fund has adopted a Manual of Corporate Governance and an Anti-Money Laundering Operating Manual. Quarterly reporting of the Fund's operations to the Board of Directors is being performed by BIMi to properly identify, assess and manage risks that may arise any time during the Fund's daily operations. PSIF 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.

PSIF is categorized as a Peso-denominated equity fund. As of June 2021, there are currently sixty-six (66) investment companies in the Philippines, of which nineteen (19) are Peso-denominated equity funds. Moreover, PSIF is the first stock index tracker fund which invests in the PSEi component stocks in the same weights as in the Index. Being an index replicator, PSIF has been exempted from the required limit for mutual funds in investing in a single enterprise, which is at 15% of Net Asset Value. There are four (5) mutual funds that tracks PSEi in the Philippines.

Mutual Funds Tracking the PSEi	Net Asset Value (as of June 30, 2021)
First Metro Save and Learn Phil. Index Fund, Inc.	79,350,297.32
PAMI Equity Index Fund, Inc.	14,094,091,722.17
Philequity PSE Index Fund, Inc.	3,507,194,571.07
Philippine Stock Index Fund Corp.	10,703,727,812.16
Sun Life Prosperity Phil. Stock Index Fund, Inc.	11,062,838,174.25

Source: Philippine Investment Funds Association

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

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

Fund Manager, Investment Advisor and Transfer Agent:	BPI Investment Management, Inc.
Fund Distributors / Sub-Distributors:	BPI Investment Management, Inc. (Principal Distributor) Affinity Capital Corp Bank of the Philippine Islands BPI Capital Corporation Citicorp Financial Services & Insurance Brokerage Philippines, Inc. COL Financial Group, Inc. First Metro Securities Brokerage Corporation Unicapital Securities, Inc. Wealth Securities, Inc.

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 Investment 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 respective 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. Pertinent items discussed in the annual shareholders meeting will be disclosed to unitholders within 30 days from the said meeting.

DESCRIPTION OF UNITS OF PARTICIPATION

Capital Structure

The Philippine Stock Index Fund's authorized number of units is shown in the table below:

Name of Fund	Number of Authorized Units	Initial Price (in PhP)
Philippine Stock Index Fund	50,000,000,000	1,000.00

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

Rights and Privileges

Voting Rights

The Fund shall issue only one (1) class of unit and have identical rights and privileges. Unit does not entitle the holder thereof to any vote at any meeting of Shareholders of the Fund but are entitled to be notified of any material change to the Registration Statement and the subscription agreement.

Any change in the investment objective, policy and strategy shall require prior approval of its shareholders representing a majority of its outstanding capital stock. The unitholders shall be notified of such change at least thirty (30) days before the change will be implemented.

Right to Redemption of Units of the Investment Company

Investors in redeemable units issued by the fund shall have the right to have their securities redeemed in accordance with the terms of the issue thereof.

Rights of the Shareholders/Unitholders 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 unitholders of the Fund.

After dissolution, the Fund will comply with the rules on dissolution to be issued by the SEC. During such time, the Fund will no longer accept additional subscriptions and will only allow redemptions of units based on the prevailing NAVpU. The daily NAVpU of the Fund will continuously be computed and published, as long as practicable.

Other than the foregoing, there are no other material rights for unitholders of the Fund

Pre-emptive Right

Units holders have no pre-emptive right.

Dividends

The board of directors of the fund may declare dividends out of the unrestricted retained earnings which shall be payable in cash, units to all unitholders on the basis of outstanding units held by them.

A notice shall be made available to unitholders containing information on: (1) for cash dividend, total amount of cash dividend for distribution by the Fund & amount per unit held. (2) For unit dividends, total amount of dividend for distribution, NAVpU as at relevant record date, total number of units for distribution and, number of units to be distributed per unitholder.

Dividends shall be based on the equivalent pro rata unit of units held by each unitholder based on the outstanding units at the relevant record date. Distributions shall be made to holders within fifteen (15) business days from the relevant record date and proceeds are subsequently credited to the nominated settlement account of eligible Participants.

No dividends have been declared for Units of Participation

Interests of Named Experts and Independent Counsel

The Fund has not hired an expert or independent counsel on a contingent basis.

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.

The loss to the unitholders is limited to their investments to the Investment Company.

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

The Units of the Philippine Stock Index Fund Corp. 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 Qualified Mutual Fund Sales Agents of the Fund's Distributors. Investors who want to invest in an equity portfolio comprising the Philippine Stock Exchange Composite Index (PSEi) are the primary target market of the Fund. The Units of the Fund are not traded publicly on an exchange since the Fund stands ready to redeem or buy back the Units from the Unitholders any time.

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

Number of Unitholders

The table below shows the Fund's total number of unitholders as of July 31, 2021:

Fund	Number of Unitholder
Philippine Stock Index Fund	0

Unit Options and Treasury Unit

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

Transaction Advice

Unitholders will be issued Transaction Advice on each successful subscription or redemption. Unitholders will likewise receive quarterly statement of account of their investment to the fund physically or via electronic channels.

Registry of Units

The Fund's official registry of units 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 Transfer Agent who, in turn, shall be responsible for the payment of dividends,

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

Not applicable. The units 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, 66 years old, is the Chairman of the fund since 2007. He is also the Chairman of ALFM Peso Bond Fund, Inc. from 2003 to present, ALFM Growth Fund, Inc. from 2007 to present, ALFM Dollar Bond Fund, Inc. from 2003 to present, ALFM Euro Bond Fund, Inc. from 2005 to present, and ALFM Money Market Fund, Inc. since 2009. 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, Institute for Development and Econometric Analysis (IDEA) and Management Association of the Philippines (MAP). Mr. Bernardo was an alternate director of the Asian Development Bank from 1997 to 1998 and Undersecretary for International Finance, Privatization & Treasury Operations of the Department of Finance of the Republic of the Philippines from 1990 to 1996. Mr. Bernardo received a Bachelor of Science degree in Business Economics (magna cum laude) from the University of the Philippines and a Masters in Development Economics degree from Williams College in Williamstown, Massachusetts.

2. **Simon R. Paterno, President / Regular Director**

Mr. Simon R. Paterno, Filipino, born in 1959, 61 years old, was an Executive Vice President of the Bank of the Philippine Islands where he oversaw the Financial Products and Alternative Channels Group. Up until his retirement, 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 oversaw subsidiaries and affiliates in insurance, leasing, and merchant acquiring. 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. **John Philip S. Orbeta, Independent Director**

Mr. John Philip S. Orbeta, Filipino, born in 1961, 59 years old, 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 Managing Director and Group Head for Corporate Resources, covering Strategic Human Resources, Knowledge Management, Information & Communications Technology, AC Synergy and Corporate Support Services at Ayala Corporation. He is currently the Chairman of Ayala Aviation Corporation; 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 Healthcare Holdings, Inc., Ayala Retirement Fund Holdings, Inc., BPI Family Bank, Inc., ALFM Growth Fund, Inc., ALFM Peso Bond Fund, Inc., ALFM Dollar Bond Fund, Inc., ALFM Euro Bond Fund, Inc. and ALFM Money Market Fund, Inc. Mr. Orbeta previously served as the President and CEO of AC Industrial Technology Holdings, Inc. (formerly 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. 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 organizational 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.

4. Adelbert A. Legasto, Regular Director

Mr. Adelbert A. Legasto, Filipino, born in 1947, 73 years old, is also a director of ALFM Peso Bond Fund, Inc., ALFM Dollar Bond Fund, Inc., ALFM Euro Bond Fund, Inc., ALFM Growth Fund, Inc., ALFM Money Market 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.

5. Raymund Martin T. Miranda – Independent Director

Raymund Martin T. Miranda, Filipino, born 1962, is currently the Chief Strategy Officer & Chief Risk Officer of ABS CBN Corp. He is also the President of Probabilistic Insights Inc. which focuses on development of machine learning and intelligence, as well as ABS-CBN Studios Inc. Before joining ABS CBN in 2012, Mr. Miranda held leadership roles in various media companies across the region such as: Managing Director Asia Pacific, Universal Networks International; President & CEO, Nation Broadcasting Corporation and Managing Director, Walt Disney International (South East Asia). Mr. Miranda graduated with a degree in Biology & Mass Communications from the University of the Philippines.

Other Officers of the Fund

1. Fernando J. Sison III – Treasurer

Mr. Fernando J. Sison III, Filipino, born in 1952, 68 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, 60 years old, is the Corporate Secretary and Compliance Officer of the Fund. 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. Atty. Padilla is the Corporate Secretary and Compliance Officer of the ALFM Mutual Funds. He is also the Corporate Secretary and Compliance Officer of other mutual funds such as the Solidaritas Fund and Ekklesia Mutual Fund.

3. Atty. Paolo John D. Purganan, Chief Data Protection Officer and Chief Risk Officer

Mr. Purganan is the Compliance Officer and Head of BIMl Compliance and Risk Office. He was a Legal and Tax Officer in BPI AMTC from July 1, 2019 to March 31, 2020 and a Legal Officer in the Private Banking Unit from November 1, 2015 to June 30, 2019. Before joining BPI, he was a Legal Officer in BDO Unibank, Inc. and a Tax Supervisor in KPMG Philippines. He completed his Juris Doctor degree from the University of the Philippines (UP) College of Law in 2010, and was admitted to the bar in 2011. In 2005, he earned his B.A. in Psychology from Ateneo De Manila University and B.F.A. in Visual Communication from UP Diliman.

Significant employees

The Philippine Stock Index Fund does not have employees of its own. The management, distribution, and administration of the Fund are already being handled by BPI Investment Management, Inc. The Fund does not have a parent company.

Additional Information Required under Annex C of SRC Rule 12.1:

- ☐ The incorporators of the Fund are:

Mr. Manuel Q. Bengson, Mr. Ariston Estrada, Jr., Dr. Bernardo M. Villegas, Mr. Isagani G. de Castro, and Mr. Francisco U. Luna

- ☐ 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 July 31, 2021:

Title of Class	Name	Position	Citizenship	No. of Shares	Percentage
Common	Romeo L. Bernardo	Chairman/ Independent Director	Filipino	50 (beneficial)	0.0004%
Common	Adelbert A. Legasto	Director	Filipino	6,780 (record, beneficial)	0.0498%
Common	Simon R. Paterno	President / Director	Filipino	50 (beneficial)	0.0004%
Common	John Philip S. Orbeta	Independent Director	Filipino	50 (beneficial)	0.0004%
Common	Raymund Martin T. Miranda	Independent Director	Filipino	50 (beneficial)	0.0004%
Common	Fernando J. Sison III	Treasurer	Filipino	11,991 (record)	0.0881%
Common	Sabino Padilla IV	Corp. Secretary/ Compliance Officer	Filipino	0	0.0000%
Common	Paolo John D. Purganan	Chief Data Protection Officer / Chief Risk Officer	Filipino	0	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	Per Diem
Romeo L. Bernardo	Chairman	2019	40,000.00
		2020	40,000.00
		2021 (est)	66,666.68
Sherisa P. Nuesa (Resigned Mar 2021)	Director / President	2019	40,000.00
		2020	40,000.00
		2021 (est)	40,000.00
Simon R. Paterno (Elected President Aug 2021)	Director / President	2019	40,000.00
		2020	40,000.00
		2021 (est)	66,666.68
Adelbert A. Legasto	Director	2019	40,000.00
		2020	40,000.00
		2021 (est)	66,666.68
John Philip S. Orbeta	Independent Director	2019	40,000.00
		2020	40,000.00
		2021 (est)	66,666.68
Raymund Martin T. Miranda (elected Aug 2021)	Independent Director	2021 (est)	33,333.34
Atty. Sabino B. Padilla IV	Corporate Secretary and Compliance Officer	2019	40,000.00
		2020	40,000.00
		2021 (est)	66,666.68
Fernando J. Sison III	Treasurer	2019	40,000.00
		2020	40,000.00
		2021 (est)	66,666.68
Atty. Francis Lorenz E. Espiritu (Resigned April 2020)	Chief Data Protection Officer / Chief Risk Officer	2019	-
		2020	-
Atty. Paolo John D. Purganan (Appointed April 2020)	Chief Data Protection Officer / Chief Risk Officer	2020	-
		2021 (est)	-

- ❑ 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 Philippine Stock Index 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 Philippine Stock Index 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 with its Manual of Corporate Governance. The company continuously evaluates the level of compliance of the Board of Directors and top level management with its Manual on Corporate Governance through a self-rating and peer evaluation system complemented by 180-degree feedback mechanism. There has been no deviation from the Fund's Manual of Corporate Governance as of the date of this Prospectus. Other measures being undertaken by the Fund to fully comply with the adopted leading practices in 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.

Independent Oversight Entity

The Fund has appointed the Audit Committee in compliance with SEC Memo Circ. No. 2, series of 2019.

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

The Fund has adopted BIMl's Money Laundering and Terrorist Financing Prevention Program (MLPP). BIMl'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. 16 Series of 2018 on the 2018 Guidelines on Anti-Money Laundering & Combating the Financing of Terrorism 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 BIMl's policy on the Foreign Account Tax Compliance Act. Based on the information provided by the investor, BIMl 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. Romeo L. Bernardo is an Independent Director of the Fund and a Director of the Bank of the Philippine Islands.

Dealings with related parties such as availment products & services of BPI and/or its subsidiaries are done on an arm's length basis and in accordance with the best execution requirements set in the established internal guidelines. Some of the products and/or services include, deposit placements, brokerage services and short-term funds.

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

As fund manager, BIMI shall formulate and implement the investment strategy, provide and render management, technical, and administrative services, whereby authorizing BIMI to purchase and sell investment securities for the account of the Fund. As investment advisor, 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 BIMI a fee of not more than 1.00% p.a. of the Fund's average daily trading NAV.

The Fund has distribution agreements with subsidiaries of BPI, namely, BIMI and BPI Capital Corporation (BPI Capital). Under the terms of the agreement, BIMI and BPI Capital are appointed as co-distributors to perform principally all related daily functions in connection with the marketing and the growth of the level of assets of the Fund. 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

Information on past audited financial statements pertains to shares of stock of Philippine Stock Index Fund.

Audit and Audit Fees

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

Isla Lipana & Co. is the appointed external auditor of the Fund's financial statements for the year then ending with the objective of expressing an opinion on them. The audit shall be made in accordance with the Philippine Standards on Auditing and accordingly includes such tests of the accounting records and 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 Policies

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

Changes in and Disagreements with Account on Accounting and Financial Disclosure

Ms. Blesida A. Pestaño was the signing partner for the external auditor from fiscal year 2009 to 2013. For the Fund's Financial Statements as of December 31, 2014, December 31, 2015, December 31, 2016, and December 31, 2017, the signing partner is Mr. John-John Patrick V. Lim. The Fund is compliant with the Revised SRC Rule 68 (effective Oct 18, 2019). 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 recent fiscal year external audit done by Isla Lipana & Co., there were no material disagreements with regard to accounting procedures and financial disclosures.

PRINCIPAL PARTIES

THE FUND MANAGER

BPI Investment Management, Inc. (“BIMI”), a wholly-owned subsidiary of the Bank of the Philippine Islands, is the Fund’s Investment Manager. It is tasked to formulate and implement the investment strategy of the Fund, and to provide and render management, technical, and administrative services to the Fund. BIMI 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. BIMI is licensed by the SEC to act as Investment Company Adviser of mutual funds.

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

BIMI is also the Principal Distributor and Service Administrator of the Fund.

The members of the Board of Directors of BIMI 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. Sylianteng, Independent Director

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

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

Mr. Razon, Filipino, born in 1946, 72 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, 73 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., 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 BIMI

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. BIMI shall not be liable for any loss or depreciation in the value of the FUND or in the value of INVESTOR's unitholdings unless attributable to BIMI's act of willful misfeasance, bad faith, gross negligence or reckless disregard of its duties. It is understood that mutual funds are not bank deposit products, not guaranteed by BIMI, 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 unitholders' Transaction Advice, and payment of dividends, if any.

BIMI 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, BIMI 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
Phil. Stock Index Fund	0.475% p.a.	0.475% p.a.	0.050% p.a.

PLAN OF DISTRIBUTION

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

The Principal Distributor of the Fund is BPI Investment Management, Inc. While the following are the fund's appointed licensed sub-distributors Affinity Capital Corp., Bank of the Philippine Islands, BPI Capital Corporation; Citicorp Financial Services & Insurance Brokerage Philippines, Inc.; COL Financial Group, Inc.; First Metro Securities Brokerage Corporation; Unicapital Securities Inc. and Wealth Securities, Inc. All are distributors licensed by the Securities and Exchange Commission.

Institutions who wish to distribute the Fund's units shall enter into an agreement with the principal distributor. The said agreement shall contain all commercial and operational terms in the distribution and processing of the Fund's units. Prior to distributing the units of the Fund, the appointed third-part 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. Units distributed by a third-party distributor shall have the same right with the units distributed by the principal distributor. As principal distributor, BIMl shall monitor the activities of sub-distributors in relation the distribution of units of participation of the fund.

The Distributors shall be entitled to collect a Sales Load based on each amount invested by an applicant or Unitholder in the Fund, in such percentages to a maximum 3%, 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.

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	

INDEPENDENT NAV CALCULATING AGENT

In compliance to SEC Memorandum Circular No. 21 series of 2019, the Fund has appointed the custodian bank as the independent NAV calculating agent to calculate or cross-check its Net Asset Value (NAV) every dealing day. The custodian bank charges 2.5bps for the services rendered.

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 Units purchased by applicants or existing Unitholders shall be deposited into the Fund's settlement account maintained with the Receiving Banks. The proceeds of Units redeemed from Unitholders shall be debited from the Fund's settlement account maintained with the Receiving Banks. There is no compensation for the receiving branches.

OTHER INFORMATION REQUIRED

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

HANDLING CUSTOMERS' COMPLAINT

For any concerns or complaints, investors can contact BIMI thru any of the following numbers: (02) 8580-0900. Investors may also send an e-mail at bpi_investment@bpi.com.ph.

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

In case of improper handling, investors may refer their concerns to the SEC by emailing cgfd_ld@sec.gov.ph.

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 Units shall be offered through the authorized 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 Unitholder in the Fund, in such percentages as are stipulated on page 5 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 UNITS OF PARTICIPATION

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 Units 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 Unitholder, 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 Units that an investor will be able to buy will be determined as and when the Fund's NAVPU 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 units purchased, including the Sales Load, to a percentage that will not exceed 3%, if any.

Subscription Orders received on or before 2:30 p.m. (the "Cut-off Time") on any valuation day will be processed at the NAVPU 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 NAVPU applicable on that day.

The Bank of the Philippine Islands and BPI Family Savings Bank have been designated by the Fund as Receiving Banks where payments for Units purchased may be made. Other appointed third-party distributors may require potential investors to open an account with other banks.

REDEMPTION OF UNITS

The applicable NAVPU, less the Early 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 2:30 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 Units so redeemed shall be credited to the Unitholder'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
Philippine Stock Index Fund	90 days or less	1.00% flat
	more than 90 days	none

The Fund may suspend redemptions or postpone the date of payment for redemptions in cases when (i) normal trading is suspended on the Philippine Stock Exchange, or (ii) the BSP suspends clearing operations for the day, or (iii) with the consent of the SEC. The SEC may, whenever necessary or appropriate in the interest of the Fund's Unitholders, suspend the redemption of securities of open-end companies. The SEC shall provide the period of suspension of redemption which shall not be more than twenty-one (21) business days, unless an extension is approved by the Commission En Banc.

SPECIAL CONSIDERATIONS

The SEC motu proprio or, upon the request of a Fund Manager, may suspend the redemption of securities of Investment Company if:

- a. The exchange, where eighty percent (80%) of the securities in the Investment Company's portfolio, is suspended;
- b. Eighty percent (80%) of the securities in the Investment Company's portfolio, could not be traded or liquidated; or
- c. Whenever necessary or appropriate in the public interest or for the protection of investors.

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

1. The assets of the Fund shall consist of:
 - a) Aggregate market value of the portfolio securities and other assets
 - b) Cash on hand;
 - c) Any dividends on stock trading ex-dividend; and
 - d) Any accrued interest on portfolio securities,
2. The liabilities of the Fund shall consist of:
 - a) Taxes and other charges against the fund not previously deducted;
 - b) Liabilities;
 - c) Accrued expenses and fees; and
 - d) Cash held for distribution to investors of the fund on a prior date.
3. For the purposes thereof:
 - (i) Units of participation 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) Units 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 Unit and shall provide the same to the Fund's Distributors. The Fund Manager, on a daily basis, shall cause the regular publication of the Fund's NAV per Unit on the Fund's website, the Distributor's website, and premises.

The Fund has appointed the custodian bank to be the independent calculation agent to verify the daily NAVPU before publishing.

TAXATION

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

Tax on the Issuance & Redemption of Units of Participation

DST shall be imposed on the original issuance of the units of participation by the Fund at the rate of Php 2.00 on each Php 200.00, or a fractional part thereof, of the issue price of the units of participation, to be shouldered by the investor.

The redemption of the units of participation shall not be treated as sale transaction. Hence, this shall not be subject to DST under Section 175 of the 1997 Tax Code. Gains realized by the investor upon the redemption of units of participation in a mutual fund company are excluded from gross income and are exempt from income tax.

Tax on dividends declared by the Fund

Cash or property dividends declared by the Fund are either exempt from, or subject to, final tax. Investors are advised to consult their own professional advisers as to the tax implications of Cash or property dividends declared by the Fund. Unit dividend shall not be subject to tax.

INVESTMENT OBJECTIVES AND RESTRICTIONS OF THE FUND

The primary investment objective of PSIF is to provide investment returns that track the performance of the Philippine Stock Exchange Composite Index ("PSEi"). The Fund shall invest in the component issues of the PSEi in the same weights as in the index. Being an index tracker fund, PSIF has been exempted from the required limit for mutual funds in investing in a single enterprise, which is at 15% of Net Asset Value.

The primary responsibility of the Fund Manager is to reflect changes in the weightings and composition of the shares comprising the PSEi in the Net Asset Value of PSIF by adjusting and re-balancing the portfolio of shares that make up Fund's portfolio. On a daily basis, the Fund Manager shall review the shareholdings of the Fund and shall check the shares' weights as against that in the PSEi. If there is any significant deviation between the Fund's portfolio and the weights in the PSEi, the Fund Manager shall effect an adjustment in PSIF's portfolio by either buying or selling the underlying PSEi stocks. The Fund Manager will allow minor misweightings to occur if the Fund Manager deems it inefficient to replicate perfectly the PSEi especially if friction costs are calculated to outweigh the expected reduction in tracking error. Minor misweightings may also occur due to the minimum board/odd lots attendant in trading the index shares. The Fund Manager does not intend to keep a substantial part of the Fund's assets in cash or any other form of securities other than sufficient cash to meet fees, expenses, and other liabilities.

Due to its investment objective, Philippine Stock Index Fund may be considered as suitable for investors with a aggressive risk profile.

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

Index funds shall not be subject to investment limitations under Section 6.8 of the Implementing Rules & Regulations of the Investment Company Act, provided, they comply with the following requirements:

- a. Comprise eligible assets;
- b. Diversified such that the maximum weight per constituent does not exceed thirty percent (30%) of the index or the underlying securities should have the same weights as the index;
- c. Developed by an independent and reputable agency, and based on a recognized and accepted methodology;
- d. Represent an adequate benchmark for the market which is widely accepted in international financial markets;
- e. Index value is published daily through media, which disseminate information in a timely manner and is accessible either publicly or on a subscription basis; and
- f. Information on the index is published daily and readily accessible

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.
- c. Index funds may be exempted from the liquidity requirement provided that it submits a notarized liquidity contingency plan signed by the President of the Fund and its Fund Manager which shall be approved by the Commission. The plan shall include a statement that:

“In making any redemption to meet a client obligation, the Fund Manager will exercise the requisite prudence and diligence necessary under the circumstances and taking into account all relevant factors that will ensure market stability.”

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%).

Liquidity Contingency Plan

The framework for managing liquidity crisis situations is outlined in the liquidity contingency plan approved last Dec 09, 2020. The plan begins with the identification of liquidity contingency warning indicators that will trigger the activation of the plan. The members of the Liquidity Contingency Response Team that will oversee the implementation of the plan are also identified, followed by the formulation of specific response action plans and procedures at the various stages of the liquidity

situation, including the roles and responsibilities of key units and personnel. The funding sources and investment liquidation strategies are also defined.

PHILIPPINE LAWS APPLICABLE TO THE COMPANY

INVESTMENT COMPANY ACT OF 1960

- The Investment Company Act of 1960 and its implementing rules & regulation 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, through its implementing rules & regulation, requires the registration of the investment company under said Act. The units 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.

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. In the event that there is delegation of fund management, the fund shall comply with the Investment Company Act & its implementing rules & regulation.

GOVERNMENT POLICIES AND REGULATIONS

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

THE SECURITIES AND EXCHANGE COMMISSION

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

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

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

THE INVESTMENT COMPANY ACT OF 1960

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

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

The Act provides for several rules relative to the incorporation of investment companies, the most basic of which are as follows: (i) the subscribed and paid-up capital of the investment company must be at least PhP 50.0 Million; (ii) all units of participation must be common and non-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

Fund performance & financial information presented below pertains to Shares of Stock of Philippine Stock Index Fund. No investment has been made by or on behalf of the unitized mutual fund and no units of the said fund have been offered to the public.

BENCHMARK

The Fund's performance benchmark is the Philippine Stock Exchange Index (PSEi). The said index is publicly available in the website of the Philippine Stock Exchange.

INDEPENDENT ACCOUNTANT

PSIF has appointed Isla Lipana & Co. as its external auditor.

AS OF JUNE 30, 2021

The Philippine Stock Index Fund (PSIF) is an index tracker equity mutual fund fully invested in Philippine stocks, whose portfolio composition and weightings mimic that of the Philippine Stock Exchange Index (PSEi). The fund's investment policy is to provide a return that tracks the performance of the PSEi. Since inception, the fund has consistently tracked the movement of the PSEi on a daily basis with very minimal tracking error.

The PSIF was organized as part of the approved corporate-reorganization plan of Filipino Fund, Inc. (FFI), a closed end equity investment company. Incorporated on December 11, 2002, with an authorized capitalization of P200 million divided into 2 million shares with par value of P100.00 each, the Fund's capitalization as approved by the Commission on February 15, 2003 was subsequently increased to P500 million divided into 5 million shares with P100.00 par value. The Fund officially commenced operations on March 14, 2003, the effective date of the FFI corporate reorganization. The Fund applied for an increase in authorized capital stock amounting to P180 million divided into 1.80 million shares with P100.00 par value and obtained the SEC's approval on September 5, 2006. The Fund received approval from the SEC to further increase its authorized capital stock by P788 million divided into 7.88 million shares with P100.00 par value on September 13, 2007. A further increase to P 2.0 billion consisting of 20 million shares with par value of PhP100.00 each was approved on July 12, 2013. Last May 6, 2015, the SEC approved a further increase in the Fund's authorized capital stock by 2.4 million shares. Most recently, a further increase by 4 million shares was approved by SEC on February 28, 2017. The registered shares of the Fund now stand at P2.64 Billion divided into 26.4 Million shares with par value of P100.00 per share.

As of 30 June 2021, PSIF's net asset value (NAV) per share stood at P779.61, a decrease of 2.75% compared to the NAVPS as of 31 December 2020.

The Fund's net asset value amounted to P11.08 billion as of 30 June 2021, compared to Php11.24 billion as of end-2020. The decline was primarily attributed to the fall in share prices of the Fund's underlying equity investments.

Cash and cash equivalents stood at P72.00 million, with financial assets at fair value through profit or loss at P11.04 billion. Total liabilities, composed of management and distribution fees payable, and capital shares redeemed payable, amounted to P42.31 million.

The Fund reported income on investments of P732.23 million for the second quarter of 2021 as equity prices climbed during the period, while reporting losses on investments of P366.50 million for the first half of the year. Dividend income stood at P45.74 million and P125.43 million for the second quarter and first six months of the year, respectively. Meanwhile, interest income was at P123 thousand and P213 thousand for the same quarterly and semi-annual periods.

During the quarter, total expenses amounted to P27.72 million with bulk of the expenses represented as management fees amounting to P26.30 million. Expenses for taxes and licenses were at P341 thousand, custodian fees amounted to P718 thousand, professional fees amounted to P353 thousand, and other expenses amounted to P11 thousand. For the first half period, total expenses amounted to P56.92 million with bulk of expenses from P53.28 million in management and distribution fees.

Given all these, PSIF generated a net income of P750.44 million for the second quarter of 2021, and a net loss of P297.62 million for the first six months of the year.

KEY PERFORMANCE INDICATORS:

- a) Performance vis-à-vis the Benchmark – The Philippine Stock Index Fund (PSIF) is an index tracker equity mutual fund. Its investment objective is to track the performance of the PSEi. The Fund's return on investment (ROI) as of June 2021 was recorded at -2.75% net of fees and taxes whereas the PSEi had a return of -3.33%.
- b) Portfolio Quality – The Fund's portfolio should adhere to the investment parameters as indicated in the Fund's prospectus. As an index-tracker fund, PSIF is invested in Philippine stocks, whose portfolio composition and weightings are very close to that of the PSEi.
- c) Market Share – The Fund accounted for 4.77% of the P113.32 Bn total net asset value of the equity mutual fund industry as of June 2021.
- d) NAV Growth vis-à-vis Industry Growth – For the second quarter of 2021, PSIF's NAV rose by 6.92% compared to the 8.97% growth in equity mutual funds. The Fund's average daily net asset value for the second quarter of 2021 was at P10.74 Billion.
- e) Performance vis-a-vis Competition – PSIF ranked 14th in terms of year-to-date returns among equity mutual funds as of June 2021.

AS OF DECEMBER 31, 2020

As of end December 2020, PSIF's trading NAV per share stood at Php801.61, a decrease of 8.08% from 2019's Php871.98. Total assets of the Fund amounted to Php11.273 Billion, a decline of 6.05% from Php11.998 Billion in assets reported in 2019. Net assets amounted to Php11.237 Billion in 2020, showing a 6.12% drop from 2019. Losses totaled Php747.641 Million in 2020, a reversal of the Php818.148 Million income reported in 2019. Net loss on financial assets at fair value through profit or loss was at Php921.163 Million, compared to the net gain of Php602.743 Million recorded the previous year. Management fees decreased from Php126.109 Million to Php99.618 Million but continued to make the bulk of the expenses. Total expenses for 2020 totaled Php105.653 Million, 21.17% lower than the Php134.032 Million registered in 2019. This resulted in a net loss of Php853.294 Million in 2020 compared to the Php684.116 Million income registered in 2019.

KEY PERFORMANCE INDICATORS:

- a) Performance vis-à-vis the Benchmark – The Philippine Stock Index Fund (PSIF) is an index tracker equity mutual fund. The Fund's investment policy is to provide a return that tracks the performance of the PSEi. The Fund's return on investment (ROI) net of fees and taxes for full year 2020 was -8.08%, compared to the benchmark's -8.64%.
- b) Portfolio Quality – The Fund's portfolio should, at all times, adhere to the investment parameters as indicated in the Fund's prospectus. Being an index-tracker fund, PSIF is fully invested in Philippine stocks, whose portfolio composition and weightings are very close to that of the PSEi.
- c) Market Share in the Industry – The Fund cornered 10.00% of the PhP112.365 Billion total net asset value of equity funds based on PIFA's December 2020 report. The Fund's market shares slightly declined from 10.53% of the industry in 2019.
- d) NAV Growth vis-à-vis Industry Growth – The Fund's average daily NAV for 2020 was at PhP9.96 Billion. PSIF's net asset value fell by 6.12% in 2020, compared to the 1.11% reported decline of equity mutual funds.
- e) Performance vis-a-vis Competition – PSIF ranked 4th among the equity mutual funds in 2020.

AS OF DECEMBER 31, 2019

As of end December 2019, PSIF's trading NAV per share stood at PhP871.98, an increase of 5.26% from 2018's PhP828.43. Total assets of the Fund amounted to PhP11.998 Billion, a decrease of 4.59% from PhP12.575 Billion in assets reported in 2018. Net assets amounted to PhP11.969 Billion in 2019, showing a 4.66% decline from 2018. Income totaled PhP818.148 Million in 2019, a reversal of the PhP1.411 Billion losses reported in 2018. Net gains on financial assets at fair value through profit or loss was at PhP602.743 Million, a reversal of the net losses of PhP1.599 Billion posted in 2018. Management fees increased from PhP122.450 Million to PhP126.109 Million and continued to make up bulk of the expenses. Total expenses for 2019 totaled PhP134.032 Million, 2.31% higher than the PhP131.001 Million registered the previous year. This resulted in a net income of PhP684.116 Million in 2019 compared to the PhP1.542 Billion loss registered in 2018.

KEY PERFORMANCE INDICATORS:

- a. Performance vis-à-vis the Benchmark – The Philippine Stock Index Fund (PSIF) is an index tracker equity mutual fund. The Fund's investment policy is to provide a return that tracks the performance of the PSEi. The Fund's return on investment (ROI) for full year 2019 was recorded at 5.26%, compared to -12.40% the previous year net of fees and taxes.
- b. Portfolio Quality – The Fund's portfolio should, at all times, adhere to the investment parameters as indicated in the Fund's prospectus. Being an index-tracker fund, PSIF is fully invested in Philippine stocks, whose portfolio composition and weightings are very close to that of the PSEi.
- c. Market Share in the Industry – The Fund cornered 10.53% of the PhP113.624 Billion total net asset value of stock funds based on PIFA's December 2019 report. The Fund's market share slightly declined from 11.57% of the industry in 2018.
- d. NAV Growth vis-à-vis Industry Growth – The Fund's average daily NAV for 2019 was at PhP12.62 Billion. PSIF's net asset value fell by 4.66% in 2019, compared to the 4.70% reported growth of equity mutual funds.
- e. Performance vis-a-vis Competition – PSIF ranked 3rd among the equity mutual funds in 2019.

AS OF DECEMBER 31, 2018

As of end December 2018, PSIF's trading NAV per share stood at PhP 828.43, an decrease of 12.40% from 2017's PhP 945. 72,. Total assets of the Fund amounted to PhP12.575 Billion, an decrease of 3.95% from PhP13.092 Billion in assets reported in 2017. Net assets amounted to PhP12.554 Billion in 2018, showing a 3.80% decline from 2017. Losses totaled PhP1.411 Billion in 2018, a reversal of the PhP2.887 Billion income reported in 2017. Net losses on financial assets at fair value through profit or loss was at PhP1.599 Billion, a reversal of the net gains of PhP2.691 Billion posted in 2017. Management fees decreased from PhP184.765 Million to PhP122.450 Million due to lower fees charged starting this year, but continued to make up bulk of the expenses. Total expenses for 2018 totaled PhP131.001 Million, 32.92% lower than the PhP195.295 Million registered the previous year. This resulted in a net loss of PhP1.542 Billion in 2018 compared to the PhP2.691 Billion income registered in 2017.

KEY PERFORMANCE INDICATORS:

- a. Performance vis-à-vis the Benchmark – The Philippine Stock Index Fund (PSIF) is an index tracker equity mutual fund. The Fund's investment policy is to provide a return that tracks the performance of the PSEi. The Fund's return on investment (ROI) for full year 2018 was recorded at -12.40%, compared to 24.71%the previous year net of fees and taxes.
- b. Portfolio Quality – The Fund's portfolio should, at all times, adhere to the investment parameters as indicated in the Fund's prospectus. Being an index-tracker fund, PSIF is fully invested in Philippine stocks, whose portfolio composition and weightings are very close to that of the PSEi.
- c. Market Share in the Industry – The Fund cornered 11.57% of the PhP108.524 Billion total net asset value of stock funds based on PIFA's December 2018 report. The Fund's market share slightly declined from 11.84% of the industry in 2017.
- d. NAV Growth vis-à-vis Industry Growth – The Fund's average daily NAV for 2018 was at PhP12.24 Billion. PSIF's net asset value fell by 3.80% in 2018, compared to the 1.53% reported contraction of equity mutual funds.
- e. Performance vis-a-vis Competition – PSIF ranked 9th among the equity mutual funds in 2018.

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.