

FINAL PROSPECTUS

Philippine Stock Index Fund

*3/F, Insular Life Building, 6781 Ayala Avenue corner Paseo de Roxas, Makati City 1226
Tel No. (02) 580-2344 / 580-2345 / 580-2349*

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

**An Offer of up to the Number of Authorized Shares of
Philippine Stock Index Fund at an Offer Price of Net Asset Value per Share
on the date of subscription**

	PHILIPPINE STOCK INDEX FUND
Number of Authorized Shares	26,400,000
Minimum Initial Investment	PHP 5,000.00
PAR value	PHP 100.00

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

BPI Investment Management, Inc.

Fund Manager

*3/F, Insular Life Building, 6781 Ayala Avenue corner Paseo de Roxas, Makati City
Tel No. (02) 580-2344 / 580-2345 / 580-2349*

BPI Investment Management, Inc., Tel. Nos. (02) 580-2344 / 580-2345

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

Citicorp Financial Services & Insurance Brokerage Phils., Inc., Tel. Nos. (02) 995-5985

COL Financial Group, Inc., Tel. No. (02) 636-5411

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

Wealth Securities, Inc., Tel. No. 634-5038

Distributors

****The date of this PROSPECTUS is September 27, 2018.***

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

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


Ms. Sherisa P. Nuesa
President


Philippine Stock Index Fund, Corp.

OCT 05 2018

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

NOTARY PUBLIC

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Book No. ~~exxx~~ 11
Series of 2018


FELIPE I. ILEDAN JR.
Notary Public for and in Makati City
Until Dec. 31, 2018, Appt. No. M-13
Roll No. 27625, TIN 136897808
Rm. 412, 4th Flr. VGP Center, Ayala, Makati City
2018 PTR No. 6049062 Issued 12/6/2017, M.L.
IBP No. 974042; 8/18/14
MCLE Cert. V-0023600, 2/20/2016

PHILIPPINE STOCK INDEX FUND CORP.

SUMMARY OF FEES TO BE DEDUCTED FROM THE FUND	
Total Management Fee based on the average daily trading NAV of the Fund	1.00% p.a.
Management Fee	0.475% p.a.
Distribution Fee	0.475% p.a.
Transfer Agent Fee	0.050% p.a.
Sub-Distribution Fee based on the outstanding daily balance of the Fund's shares distributed	
BPI Capital Corporation	0.50% p.a.*
Citicorp Financial Services and Insurance Brokerage Philippines, Inc.	0.60% p.a.*
COL Financial Group, Inc.	0.50% p.a.*
First Metro Securities Brokerage Corporation	0.50% p.a.*
Wealth Securities, Inc.	0.50% p.a.*
Safekeeping Fees based on face/nominal value of the securities at month end for fixed income securities and based on the market value of the portfolio at month end for local equities	
Scripless Securities / Book Entry	
Asset Size: USD 0 – USD 250 Mn	1.50 bps p.a.
Above USD 250 Mn to USD 750 Mn	1.25 bps p.a.
Above USD 750 Mn	1.00 bps p.a.
Physical Securities	PhP 10,000 per month
2017 External Audit Fee	PhP 459,186.56

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

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

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THE OFFER

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 shares of common stock of the Philippine Stock Index Fund.

This is an Offer of up to 26,400,000 shares of common stock of par value PhP100.00 each (the “Offer Shares”) in the capital stock of Philippine Stock Index Fund Corp. (“PSIF” or the “Fund”) at the Fund’s prevailing Net Asset Value (“NAV”) per share, plus any applicable sales load, on the date of sale of the shares. The Fund may terminate the Offer at any time or when the number of shares subscribed and paid for has reached 26,400,000 shares.

The Fund 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.

In case of a shortage of shares, the Fund may apply for an increase in authorized capital stock. During this period, subscriptions accepted by the Fund will be considered as deposits for future subscription (“DFFS”) and will be converted into shares only after SEC approval of the increase in authorized capital stock and registration of the new shares. Future shares will be allocated according to the number that could have been purchased based on the NAVPS on the date the DFFS were received.

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 26,400,000 shares is estimated at PhP21.31 Billion (using PhP807.29 NAVPS as of September 26, 2018). 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 shareholders.

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

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

Total expenses paid out or projected to be paid out of the gross proceeds are PhP213.12 Million for management, distribution, advisory and transfer agent fees/other professional fees and filing fee & business registration license of PhP909 Thousand.

THE OFFER SHARES

All of the Shares in issue or to be issued pursuant to the Offer have, or upon issue will have, identical rights and privileges. These are outlined in the section on "Description of Capital Stock" (page 20). The Offer Shares may be owned by any person regardless of citizenship or nationality, subject to the subsection on "Eligible Investors" under the section headed "Terms and Conditions of the Offers" (page 16). The liability of the shareholders is limited to their investment to the company.

Prospective investors in the Fund should carefully consider the matters addressed under "Risk Factors and Risk Monitoring and Management" (page 11) before making an investment. These risks include, but are not limited to, market risk, 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 Share, all or any part of the Shares standing in the name of a Shareholder in the Fund. Unless redeemed earlier than the minimum holding period of 90 days when an Early Redemption Fee of 1% will apply, there is no redemption fee.

TOTAL EXPENSES OF THE FUNDS

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

RESTRICTIONS ON THE USE OF PROCEEDS

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

VALUATION

The Fund's investments are valued 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 NAVPS of the Fund may fluctuate (i.e., go down or go up) due to changes in the market values of the Fund's investments. Such changes in market values may also be attributable to various factors: internal, external and those inherent to the Fund. (Please see a more thorough discussion under "Risk Factors and Risk Monitoring and Management" on page 11).

OFFERING PRICE

The offering price of the shares is the Fund's prevailing NAV per Share computed as of end-of-day on the date of purchase of the Shares, plus the applicable sales load, to a maximum of 1.5%.

DIVIDEND POLICY

A provision of the Corporation Code generally requires a Philippine corporation with surplus profits in excess of 100% of its paid-up capital to declare and distribute such surplus to its shareholders in the form of dividends. The Board of Directors of the Fund has adopted a policy, consistent with the Fund's objective as an index tracker, to retain the surplus profits of the Fund in the retained earnings account. Such accumulation is reflected in the computation of the net asset value per share. Shareholders realize their gains when shares are redeemed. (Please refer to the discussion on Dividends under the section on "Description of Capital Stock" on page 21).

FUND MANAGER, PRINCIPAL DISTRIBUTOR, INVESTMENT ADVISOR AND TRANSFER AGENT

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

Name of Fund	Management, Distribution, Advisory and Transfer Agent Fee
Philippine Stock Index Fund	1.00% p.a.

DISTRIBUTORS

The Fund's Shares shall be made available to the public primarily through the Fund's authorized distributors, BPI Capital Corporation, BPI Investment Management, Inc., Citicorp Financial Services & Insurance Brokerage Philippines, Inc., COL Financial Group, Inc., First Metro Securities Brokerage Corporation, and 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. The distribution fee payable to the distributors shall be based on the outstanding daily balance of the Fund's shares distributed, as follows, and shall be taken from the 1.00% p.a. total management fee.

Sub-Distributor	Distribution Fee
BPI Capital Corporation	0.50% p.a.
Citicorp Financial Services and Insurance Brokerage Philippines, Inc.	0.60% p.a.
COL Financial Group, Inc.	0.50% p.a.
First Metro Securities Brokerage Corporation	0.50% p.a.
Wealth Securities, Inc.	0.50% p.a.

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. PSIF 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 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%

CUSTODIAN BANK

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

Scripless Securities / Book Entry

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

Physical Securities PhP 10,000 per month

Minimum Monthly Relationship Fee of USD 1,000 per month

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

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

RECEIVING BANKS

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

INDEPENDENT AUDITOR

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

INFORMATION SUPPLIED BY THE FUND

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

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

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

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

SUMMARY OF FINANCIAL INFORMATION

The following information was lifted from the Interim Financial Statements of the Fund for the period ended March 31, 2018 and Audited Financial Statements of the Fund for years ending December 31, 2017 and 2016. The latest financial reports audited by the Fund's external auditor, Isla Lipana & Co., as of December 31, 2017, 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, starting page 50.

PHILIPPINE STOCK INDEX FUND

As of March 31, 2018 (Interim) - In Thousand Pesos			
Balance Sheet		Income Statement	
Total Assets	12,128,554	Income (Loss)	(796,604)
Total Liabilities	167,878	Expenses	34,774
Total Equity	11,960,675	Net Income (Loss)	(831,378)

Net Asset Value per Share as of March 31, 2018: PhP 883.34

As of December 31, 2017 (Audited) – In Thousand Pesos			
Balance Sheet		Income Statement	
Total Assets	13,091,940	Income	2,886,535
Total Liabilities	42,115	Expenses	195,295
Total Equity	13,049,825	Net Income	2,691,240

Net Asset Value per Share as of December 31, 2017: PhP 945.72

As of December 31, 2016 (Audited) – In Thousand Pesos			
Balance Sheet		Income Statement	
Total Assets	11,500,643	Income	32,289
Total Liabilities	53,278	Expenses	191,656
Total Equity	11,447,365	Net Income (Loss)	(159,367)

Net Asset Value per Share as of December 31, 2016: PhP 758.32

RISK DISCLOSURE STATEMENT

GENERAL RISK WARNING

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

PRUDENCE REQUIRED

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

PROFESSIONAL ADVICE

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

RISK FACTORS AND RISK MONITORING AND MANAGEMENT

The NAVPS of the Fund may fluctuate due to changes in the market values of the Fund's investments. Such changes in market value may be attributable to various factors such as:

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

1) Market Risk

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

2) 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.

PRINCIPAL PARTIES TO THE OFFERS

Issuer	Philippine Stock Index Fund, Corp. 3/F, Insular Life Building, 6781 Ayala Avenue cor. Paseo de Roxas, Makati City
Fund Manager	BPI Investment Management, Inc. 3/F, Insular Life Building, 6781 Ayala Avenue cor. Paseo de Roxas, Makati City
Distributors	BPI Investment Management, Inc. BPI Capital Corporation Citicorp Financial Services & Insurance Brokerage Phils., Inc. COL Financial Group, Inc. First Metro Securities Brokerage Corporation Wealth Securities, Inc.
Investment Advisor	BPI Investment Management, Inc. 3/F, Insular Life Building, 6781 Ayala Avenue cor. Paseo de Roxas, Makati City
Receiving Banks	Bank of the Philippine Islands BPI Head Office, 6768 Ayala Avenue cor. Paseo de Roxas, Makati City BPI Family Savings Bank BPI Family Savings Bank Building, Paseo de Roxas cor. dela Rosa St., Makati City
Custodian Bank	CITIBANK, N.A., PHILIPPINE BRANCH Citibank Tower, Citibank Plaza 8741 Paseo De Roxas Makati City
External Auditor	Isla Lipana & Co. Member firm of PricewaterhouseCoopers 29th Floor, Philamlife Tower Paseo de Roxas, Makati City

DEFINITION OF TERMS

ALFM Mutual Funds	ALFM Peso Bond Fund, Inc. ALFM Dollar Bond Fund, Inc. ALFM Euro Bond Fund, Inc. Philippine Stock Index Fund, Corp. ALFM Growth Fund, Inc. ALFM Money Market Fund, Inc.
BFSB	BPI Family Savings Bank
Bn	Billion
BPI	Bank of the Philippine Islands
BPI Capital	BPI Capital Corporation
BPI Investment	BPI Investment Management, Inc.
bps	Basis points (1/100 of 1% or 0.0001)
BSP	Bangko Sentral ng Pilipinas
Certified Investment Solicitor (CISol)	An individual, employed by a Distributor, who shall have taken and passed the mutual fund sales agents' licensing examination given by the SEC
Corporation	Philippine Stock Index Fund, Corp.
Corporation Code	The Corporation Code of the Philippines (<i>Batas Pambansa Blg. 68</i>)
CPI	Consumer Price Index
Credit Authority	The Redemption Slip or the Fund Order Form for the Fund's Shares, signed by a Shareholder, authorizing the Receiving Bank to credit the proceeds from the sale of said Shares into the Shareholder's Settlement Account
Customer Referral Sheet	The application for subscription to the Offer Shares in the form prescribed
Debit Authority	The Payment Slip or Fund Order Form for the Fund's Shares, signed by an applicant, authorizing the Receiving Bank to debit said applicant's Settlement Account for the full payment of the Shares applied for
Transaction Advice	The evidence of ownership of a Shareholder's holdings in the Fund
DFFS	Deposits for Future Subscription
Distributors	BPI Capital Corporation BPI Investment Management, Inc. Citicorp Financial Services & Insurance Brokerage Philippines, Inc. COL Financial Group, Inc. First Metro Securities Brokerage Corporation Wealth Securities, Inc.

Early Redemption Fee	The redemption fee of 1.0% imposed on redemptions made by Shareholders during the minimum holding period, which accrues to the Fund
Fund	Philippine Stock Index Fund
Fund Manager	BPI Investment Management, Inc.
Investment Advisor	BPI Investment Management, Inc.
Investment Company Act	The Investment Company Act of 1960 (Republic Act No. 2629)
Minimum Holding Period	The period during which a 1.0% early redemption fee is charged for redemptions made during the said period, as follows:

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

Mn	Million
NAV	Net Asset Value, defined as the value of the assets of the Fund, less the value of the liabilities
NAV per Share	NAV divided by the total number of Shares outstanding, including deposits for subscription, if there are pending applications to increase the Authorized Capital Stock
Offer	The Offer to the public for subscription to the maximum number of unclassified and voting common shares of the Fund at the Offer Price, as follows:

Name of Fund	Maximum Number of Shares
Philippine Stock Index Fund	26,400,000

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

Name of Fund	Maximum Number of Shares
Philippine Stock Index Fund	26,400,000

Par Value	The par value of the Shares, as shown below:
PAS	Philippine Accounting Standards
PDEx	Philippine Dealing and Exchange Corporation
Peso or PhP	Philippine peso, the lawful currency of the Republic of the Philippines

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

TERMS AND CONDITIONS OF THE OFFER

Eligible Investors

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

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

The Offer

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

Name of Fund	Authorized Capital Stock
Philippine Stock Index Fund	26,400,000

The Offer Price

The Shares shall be offered at an Offer Price based on the Fund's NAV per Share computed by the end-of-day of each valuation date, plus the applicable Sales Load, to a maximum of 1.5%. Shares applied for after the Cut-off Time shall be offered at an Offer Price based on the NAV per Share calculated as of the next valuation day, plus the applicable Sales Load, to a maximum of 1.5%.

Cut-off Time

2:30 p.m. of a valuation day

Minimum Subscription

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

Name of Fund	Minimum Subscription Amount	Minimum Additional Subscription	Regular Subscription Plan (RSP)
Philippine Stock Index Fund	PhP 5,000.00	PhP 1,000.00	PhP 1,000.00

Minimum Maintaining Balance

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

Name of Fund	Minimum Maintaining Balance
Philippine Stock Index Fund	PhP 5,000.00

Minimum Partial Redemption

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

Name of Fund	Minimum Partial Redemption
Philippine Stock Index Fund	PhP 1,000.00

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

Payment for the Shares

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

Registration of Investments

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

COMPANY BACKGROUND

The Philippine Stock Index Fund Corp. (“PSIF” or the “Fund”) was incorporated as Philippine Index Fund Corp. on December 11, 2002 with an authorized capitalization of PhP 200.0 Million consisting of 2,000,000 common shares of par value PhP100.00 per share. 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

On February 20, 2006, the Board of Directors and Shareholders of the Fund approved the increase in Authorized Capital Stock to PhP 50.0 Billion consisting of 500,000,000 common shares of par value PhP100.00 per share, and to be implemented in tranches. The Authorized Capital Stock of the Fund currently stands at PhP 2.64 Billion consisting of 26,400,000 common shares of par value PhP100.00 per share.

The Fund has entered into a Management and Distribution Contract with BPI Investment Management, Inc. authorizing BPI Investment to purchase and sell investment securities for the account of the Fund. The Fund does not have employees of its own since the management and administration functions are already being handled by BPI Investment. The Fund has adopted a Manual of Corporate Governance and an Anti-Money Laundering Operating Manual. Quarterly reporting of the Fund’s operations to the Board of Directors is being performed by BPI Investment to properly identify, assess and manage risks that may arise any time during the Fund’s daily operations. 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. There are currently sixty-one (61) 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. PSIF competes with the other Peso-denominated equity funds currently available in the market (i.e., ALFM Growth Fund, Inc., ATRAM Alpha Opportunity Fund, Inc. (formerly, ATRKE Alpha Opportunity Fund, Inc.), ATRAM Phil. Equity Opportunity Fund, Inc. (formerly, ATRKE Equity Opportunity Fund, Inc.), Climbs Share Capital Equity Investment Fund Corp., First Metro Consumer Fund on MSCI Phils. IMI, Inc., First Metro Save and Learn Equity Fund, Inc., MBG Equity Investment Fund, Inc., One Wealthy Nation Fund, Inc., PAMI Equity Index Fund, Inc., Philam Strategic Growth Fund, Inc., Philequity Dividend Yield Fund, Inc., Philequity Fund, Inc., Philequity PSE Index Fund, Inc., Soldivo Strategic Growth Fund, Inc., Sun Life Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Phil. Stock Index Fund, Inc., United Fund, Inc., and First Metro Phil. Equity Exchange Traded Fund, Inc.). With about PhP 12.98 Billion in Net Asset Value as of August 31, 2018, PSIF stands as the 2nd largest Peso-denominated equity fund, accounting for 12% of this segment.

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

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:
Fund Distributors:

BPI Investment Management, Inc.
BPI Investment Management, Inc.
BPI Capital Corporation
Citicorp Financial Services & Insurance Brokerage Philippines,
Inc.
COL Financial Group, Inc.
First Metro Securities Brokerage Corporation
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 Investments Schemes Law and the Asian Region Fund Passporting, will further drive and shape the mutual fund landscape.

LEGAL PROCEEDINGS

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

ANNUAL MEETING OF THE SHAREHOLDERS

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

DESCRIPTION OF CAPITAL STOCK

Capital Structure

The Philippine Stock Index Fund's authorized capital stock is shown in the table below:

Name of Fund	Number of Authorized Shares	Par Value (in PhP)	Authorized Capital Stock (in PhP)
Philippine Stock Index Fund	26,400,000	100.00	2,640,000,000

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

Rights and Privileges / Voting Rights

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

Preemptive Rights

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

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

Appraisal Right

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

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

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

After dissolution, the Fund will continue to exist for three (3) more years for purposes of liquidation. During such time, the Fund will no longer accept additional subscriptions and will only allow redemptions of shares based on the prevailing NAVPS. The daily NAVPS of the Fund will continuously be computed and published, as long as practicable.

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

Dividends

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

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

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.

Considering that DFFS are not shares, DFFS do not grant the same rights (e.g. voting, appraisal, dividends) given to shareholders. Nevertheless, DFFS holders may request for the return of their DFFS subject to the NAVPS at the time of redemption.

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

Principal Market

The Shares of the Philippine Stock Index Fund are available for purchase primarily by resident citizens or investors of legal age, or by duly authorized and existing corporations, partnerships or other entities, subject to existing Philippine laws, through Certified Investment Solicitor (CISol) of the Fund's Distributors. Investors who want to invest in the Philippine stock market and who have a medium-term to long-term investment horizon, are the primary target market of the Fund. The Shares of the Fund are not traded publicly on an exchange since the Fund stands ready to redeem or buy back the Shares from the Shareholders any time.

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

Stated below are the NAV per Share of the Fund at the end of the quarters from 2008 to 2018.

Philippine Stock Index Fund (PhP)				
	1Q	2Q	3Q	4Q
2008	325.76	268.50	280.47	204.36
2009	216.79	266.10	305.71	333.17
2010	345.10	368.11	447.51	458.52
2011	442.60	468.37	436.79	476.36
2012	563.06	577.25	589.99	641.80
2013	759.55	719.49	692.38	654.94
2014	719.34	766.10	815.36	806.31
2015	887.72	845.83	771.66	775.31
2016	811.59	867.45	847.84	758.32

2017	811.45	870.12	905.56	945.72
2018	883.34	799.40	-	-

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

Philippine Stock Index Fund									
		2008		2009		2010		2011	
Jan-Mar	high	01/02/08	394.81	03/27/09	222.69	03/30/10	349.50	01/04/11	460.46
	low	03/18/08	303.14	03/17/09	192.02	02/09/10	305.35	02/24/11	407.21
Apr-Jun	high	04/02/08	332.71	06/15/09	285.18	06/29/10	368.12	05/11/11	473.15
	low	06/30/08	268.50	04/01/09	214.72	05/25/10	338.64	04/01/11	450.72
Jul-Sep	high	08/11/08	302.71	08/04/09	315.10	09/28/10	450.11	8/1/2011	496.67
	low	07/03/08	255.38	07/03/09	265.37	07/02/10	359.20	9/27/2011	406.07
Oct-Dec	high	10/02/08	285.19	12/02/09	340.53	11/4/2010	479.95	12/26/2011	478.11
	low	10/28/08	186.03	10/05/09	307.71	11/30/2010	431.53	10/5/2011	417.42

		2012		2013		2014		2015	
Jan-Mar	high	3/16/2012	566.61	3/27/2013	759.66	3/11/2014	725.90	3/31/2015	887.72
	low	1/1/2012	476.35	1/1/2013	641.80	1/10/2014	649.47	1/5/2015	811.26
Apr-Jun	high	5/3/2012	585.34	5/22/2013	820.59	6/26/2014	771.51	4/10/2015	908.07
	low	5/16/2012	537.99	6/25/2013	645.29	4/1/2014	728.81	6/9/2015	819.41
Jul-Sep	high	7/5/2012	590.82	7/24/2013	757.88	9/24/2014	823.64	7/24/2015	856.67
	low	7/23/2012	565.73	8/28/2013	640.78	7/1/2014	764.09	8/24/2015	760.81
Oct-Dec	high	12/26/2012	644.19	10/23/2013	741.86	12/3/2014	821.98	10/27/15	817.97
	low	10/1/2012	585.86	12/12/2013	641.16	10/14/2014	777.37	12/15/15	747.53

		2016		2017		2018	
Jan-Mar	high	3/21/16	823.30	1/23/17	816.34	1/29/18	999.55
	low	1/21/16	677.92	1/3/17	760.44	3/21/18	875.02
Apr-Jun	high	6/29/16	867.76	6/5/17 and 6/7/17	888.50	4/3/18 and 4/12/18	890.88
	low	5/5/16	783.62	4/3/17	814.66	6/25/18	776.04
Jul-Sep	high	7/21/16	898.97	9/18/17	920.49	-	-
	low	9/14/16	838.87	7/4/17	869.55	-	-
Oct-Dec	high	10/4/16	857.66	12/29/17	945.80	-	-
	low	12/23/16	727.75	12/4/17	893.67	-	-

Number of Shareholders

The table below shows the Fund's total number of shareholders as of August 31, 2018:

Name of Fund	Number of Shareholders
Philippine Stock Index Fund	15,944

Share Options and Treasury Shares

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

Issue of Shares

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

Stock Certificates

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

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

Share Register

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

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

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

DIRECTORS, OFFICERS, AND SIGNIFICANT SHAREHOLDERS

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

1. Romeo L. Bernardo, Chairman / Independent Director

Mr. Romeo L. Bernardo, Filipino, born in 1954, 64 years old, is the Chairman of the fund since 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, Vice Chairperson / Regular Director

Mr. Simon R. Paterno, Filipino, born in 1959, 59 years old, heads the Financial Products and Alternative Channels Group of the Bank of the Philippine Islands. He is responsible for managing the product businesses of the Bank, including Investment Banking, Corporate Loans, Transaction Banking, Retail Lending, Cards and Payments, Asset Management and Trust, Electronic Channels, and Deposits. He also oversees subsidiaries and affiliates in insurance, leasing, and merchant acquiring. He is a member of the Management Committee of BPI. Mr. Paterno is the former President and CEO of the Development Bank of the Philippines, serving from 2002-2004. He worked for 18 years at the New York, Hong Kong, and Manila offices of J.P. Morgan, serving finally as Managing Director in charge of sovereign clients during the Asian Financial Crisis of 1997-98, and as Country Manager for the Philippines until 2002. He also worked for 8 years at Credit Suisse as Managing Director and Country Manager for the Philippines. Mr. Paterno obtained his MBA from Stanford University in 1984. He was awarded his A.B., cum laude, Honors Program in Economics from Ateneo de Manila University in 1980. In 2005, he was elected President of the Management Association of the Philippines. He serves on the boards of the Foundation for Economic Freedom and Ateneo Scholarship Foundation. He was named a TOYM awardee for Investment Banking in 1999.

3. Sherisa P. Nuesa, President / Regular Director

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

4. John Philip S. Orbeta, Independent Director

Mr. John Philip S. Orbeta, Filipino, born in 1961, 57 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.

5. Adelbert A. Legasto, Regular Director

Mr. Adelbert A. Legasto, Filipino, born in 1947, 70 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.

Other Officers of the Fund

1. Fernando J. Sison III – Treasurer

Mr. Fernando J. Sison III, Filipino, born in 1952, 66 years old, is the Treasurer of the Fund since 2004. He used to be the President of BPI Investment Management, Inc. from May 2004 up to June 2012. He previously served as Vice President and head of many of BPI's divisions, including AMTG Retail Trust Division, AMTG Portfolio Management Division, SDG Retail Funds Distribution, and Private Banking Unit. He was assigned to BPI International Finance Ltd. (HK) as Head of Investment Management Division and to BPI Capital Corporation – Corporate Finance Group as Vice President and Head of Syndications and Underwriting. He completed the corporate finance module of JP Morgan in New York and underwent on-the-job training in corporate finance with JP Morgan in Hong Kong. He previously served as President of the Investment Company Association of the Philippines (ICAP) for 3 terms up to 2006 and as Chairman of the Board of the Philippine Investment Funds Association (PIFA), formerly ICAP, for 5 terms up to 2012-2013. He served as Industry Governor of the Market Governance Board of the Philippine Dealing and Exchange Corp. in 2008 and 2011 and as Alternate Governor for 5 terms. He is a SEC-licensed Certified Investment Solicitor from 2001 to 2012. He is currently the Investments Administrator and the Director for Business Affairs of the Ateneo de Manila University. He is a member of the Retirement Commission and the Investment Committee of the CEAP Retirement Fund. He is also a member of the Board of Senior Advisers of PIFA. Mr. Sison graduated from the Ateneo de Manila University in 1974 with the degree A.B. General Studies (Honorable Mention). He obtained his M.B.A. degree in 1976 from the University of the Philippines (Diliman).

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

Atty. Sabino B. Padilla IV, born in 1960, 58 years old, is the Corporate Secretary and Compliance Officer of the 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. Francis Lorenz E. Espiritu, Chief Data Protection Officer and Chief Risk Officer

Atty. Francis Lorenz E. Espiritu, born in 1987, 31 years old, is the Chief Data Protection Officer and Chief Risk Officer of the Fund. Atty. Espiritu graduated with a Juris Doctor degree from the Ateneo Law School in 2011 and became a member of the Philippine Bar in 2012. He is currently the Risk Management and Compliance Officer of BPI Investment Management, Inc., which is the Fund Manager, Principal Distributor, Investment Advisor and Transfer Agent of the ALFM Mutual Funds.

Significant employees

The 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 August 31, 2018:

Title of Class	Name of Owner	Position	Amount and Nature of Ownership	Citizenship	Percent of Class
Common	Romeo L. Bernardo	Chairman/ Independent Director	2,097 (record, beneficial)	Filipino	0.0141%
Common	Sherisa P. Nuesa	Director/President	50 (beneficial)	Filipino	0.0003%
Common	Adelbert A. Legasto	Director	6,780 (record, beneficial)	Filipino	0.0456%
Common	Simon R. Paterno	Director	50 (beneficial)	Filipino	0.0003%
Common	John Philip S. Orbeta	Independent Director	50 (beneficial)	Filipino	0.0003%
Common	Fernando J. Sison III	Treasurer	12,618 (record)	Filipino	0.0848%
Common	Sabino B. Padilla IV	Corp. Secretary/ Compliance Officer	0	Filipino	0.0000%
Common	Francis Lorenz E. Espiritu	Chief Data Protection Officer/Chief Risk Officer	0	Filipino	0.0000%

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

Director / Officer	Position	Year	Salary	Bonus	Other Salary
Romeo L. Bernardo	Chairman	2010	51,000.00	-	-
		2011	51,000.00	-	-
		2012	34,000.00	-	-
		2013	29,750.00	-	-
		2014	38,250.00	-	-
		2015	38,250.00	-	-
		2016	29,750.00	-	-
		2017	38,250.00	-	-
		2018 (estimated)	40,000.00	-	-
Simon R. Paterno	Director (Starting March 2015)	2010	-	-	-
		2011	-	-	-
		2012	-	-	-
		2013	-	-	-
		2014	-	-	-
		2015	-	-	-
		2016	-	-	-
		2017	-	-	-
		2018 (estimated)	-	-	-
Sherisa P. Nuesa	Director (Starting April 2012)	2010	-	-	-
		2011	-	-	-
		2012	0.00	-	-
		2013	42,500.00	-	-
		2014	38,250.00	-	-
		2015	29,750.00	-	-
		2016	29,750.00	-	-
		2017	38,250.00	-	-
		2018 (estimated)	40,000.00	-	-
John Philip S. Orbeta	Independent Director (Starting April 2012)	2010	-	-	-
		2011	-	-	-
		2012	8,500.00	-	-
		2013	29,750.00	-	-
		2014	25,500.00	-	-
		2015	34,000.00	-	-
		2016	25,500.00	-	-
		2017	42,500.00	-	-
		2018 (estimated)	40,000.00	-	-
Adelbert A. Legasto	Director (Until December 2012) (Starting June 2015)	2010	58,750.00	-	-
		2011	51,000.00	-	-
		2012	34,000.00	-	-
		2013	-	-	-
		2014	-	-	-
		2015	17,000.00	-	-
		2016	29,750.00	-	-
		2017	38,250.00	-	-
		2018 (estimated)	40,000.00	-	-
Atty. Sabino B. Padilla IV	Corporate Secretary and Compliance Officer	2010	51,000.00	-	-
		2011	51,000.00	-	-
		2012	34,000.00	-	-

		2013	46,750.00	-	-
		2014	42,500.00	-	-
		2015	42,500.00	-	-
		2016	34,000.00	-	-
		2017	38,250.00	-	-
		2018 (estimated)	40,000.00	-	-
Fernando J. Sison III	Treasurer	2010	-	-	-
		2011	-	-	-
		2012	8,500.00	-	-
		2013	46,750.00	-	-
		2014	42,500.00	-	-
		2015	12,750.00	-	-
		2016	34,000.00	-	-
		2017	34,000.00	-	-
		2018 (estimated)	40,000.00	-	-
Atty. Francis Lorenz E. Espiritu	Chief Data Protection Officer and Chief Risk Officer	2017	-	-	-
		2018 (estimated)	-	-	-

- ☐ There are no other standard or consulting arrangements or any compensatory plan relating to resignation / retirement by which Directors and Officers are to be compensated other than that previously stated.
- ☐ No current Director of the 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 on the Fund's Compliance with the Manual of Corporate Governance. There has been no deviation from the Fund's Manual of Corporate Governance as of the date of this Prospectus. Other measures being undertaken by the Fund to fully comply with the adopted leading practices on good corporate governance are: (i) strict compliance on the appointment of Independent Directors; (ii) separation of the functions of the Chairman and the President; and (iii) the creation of an Audit Committee chaired by an Independent Director.

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

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

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

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

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

Procedures to Ensure Compliance with Relevant Laws and Regulation

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

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

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

Certain Relationships and Related Transactions

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

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

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

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

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

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

Voting Trust Holders of More Than 5%

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

Legal Proceedings

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

Involvement in Certain Legal Proceedings

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

Changes in Control

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

External Audit Fees

Audit and Audit Fees

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

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

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

Audit fees paid for the years 2017 and 2016:

	2017	2016
Audit fees	PhP 459,186.56	PhP 402,000.12

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 SRC Rule 68, as amended, on the rotation of external auditor or Partner every five (5) years. In taking this action, the members of the Board of Directors considered carefully Isla Lipana & Co.'s performance, its independence with respect to the services to be performed, and its general reputation for adherence to professional auditing standards.

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

PRINCIPAL PARTIES

THE FUND MANAGER

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

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

BPI Investment is also the Principal Distributor and Service Administrator of the Fund.

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

1. Mercedita S. Nollo, Chairman

Ms. Nollo, Filipino, born in 1941, 77 years old, is the Chairman of BPI Investment Management, Inc. She has also been a member of the Board of Directors of BPI since 1991. She is also the Chairman of the Bank’s Retirement & Pension and Trust Committees and a member of the Bank’s Executive and Corporate Governance Committees. Ms. Nollo is also a Director of the following BPI subsidiaries and affiliates: BPI Family Savings Bank, Inc. and BPI Capital Corporation. Ms. Nollo serves as Director of the following companies: Ayala Land Commercial REIT, Inc., Michigan Holdings, Inc., Anvaya Cove Beach and Nature Club, Inc., Ayala Automotive Holdings Corporation, Honda Cars Cebu, Inc., Honda Cars Makati, Inc., Isuzu Automotive Dealership, Inc., Isuzu Cebu, Inc., Prime Initiatives, Inc., and Xurpas, Inc. She is also a member of the Board of Trustees of Ayala Foundation, Inc. and BPI Foundation, Inc. as well as Vice-President of Sonoma Properties, Inc. She used to be a member of the Board of Directors of Ayala Corporation from 2004 until September 2010. She became a Director of D&L Industries, Inc. starting in 2016. Ms. Nollo graduated with the degree of Bachelor of Science in Business Administration major in Accounting from the University of the Philippines in 1960 and placed second at the Certified Public Accountant Licensure Board Examination administered in the same year. In 1965, she obtained her Bachelor of Laws degree also from the University of the Philippines where she also placed second at the Bar Examination held in the same year.

2. Roberto Martin S. Enrile, President

Mr. Enrile, Filipino, born in 1969, 49 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, 66 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, 70 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 BPI INVESTMENT

Nothing in this Prospectus shall be construed as a guaranty of return or income; nor does it entitle the INVESTOR/s to a fixed rate of return on the money invested by him/her in the FUND. BPI Investment shall not be liable for any loss or depreciation in the value of the FUND or in the value of INVESTOR's shareholdings unless attributable to BPI Investment's act of fraud, willful default, gross negligence or evident bad faith. It is understood that mutual funds are not bank deposit products, not guaranteed by BPI Investment, not covered by the Philippine Deposit Insurance Corporation, and that losses, if any, are for the sole account of the INVESTOR/s.

MANAGEMENT AND DISTRIBUTION CONTRACT

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

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

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

For its services, the Fund Manager is entitled to charge a management, distribution, advisory and transfer agent fee based on the average daily trading Net Asset Value of the Fund, the rate, being not more than 1.00% per annum.

PLAN OF DISTRIBUTION

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

The Distributors of the Fund are BPI Investment Management, Inc.; BPI Capital Corporation; Citicorp Financial Services & Insurance Brokerage Philippines, Inc.; COL Financial Group, Inc.; First Metro Securities Brokerage Corporation; and Wealth Securities, Inc. All are distributors licensed by the Securities and Exchange Commission.

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

The Distributors shall be entitled to collect a Sales Load based on each amount invested by an applicant or Shareholder in the Fund, in such percentages but not exceeding 1.5%, and shall have the discretion to establish the sharing of such Sales Load that is entitled to be received by its Sales Agents.

THE CUSTODIAN BANK

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

THE RECEIVING BANKS

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

OTHER INFORMATION REQUIRED

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

HANDLING CUSTOMERS' COMPLAINT

For any concerns, investors can contact BPI Investment thru any of the following numbers: (02) 580-2344, (02) 580-2345, and (02) 580-2349. Investors may also send an e-mail at bpi_investment@bpi.com.ph.

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

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

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

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

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

If an actual or potential conflict of interest may arise on the part of a director or officer, he or she should fully and immediately disclose it and should not participate in the decision-making process. A director or officer who has a continuing material conflict of interest should seriously consider resigning from his or her position.

MECHANICS OF THE FUND

The Fund's Shares shall be offered through the 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 Shareholder in the Fund, in such percentages as are stipulated on page 7 of this Prospectus. The Distributors shall have the discretion to establish the sharing of such Sales Load that their Sales Agents are entitled to receive.

PURCHASE OF SHARES

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

The Payment Slip or Fund Order Form shall indicate the gross amount of investment. The number of Shares that an investor will be able to buy will be determined as and when the Fund's NAVPS shall have been computed and accordingly made available at the end of the day. The investor's Settlement Account will be automatically debited at the end of the day for the amount of whole shares purchased, including the Sales Load, to a percentage that will not exceed 1.5%, 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 NAVPS applicable on that day. Subscriptions Orders received after the Cut-off Time shall be deemed to have been received on the next valuation day and will be processed at the NAVPS applicable on that day.

REDEMPTION OF SHARES

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

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

Name of Fund	Holding Period	Early Redemption Fee
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 Shareholders, suspend the redemption of securities of open-end companies.

SPECIAL CONSIDERATIONS

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

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

VALUATION AND ACCOUNTING PROCEDURES

The Fund's investment securities shall be valued based on the valuation standards specified under PAS Nos. 32 and PFRS No. 9 and other amendments to the said standards. The NAV per Share (NAVPS) shall be obtained by dividing the market value of the assets of the Fund, less the value of its liabilities, reserves for expenses and adjustments for market risk, by the total number of Shares outstanding (which include deposits on subscriptions if the Fund is applying for an increase in Authorized Capital Stock) at such valuation date. (See "Determination of the Funds' Net Asset Value" below.)

The Fund shall secure the services of an independent auditor to verify its financial statements at least on an annual basis.

DETERMINATION OF THE FUND'S NET ASSET VALUE

The Net Asset Value per Share of the Fund, as of the close of any valuation day (the "Close"), shall be obtained by dividing the value of the assets of the Fund less the value of its liabilities, reserves for expenses and adjustments for market risk, by the total number of Shares outstanding at such Close (including deposits on subscriptions if the Fund is applying for an increase in Authorized Capital Stock), all to be determined as follows:

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

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

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

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

3. For the purposes thereof:

(i) capital stock subscribed for shall be deemed to be outstanding as of the time of acceptance of any subscription and the entry thereof in the books of the Fund, and the net proceeds thereof shall be deemed to be an asset of the Fund; and (ii) capital stock surrendered for purchase by the Fund pursuant

to the provisions of its Articles of Incorporation or By-Laws shall be deemed to be outstanding until the close of business on the business day as of which such Net Asset Value is being determined and, thereupon and until paid, the price thereof shall be deemed to be a liability of the Fund.

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

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

TAXATION

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

INVESTMENT OBJECTIVES AND RESTRICTIONS OF THE FUND

The primary investment objective of 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 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.

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.

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

CHANGE IN INVESTMENT OBJECTIVES

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

INVESTMENT LIMITATIONS

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

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

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

- e. Index funds shall not be subject to investment limitations under this provision, provided, they comply with the following requirements:
 - i. Comprise eligible assets;
 - ii. 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;
 - iii. Developed by an independent and reputable agency, and based on a recognized and accepted methodology;
 - iv. Represent an adequate benchmark for the market which is widely accepted in international financial markets;
 - v. 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
 - vi. Information on the index is published daily and readily accessible
- f. Investment in foreign government debt securities or money markets where the issuer or the guarantor is a government, sovereign or central bank with an international long-term issuer rating of investment grade may be increased to a maximum of thirty five percent (35%) of the net assets of the Investment Company;
- g. A maximum of five percent (5%) of the net assets of the Investment Company may be invested in government debt securities issued or guaranteed by a government, sovereign or central bank with an international long-term issuer rating that is non-investment grade;
- h. In investing in financial derivative instruments for the Investment Company, the Fund Manager shall see to it that it employs a risk-management process which captures the risks associated with the use of financial derivatives and satisfies all the following requirements:
 - i. The total exposure to financial derivatives or embedded financial derivatives, including counterparty transactions, shall not exceed ten percent (10%) of the net assets of the Investment Company, or five percent (5%) of the net assets if the derivatives are not investment grade, unless the derivatives counterparty is used for efficient portfolio management which the investment aggregate shall not exceed more than twenty percent (20%);
 - ii. The Investment Company shall invest five percent (5%) of its net assets to liquid assets to meet all its payment and delivery obligations;
 - iii. The Fund Manager shall not act as a counterparty to an OTC derivative invested into by the Investment Company.
- i. The MFC shall be prohibited from investing in the securities it is issuing.
- j. No Investment Company shall purchase from or sell to any of its officers or directors or the officers or directors of its investment advisor/s, manager or distributor/s or firm/s of which any of them are members, any securities other than the capital stock of the Investment Company.
- k. The Investment Company shall not engage in short selling;
- l. Unless the Commission shall provide otherwise, the Investment Company shall not invest in any of the following:
 - i. margin purchase of securities (investment in partly paid shares are excluded);
 - ii. commodity futures contracts;
 - iii. precious metals; and
 - iv. unlimited liability investments.

Liquidity Requirements

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

- a. Such liquid/semi-liquid assets shall refer to, but not limited to the following:
 - i. Treasury notes or bills, Certificates of Indebtedness issued by the Bangko Sentral ng Pilipinas which are short term, and other government securities or bonds and such other evidence of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines;
 - ii. Tradable Long-Term Negotiable Certificate of Time Deposits (LTNCTD)

- iii. Government debt securities where the issuer or the guarantor is a foreign government, sovereign or central bank with an international long-term issuer rating of investment grade;
 - iv. Savings or time deposits with government-owned banks or commercial banks, provided that in no case shall any such savings or time deposit accounts be accepted or allowed under a "bearer", "numbered" account or other similar arrangement.
 - v. Money market instruments issued by Philippine regulated qualified buyers or those issued by an investment grade issuing body;
 - vi. Other collective schemes wholly invested in liquid/semi-liquid assets.
- b. The MFC may implement a decreased investment of less than ten percent (10%) but not less than five percent (5%) of its assets in liquid/semi-liquid assets, provided, however, that it shall submit a notarized liquidity contingency plan, signed by the President of the Fund and its Fund Manager.
- 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%).

PHILIPPINE LAWS APPLICABLE TO THE COMPANY

INVESTMENT COMPANY ACT OF 1960

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

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

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

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

DIVIDENDS

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

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

RIGHTS OF SHAREHOLDERS

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

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

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

MANAGEMENT

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

GOVERNMENT POLICIES AND REGULATIONS

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

THE SECURITIES AND EXCHANGE COMMISSION

The Securities and Exchange Commission was established on October 26, 1936 by virtue of Commonwealth Act No. 83 (the "Securities Act"). It was reorganized on September 29, 1975 under Presidential Decree No. 902-A. Then on December 1, 2000, it was reorganized as mandated by Republic Act No. 8799 (the "Securities Regulation Code"). The SEC is responsible for regulating the securities market.

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

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

THE INVESTMENT COMPANY ACT OF 1960

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

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

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

THE SECURITIES REGULATION CODE

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

MANAGEMENT DISCUSSION OR ANALYSIS ON PLAN OF OPERATIONS

In the Stockholders' meeting held on February 20, 2006, the Stockholders approved the proposed increase in Authorized Capital Stock from PhP500,000,000.00 (divided into 5,000,000 shares of PhP100.00 par value each) to PhP50,000,000,000.00 (divided into 500,000,000 shares of PhP100.00 par value each).

AS OF MARCH 31, 2018

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 March 31, 2018, PSIF's net asset value (NAV) per share stood at P883.34, a decline of 6.60% compared to the NAVPS as of December 31, 2017.

The fund's net asset value amounted to P11.96 billion as of March 31, 2018, a decline of 8.35% from the end of 2017. The decline was primarily attributed to the decline in share prices of the Fund's underlying equity investments.

Cash and cash equivalents stood at P85.53 million, with financial assets at fair value through profit or loss at P11.91 billion. Other receivables totaled P133.10 million. Total liabilities, composed of due to management fees, due to brokers and capital shares redeemed payable, amounted to P167.88 million.

The Fund reported unrealized losses on investments of P990.03 million for the first three months of 2018 as equity prices declined during the period, while reported realized gains on investments of P130.17 million. Dividend income stood at P62.80 million while interest income was at P303 thousand. Other income of P115 thousand was also earned for the period.

Total expenses amounted to P34.77 million with bulk of the expenses represented as management fees amounting to P31.76 million. Expenses for taxes and licenses were at P1.55 million, custodian fees amounted to P517 thousand, professional fees amounted to P417 thousand, and other expenses amounted to P539 thousand.

Given all these, PSIF generated a net loss of P831.38 million for the three months ended March 31, 2018.

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 March 2018 was recorded at -6.60% net of fees and taxes whereas the PSEi had a return of -6.76%.

- 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 cornered 11.3% of the P105.89 Bn total net asset value of the equity mutual fund industry.
- d) **NAV Growth vis-à-vis Industry Growth** – The Fund's average daily NAV for the first quarter of 2018 was at P12.89 Bn. PSIF’s net asset value decreased by 8.35% during the first three months of 2018, compared to the 3.91% decrease in equity mutual funds.
- e) **Performance vis-a-vis Competition** – PSIF ranked 10th in terms of return among the equity mutual funds for the first three months of 2018.

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

Notes to Financial Statements (Related Party Transactions)

The amount of “Management and Professional Fees” in the Statement of Comprehensive Income for March 31, 2018 and 2017 are not consistent with the amounts disclosed in Note 8 of the AFS.

Response of Company

Management fees (in thousands of Philippine Peso)

The account as at March 31, 2018 and March 31, 2017 consists of the following:

	March 31, 2018	March 31, 2017
Related parties transaction	22,468	31,828
Non-related parties transaction	9,288	12,430
	31,756	44,258

Professional fees (in thousands of Philippine Peso)

The account as at March 31, 2018 amounts to P417 (March 31, 2017 – P70). This pertains to the payment of professional fees rendered by audit firm, law firm and the directors.

AS OF DECEMBER 31, 2017

As of end December 2017, PSIF’s trading NAV per share stood at PhP945.72, an increase of 24.71% from 2016’s PhP758.32. Total assets of the Fund amounted to PhP13.092 Billion, an increase of 13.83% from PhP11.501 Billion in assets reported in 2016. Net assets amounted to PhP13.050 Billion in 2017, showing a 14.00% growth from 2016. Income totaled PhP2.887 Billion in 2017, from the PhP32.289 Million figure in 2016. Net gains on financial assets at fair value through profit or loss was at PhP2.691 Billion, a reversal of the net losses of PhP188.242 Million posted in 2016. Management fees increased from PhP183.611 Million to PhP184.765 Million, making up bulk of the expenses for the year. Total expenses for 2017 totaled PhP 195.295 Million, 1.90% higher than the PhP191.656 Million registered the previous year. This resulted in a net income of PhP2.691 Billion in 2017 compared to the PhP159.367 Million loss registered in 2016.

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 2017 was recorded at 24.71%, compared to -2.19% 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 11.84% of the PhP110.21 Billion total net asset value of stock funds based on PIFA’s December 2017 report. The Fund’s market share declined from 12.71% of the industry in 2016.
- d) **NAV Growth vis-à-vis Industry Growth** – The Fund's average daily NAV for 2017 was at PhP12.32 Billion. PSIF’s net asset value grew by 14.00% in 2017, compared to the 22.40% reported growth of equity mutual funds.
- e) **Performance vis-a-vis Competition** – PSIF ranked 4th among the equity mutual funds in 2017.

Findings of SEC’s Office of the General Accountant (OGA) upon review of the Fund’s Audited Financial Statements (AFS) for the period ended December 31, 2017

Components of Financial Statements

Statement of Financial Position

The amount of “Management Fee Payable” in the Statement of Financial Position as of December 31, 2017 and 2016 are not consistent with the amounts disclosed in Note 9 of the AFS.

Response of Company

Management Fee Payable (in thousands of Philippine Peso):

December 31, 2017 - P 14,386
December 31, 2016 - P 12,770

	December 31, 2017	December 31, 2016
Related parties (consistent with Note 9 of the AFS)	9,804	10,388
Non-related parties	4,582	2,382
Total management fee payable (agreed with Statement of Financial Position)	14,386	12,770

Statement of Comprehensive Income

The amount of “Management Fees” in the Statements of Comprehensive Income for December 31, 2017 and 2016 are not consistent with the amounts disclosed in Note 9 of the AFS.

Response of Company

Management Fee (in thousands of Philippine Peso):

December 31, 2017 - P 184,765
December 31, 2016 - P 183,611

	December 31, 2017	December 31, 2016
Related parties (consistent with Note 9 of the AFS)	131,768	133,770
Non-related parties	52,997	49,841
Total management fee (agreed with statement of comprehensive income)	184,765	183,611

Statement of Cash Flows

Per Statement of Cash Flows, the amount of change in “Other Liabilities” for the year 2017 is Php33 Million. This is inconsistent with the computed difference in the amount as of the end 2016 and 2017 per Statement of Financial Position.

Response of Company

(in thousands of Philippine Peso)

- a. Decrease in Other liabilities as at December 31, 2017 shown in the statement of cash flows pertained to the movement of the following payable accounts disclosed in Note 5 of the AFS:

	December 31, 2017	December 31, 2016	Net Movement
Withholding tax payable on management fees	1,802	1,621	181
Due to brokers	-	33,186	(33,186)
Total net movement of other Liabilities disclosed in the statement of cash flows			(33,005)

- b. Movement in capital shares redeemed payable is considered under financing activities since this related to the redemption of shares in 2017. Redemption of shares disclosed in the statement of cash flows is calculated as follows:

Total redemption of shares as disclosed in Note 7 to the 2017 AFS		3,263,943
Net movement in capital shares redeemed payable as disclosed in note 5 to the AFS		
- balance as at December 31, 2017	25,927	
- balance as at December 31, 2016	5,701	(20,226)
Total redemption of shares as disclosed in the statement of cash flows under financing activities		3,243,717

AS OF DECEMBER 31, 2016

As of end December 2016, PSIF's trading NAV per share stood at PhP758.32, a decline of 2.19% from 2015's PhP775.31. Total assets of the Fund amounted to PhP11.500 Billion, a decrease of 2.5% from PhP11.797 Billion in assets reported in 2015. Net assets amounted to PhP11.447 Billion in 2016, showing a 2.73% decline from 2015. Revenues totaled PhP32.289 Million in 2016, from the -PhP277.522 million figure in 2015. Net loss on financial assets at fair value through profit or loss was at PhP188.242 Million, up from a loss of PhP581.229 million posted in 2015. Management fees declined from PhP229.152 Million to PhP183.611 Million, making up bulk of the expenses last year. Total expenses for 2016 totaled PhP 191.656 Million, 18.89% lower than the PhP236.295 Million registered the previous year. This resulted in a net loss of PhP159.367 million in 2016 compared to the PhP513.817 million loss registered in 2015.

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 2016 was recorded at -2.19%, compared to -3.85% 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 12.84% of the PhP89.18 Billion total net asset value of stock funds based on PIFA's December 2016 report. The fund's market share improved from 12.27% of the industry in 2015.
- d) ***NAV Growth vis-à-vis Industry Growth*** – The Fund's average daily NAV for 2016 was at PHP 12.24 Billion. PSIF's net asset value declined by 2.5% in 2016, compared to the 1.05% reported growth of equity mutual funds.
- e) ***Performance vis-a-vis Competition*** – PSIF ranked 6th among the equity mutual funds in 2016.

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

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

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

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

None

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

None

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

None

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

None

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

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